ROYALGOLD, INC

# Investor Presentation

April 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

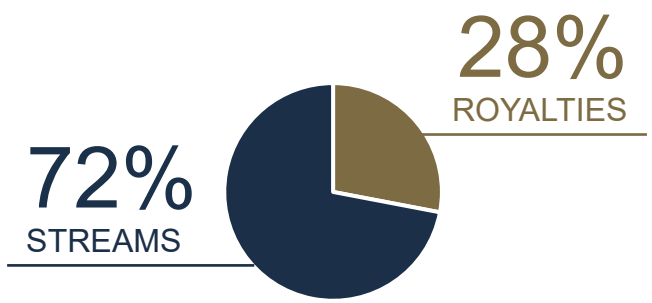
ROYAL GOLD, INC

## 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

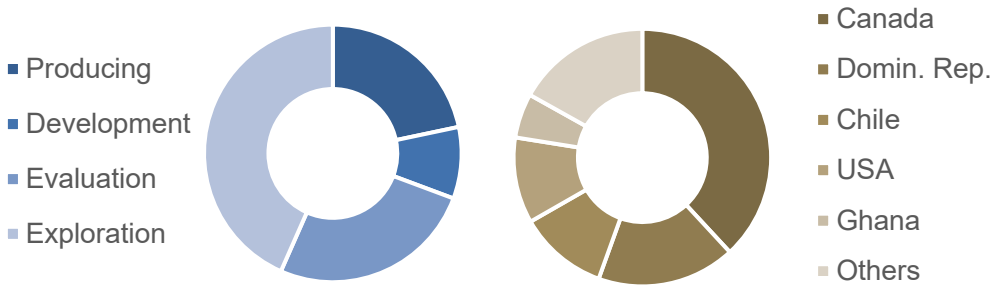
**FY 2020 Revenue Split:**



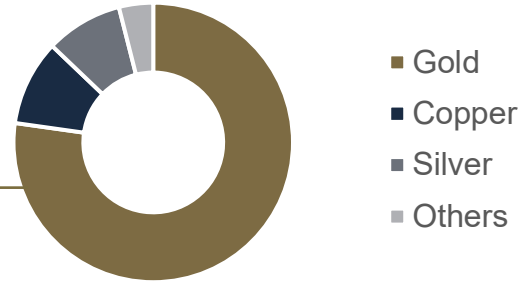

## …Across A Diverse, Gold-Focused Portfolio…

189
PROPERTIES[2]

12
COUNTRIES[2]




79%
GOLD-FOCUS[1]




## …With Standout Performance

$499M
REVENUE[3]

320,000
GOLD EQUIVALENT OZ[3]

~$1.2B
TOTAL LIQUIDITY[2]

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

$7.1B
MARKET CAP.[4]

29/4
EMPLOYEES/OFFICES[2]

RGLD
Nasdaq
LISTED

*1 – FY2020 Revenue. 2 – As of December 31, 2020. 3 – FY2020. 4 – March 31, 2021 closing price of $107.62/sh.*



# Royal Gold: Core Attributes

Differentiated model with disciplined capital management and a focus on shareholder returns

**UNIQUE MODEL**

- Business model provides **optionality to gold price and production and reserve growth**
- **Efficient model** with high operating margin and revenue generation per employee

**DIVERSE PORTFOLIO**

- **FY2020 revenue 79% from gold**, derived mostly from primary precious metals assets
- **Global diversification** with revenue from 41 producing properties (at December 31, 2020)

**CAPITAL DISCIPLINE**

- **Highly experienced technical and commercial team** with strong record of adding growth
- Growth funded through cash flow and strategic use of debt, **enhancing per share metrics**

**FINANCIAL STRENGTH**

- Well capitalized with **~$1.2B of liquidity** (at December 31, 2020) and **strong operating cash flow**
- **$1B credit facility** provides low cost and flexible access to liquidity

**RETURNS FOCUS**

- Consistent commitment to pay a **growing and sustainable dividend**
- Dividend CAGR of 17% 2001-2021, with **attractive historical TSR**



# Optionality

Royal Gold seeks to provide exposure to resource growth and metal price optionality. Resource growth and mine life extensions can significantly enhance returns over time.

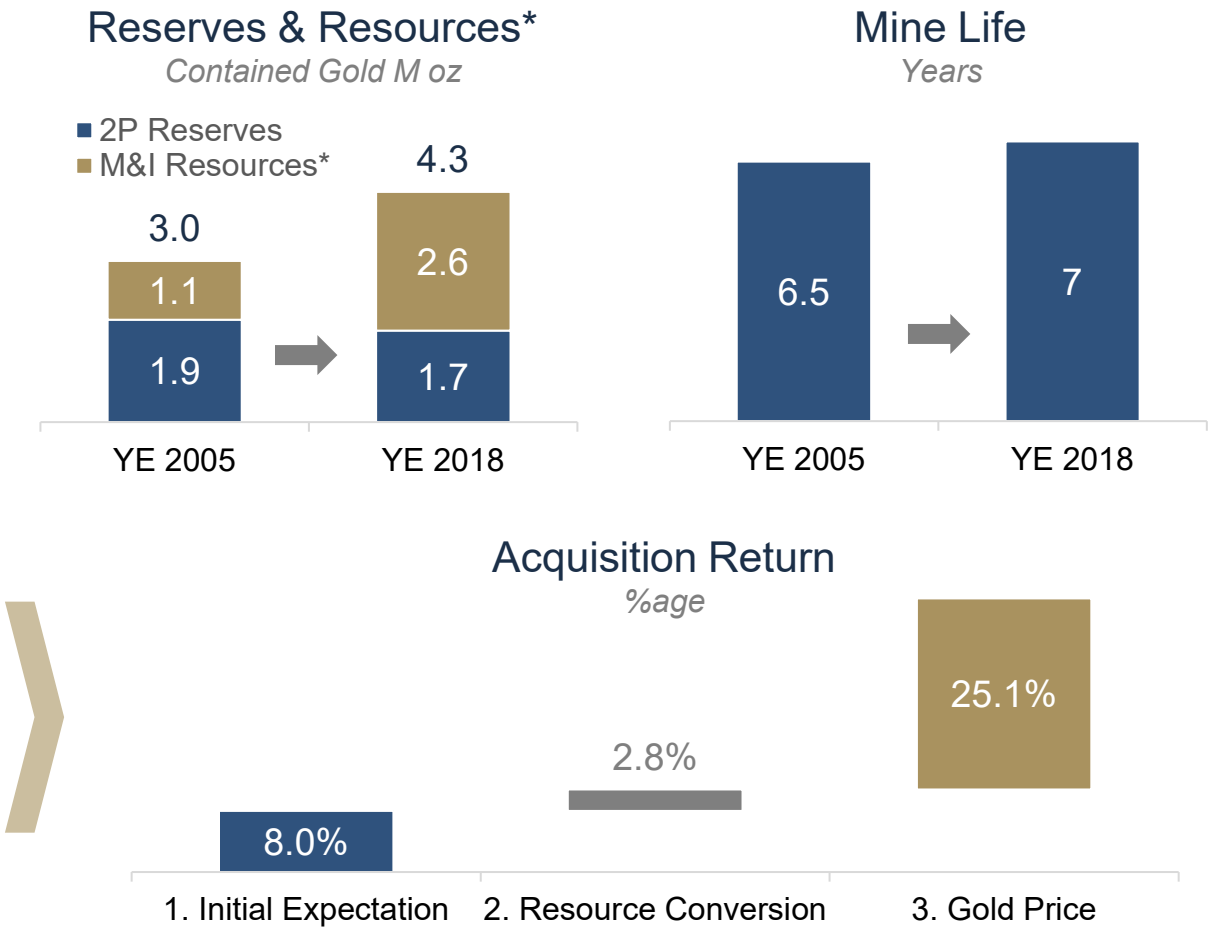
## Case Study

### Mulatos – Alamos Gold

- Royal Gold acquired 1.5% NSR from Kennecott Minerals in Dec. 2005, 2M oz cap reached in March 2019
- Pre-tax return ~36%. Excess return from mine life extension (2016 through 2025) and higher gold price
- Key to growth potential is exploration success and ability of operator to find and convert resources to reserves and then to production

## Return Drivers

1. Return on initial acquisition based on mine feasibility study at date of acquisition[1]
2. Additional return resulting from resource conversion and mine life extension[2]
3. Additional return resulting from exposure to *higher gold price* received *over the extended mine life*[3]

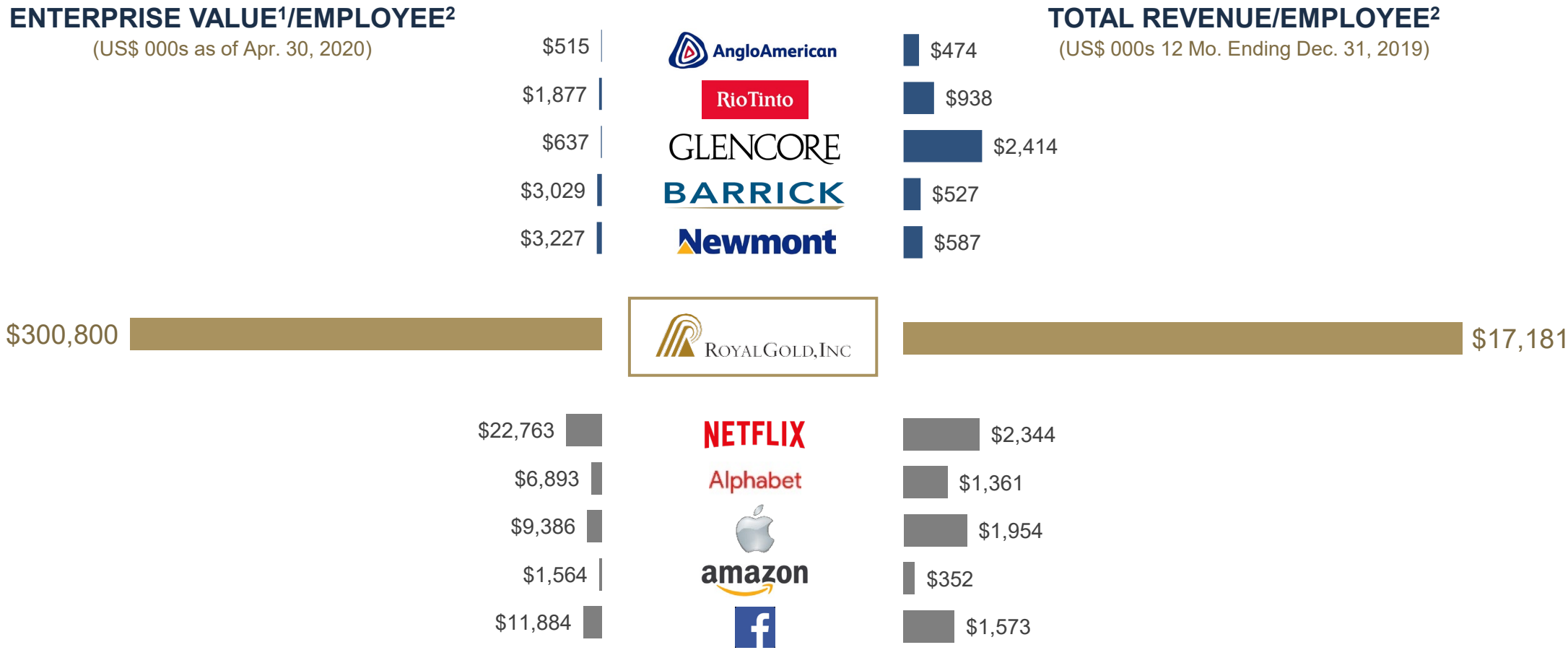



*1 - Initial Expectation based on 2P reserve processed at 15,000 t/d, assumed $450/oz flat gold price*
*2 - Resource Conversion based on actual production at $450/oz flat gold price*
*3 - Actual royalty revenue received*
** The terms "resources," "measured resources," and "indicated resources," are not terms recognized by the Securities and Exchange Commission. Investors are advised that these estimates have not been prepared in accordance with SEC rules.*



# Highly Efficient Business Model

The efficiency of Royal Gold's business model exceeds that of the largest mining and technology companies




*1 – Enterprise value = market cap. + debt + preferred equity + minority interest – cash & ST investments. 2 – Employee count for FY 2019, except Royal Gold as of June 2, 2020 and Barrick as reported by Forbes May 12, 2020. Source: CapitalIQ except as noted*

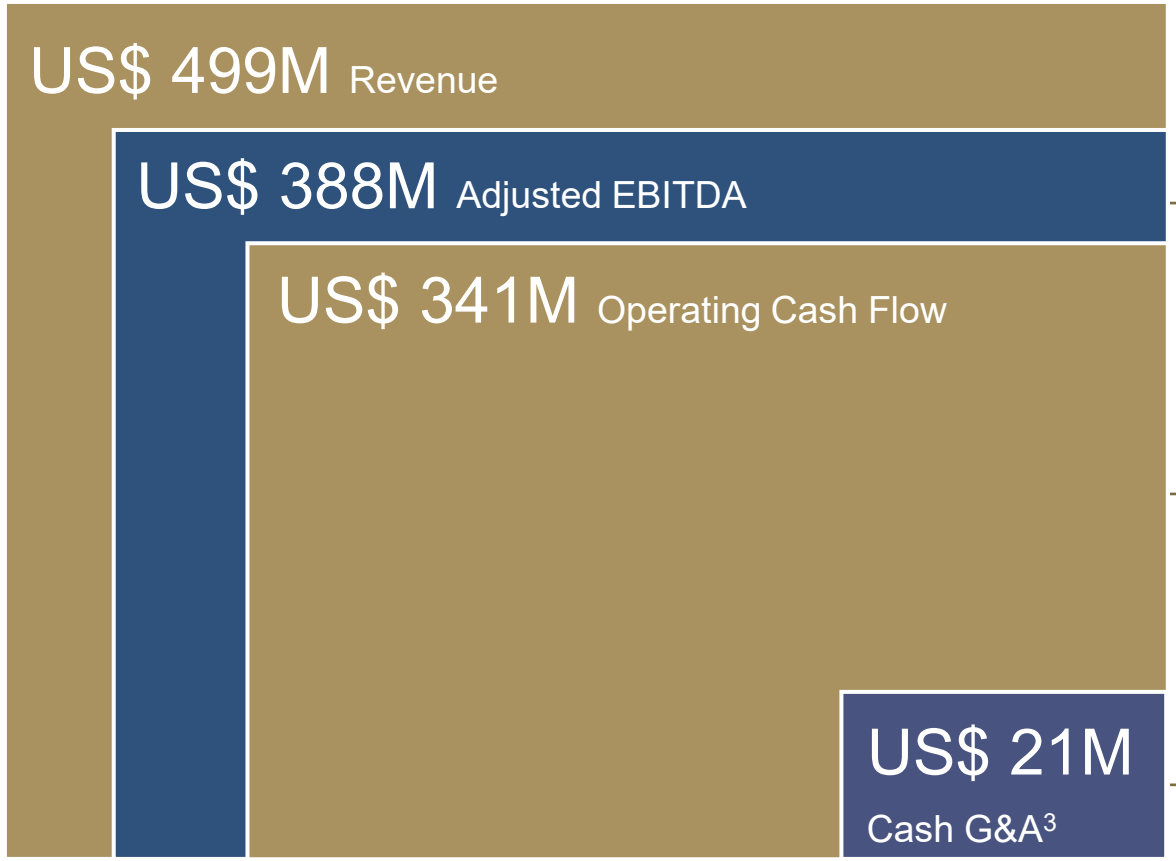


# Highly Efficient Business Model

High margin business model drives profitability…

…for peer-leading margins and metrics

**CASH FLOW METRICS[1]**




**78%**
Adjusted EBITDA Margin[2]

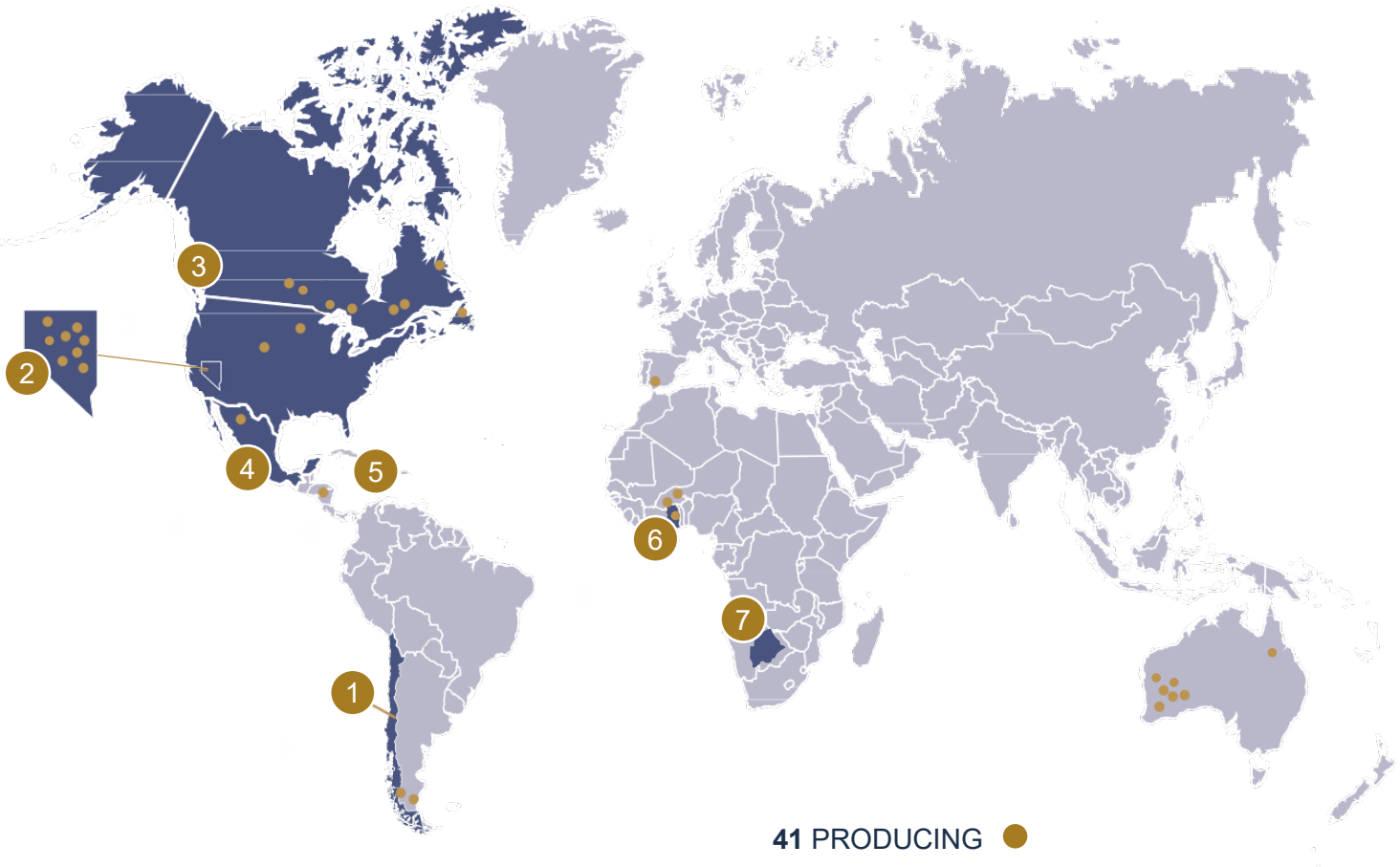
**68%**
Operating Cash Flow/Revenue

**4%**
Cash G&A[3] Expenses/Revenue

*1 – FY 2020. 2 – Adjusted EBITDA of $388M divided by Revenue of $499M. 3 – G&A Expense of $30M less Non-Cash Employee Stock Compensation Expense of $9M.*



# Diverse Portfolio in Established Mining Jurisdictions




189
PROPERTIES[1]

**41** PRODUCING
**17** DEVELOPMENT
**49** EVALUATION
**82** EXPLORATION

## 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**
   Western Region, Ghana
7. **KHOEMACAU**
   Botswana

*1 - As of December 31, 2020*



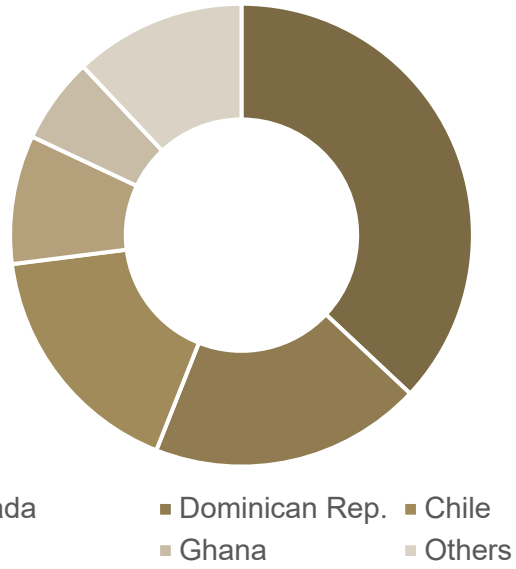
# Diverse Portfolio Safeguards Stable, Predictable and Sustainable Cash Flow

Royal Gold's revenue is sourced from a geographically and operationally diverse portfolio, underpinned by primary precious metals mines

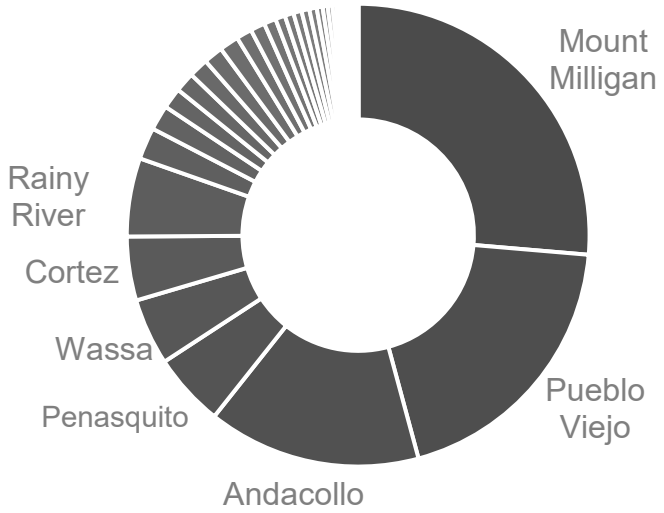
- Globally-diverse portfolio minimizes influence of geopolitical volatility on revenue
- Principal property revenues supported by broad number of underlying assets
- Revenue contribution focused ~80% from precious metals mines, ~20% exposure to base metals

## FY 2020 Revenue Contribution

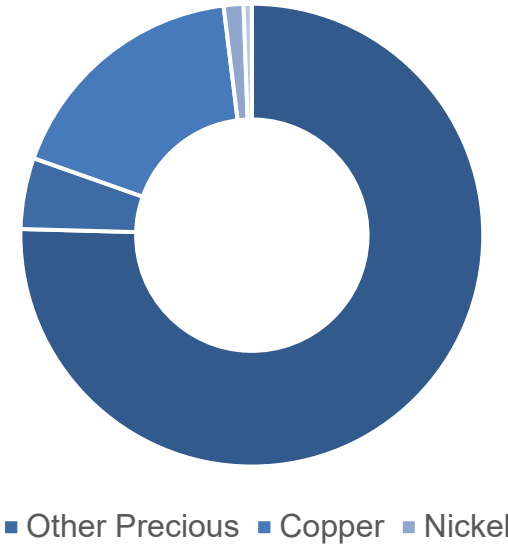
### by Geography




### by Mine




### by Mine Type*




** Mine type defined by metal that provides majority revenue*



# Portfolio Spans the Stages of Project Development

Broad range of properties at various stages of development provides potential for organic revenue growth and optionality

| PROPERTIES | CLASSIFICATION | COUNT | STATUS |
|---|---|---|---|
| Allan, Andacollo, Balcooma, Bald Mountain, Borax, Canadian Malartic, Cortez, Dolores, Don Nicolas, El Limon, Gold Hill, Goldstrike, Gwalia Deeps, Inata, **King of the Hills**, LaRonde Zone 5, Las Cruces, Leeville, Marigold, Martha, Meekatharra, Mount Milligan, Penasquito, Prestea, **Pueblo Viejo**, Rainy River, Rambler North, Red October, **Relief Canyon**, Robinson, Ruby Hill, Skyline, **South Laverton**, Southern Cross, Taparko, Twin Creeks, Voisey's Bay, **Wassa**, Wharf, Williams |  | 41 | **Producing** |
| Back River, Boisbourt, Don Mario, El Toqui, Hasbrouck Mountain, Holt, Ilovica, Jaguar Nickel, Khoemacau, Kutcho Creek, La Fortuna (El Morro), La India, Mara Rosa, Mt Goode Cosmos, Pine Cove, Pinson, Wembley Durack |  | 17 | **Published reserve,** not currently in production |
| Almaden, Alturas, Avebury, Barraute aka Swanson, Bell Creek (Soconi), Bellevue, Berg, Bronson Slope, Bumakura, Caber, Castelo de Sonhos, CelticWonder North, Fedorova (Pana #1, #2, and #3), Follansbee, Gold River, Goldrush, High Lake, Horizon Coal, Hushamu, Island Mountain, Johnson Camp, Kubi Village, Kundip, La Jara, Long Valley, Los Chancas, Meekatharra Sabbath, Mt Fisher, Niblack, Nieves, Paddington (Natal), Pascua Lama, Peak Gold, Phoenix Gold, Pinnacles, Quinns Austin, Red Dam, Rock Creek, San Juan Silver (Bulldog), Schaft Creek, Tambor, Temora, Ulu, Ulysses, Van Uden Gold Deposit, Westmoreland, Wildcat, Wolverine, Yundamindera |  | 49 | **Published resource,** no published reserve |
| Nevada Properties, Abbotts, Afridi Lake, Ambrosia Lake, Apex, Ashmore, Aviat One, Black Lake, BSC, Buckhorn South, Buttercup Bore, Cameron Gold, Carswell Lake, Charltons Find, Chesterfield, Churchill, Churchill West, Cooks / Ferris Creek, Croesus, Doby George, Duverny, Edna May, Forrestania, Franquet, Gauthier, Godfrey II, Gold Dome, Golden Bear, Hickey's Pond, Hona, Eagle and Triple Z (State Claims), Hood River, Horse Mountain, Hot Pot, ICBM, Jewel, Joe Mann, Jubilee, Keystone, Kizmet, Lake Ballard, Lounge Lizard, McDonald - Keep Cool, McKenzie Red Lake, Melba Flats, Merlin Orbit, Mike Lake, Mina Cancha, Monument, Moore Lake (Lazy Edward Bay), Mt Goode Bellevue, Mt Newman-Victory, Mule Canyon, Night Hawk Lake, North Well Chilkoot, Northgate, Oro Blanco, Phillips Find, Pickle Lake #2, Pinson - Other, Qimmiq (#1, #2, and #3), Rambler South, Red Hill West, Red Lake, Rye, San Jeronimo, San Rafael, Shasta, Simon Creek, Southern Cross Nickel, Stakewell, Tak, Trenton Canyon, Troy, Uncle Sam, Voisey's Bay Diamonds, Wallbrook, West Wyalong, Wilanour (Cochenour), Windfall, Wood Gulch, Woodruff Creek, Yellowknife Lithium |  | 82 | **Earliest stage** of development |

DEVELOPMENT STAGE

REVENUE



# Portfolio Updates

## KHOEMACAU
BOTSWANA



- Construction 85% complete (to December 31, 2020)
- $212M advance payment for 80% base silver stream completed January 6, 2021
- KCM options for further funding:
  - Further advance payments (up to $53M for up to 20% additional silver stream), and/or;
  - Subordinated debt facility (up to $25M)
- First concentrate shipment expected late calendar Q3 2021

## PUEBLO VIEJO
DOMINICAN REPUBLIC



- Expansion project to maintain production at 800,000 oz/year (100% basis)
  - Plant expansion: basic engineering complete, overall engineering 50% complete, contracts awarded, earthworks complete
  - Tailings capacity expansion: social, environmental and technical studies continuing
- Plant expansion completion expected by end of 2022
- Mine Life: to ~2045

## PEAK GOLD JV
USA



- Project interests sold to Kinross for cash and incremental NSR royalties
- Development activity in progress:
  - Metallurgical/geotechnical drilling
  - Engineering and environmental studies
  - Scoping study targeted for calendar Q2 2021
  - Feasibility study targeted for end of calendar 2022
- First production expected 2024
  - 4.5-year mine life, ~1M oz Au eq. total production

## WASSA
GHANA



- Southern Extension PEA:
  - Includes Inferred Resource material 500-1,500m below surface; 50% conversion of Inferred to Indicated
  - Drilling, development and trade-off studies progressing in 2021; FS expected early 2023
  - 6 year development timeline
  - Production of 294,000 oz/year for 11 years; 3.5M oz over LOM
- PEA additive to reserve mine plan production of 1.0M oz over 6 years (average 177,000 oz/year)

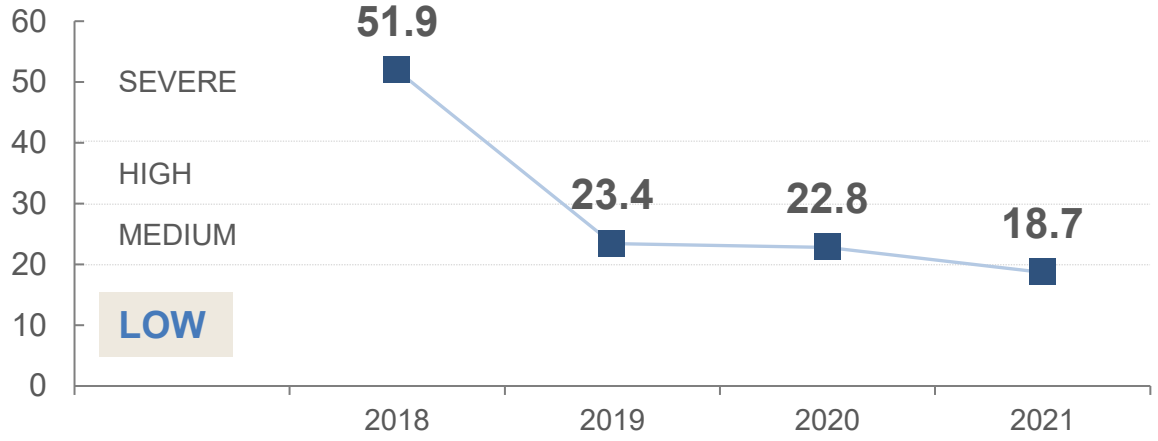


# Sound ESG Practices are Fundamental to Success

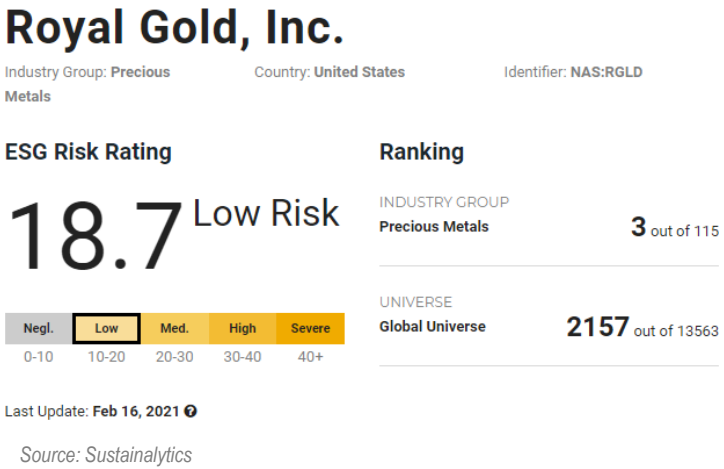
Recent improved disclosure of Royal Gold's approach to sustainability has materially improved market perception and recognition of leading ESG practices

SUSTAINALYTICS

RISK RATING



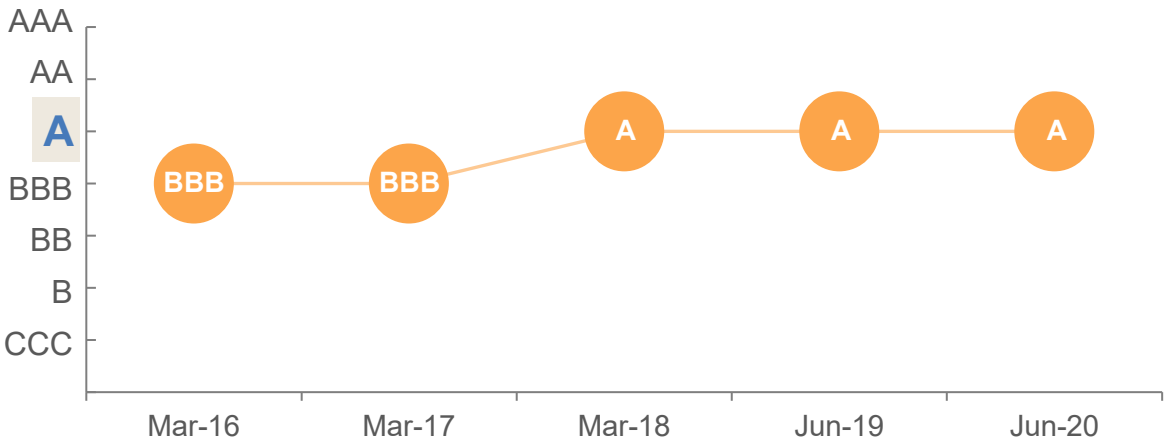



*Source: Sustainalytics*

MSCI

ESG RATING









*Source: MSCI; see page 36 for additional information*



# ESG Overview: Sustainability Is Our Business Model

Royal Gold is committed to sustainability at the corporate and local levels, and seeks counterparties with leading approaches to ESG practices

## Environmental

Committed to analyzing and mitigating the environment around us; sponsors of innovation and best practices in mining

CCIA Colorado Cleantech Industries Association

Mining Cleantech Challenge
A Product Innovation Showcase

Endorse the Responsible Gold Mining Principles of the World Gold Council and the ICMM 10 Mining Principles

ICMM International Council on Mining & Metals

WORLD GOLD COUNCIL






## Social

Committed to supporting social causes where we have investments and in our local communities

**$400k**
Invested with Alamos Gold for construction of medical clinic in Matarachi, Mexico

**$500k**
Committed over 5 years to South Dakota School of Mines & Technology

**2 Days**
Annual paid leave for employees to volunteer with non-profit organizations of their choosing

Committed to supporting local charities and social causes

projectc.u.r.e.

United Way Greater Toronto

Charitable giving budget for Fiscal 2021 **$1.5M**

Greater Vancouver food bank

FOOD BANK OF THE ROCKIES
Fighting Hunger & Feeding Hope since 1978

INVEST IN KIDS

MINING4LIFE
Supporting Mining Communities Worldwide

Daily Bread Food Bank

ACE scholarships

Downtown Eastside Women's Centre

SPITEX Stadt Luzern

Habitat for Humanity®

## Governance

Committed to good corporate governance, promoting long-term shareholder interests

- Independence — *All directors other than CEO are independent*
- Tenure — *6 years average director tenure*
- Service — *Independent directors serve on an average of 1 outside public board*

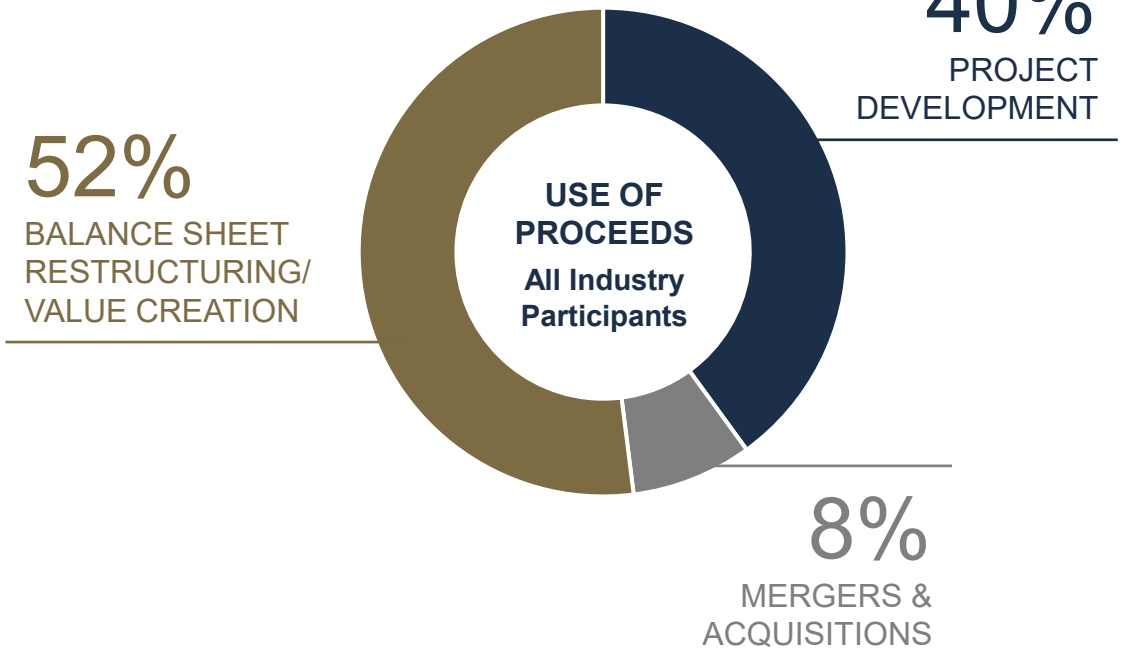
Diverse qualifications and experience of directors

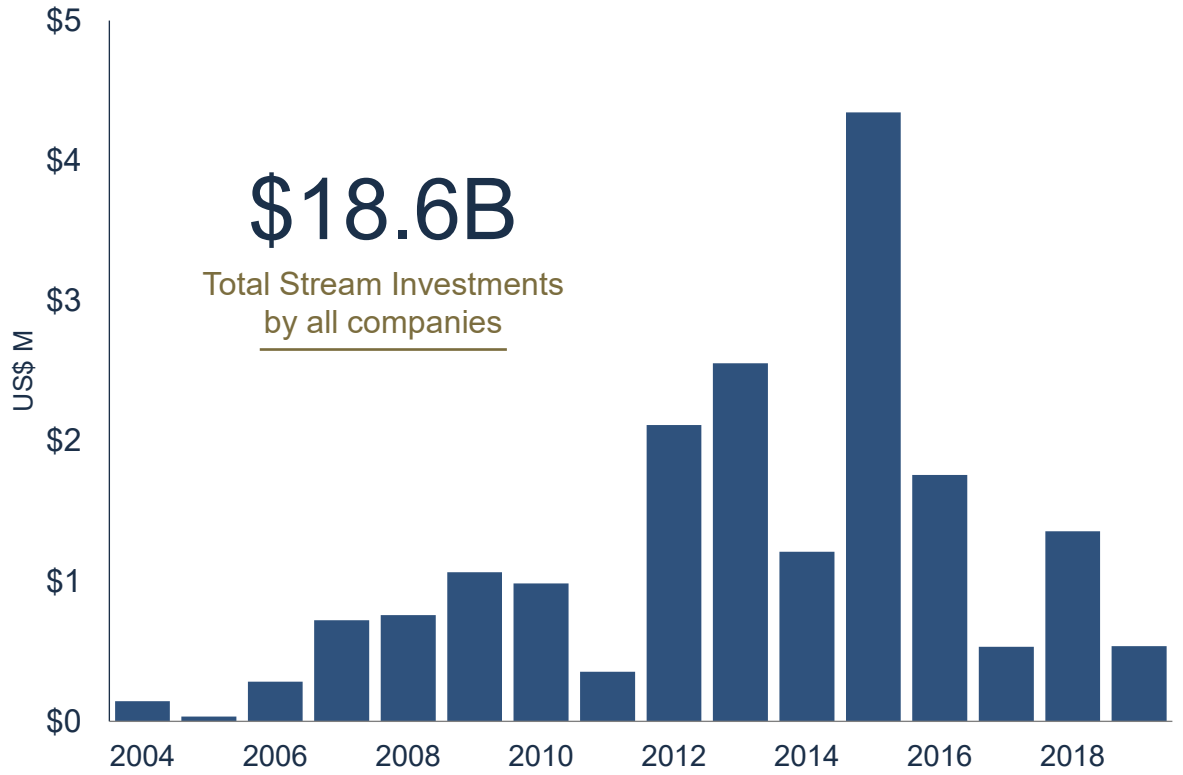





# Stream and Royalty Financing is Significant

Stream and royalty financing has become a mainstream source of capital to the global mining industry



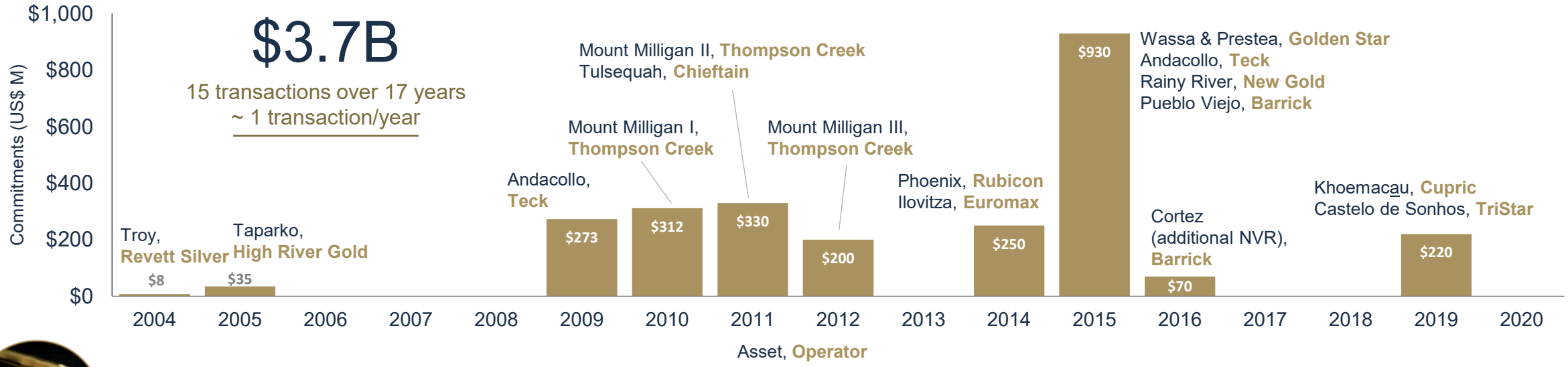



# Robust Due Diligence Drives Disciplined Approach to Acquisitions

## Royal Gold's due diligence process includes:

- Management references
- Financial/Credit Analysis
- Legal Due Diligence
  - Title, permitting, mining law
- ESG
  - Environmental Impact
  - Social license
  - Community impact
- Technical Due Diligence
  - Geology, reserve/resource definition
  - Mining
  - Metallurgy
  - Operating and capital costs
- Infrastructure
- Marketing (concentrates)
- Geotechnical

## Royal Gold is active and has the liquidity to compete for the largest transactions:





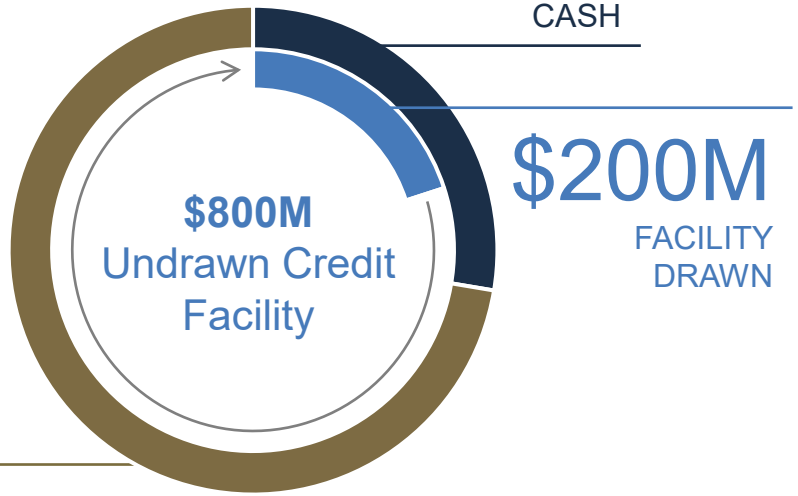

# Strong Liquidity Position and Financing Strategy Drive Shareholder Returns

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

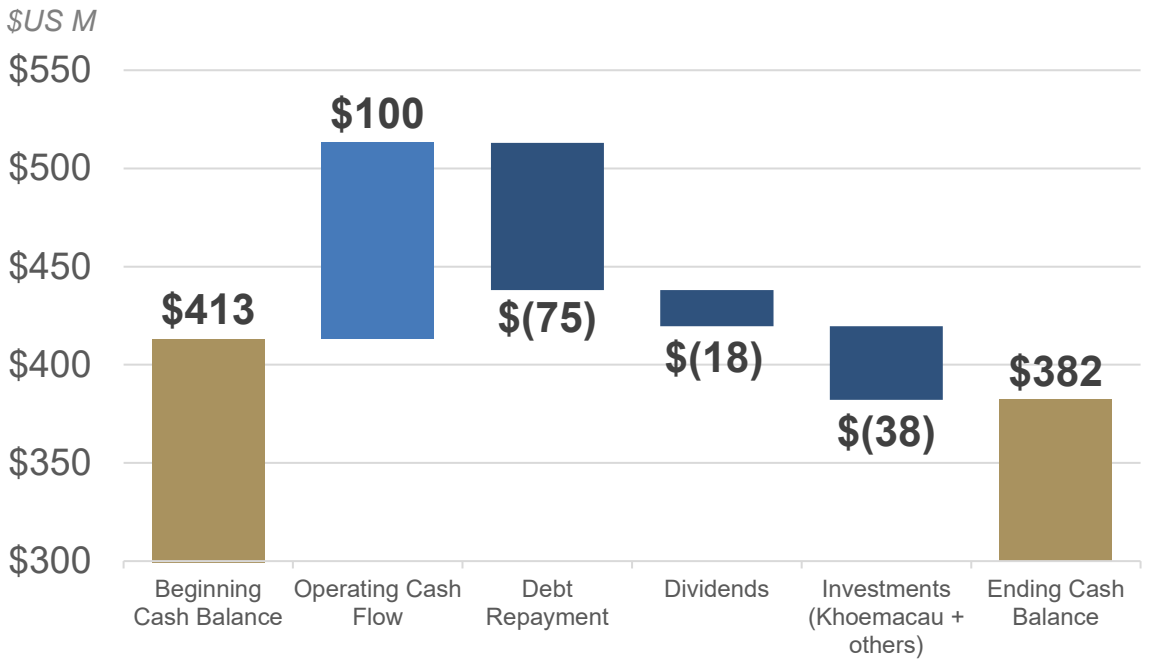
- Existing cash balances
- Cash flow from operations
- Debt under our revolving credit facility
- Equity, when accretive

**Liquidity[1]**

~$1.2B
TOTAL AVAILABLE LIQUIDITY




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

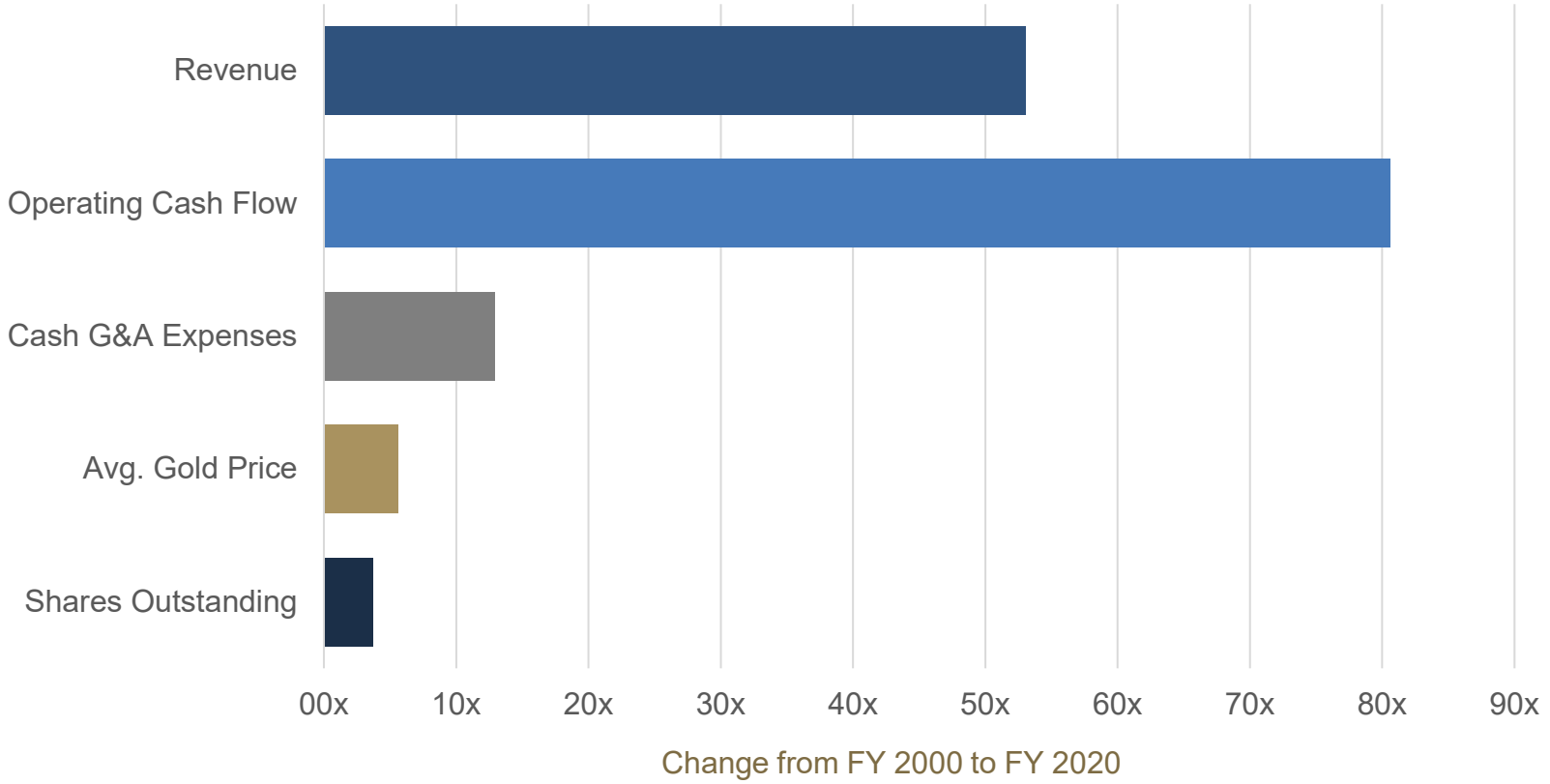



*1 – Cash, facility drawn and undrawn credit facility as of December 31, 2020. 2 – Three Months Ended December 31, 2020 – shown to nearest $1M; amounts may not add due to rounding.*



# 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.*



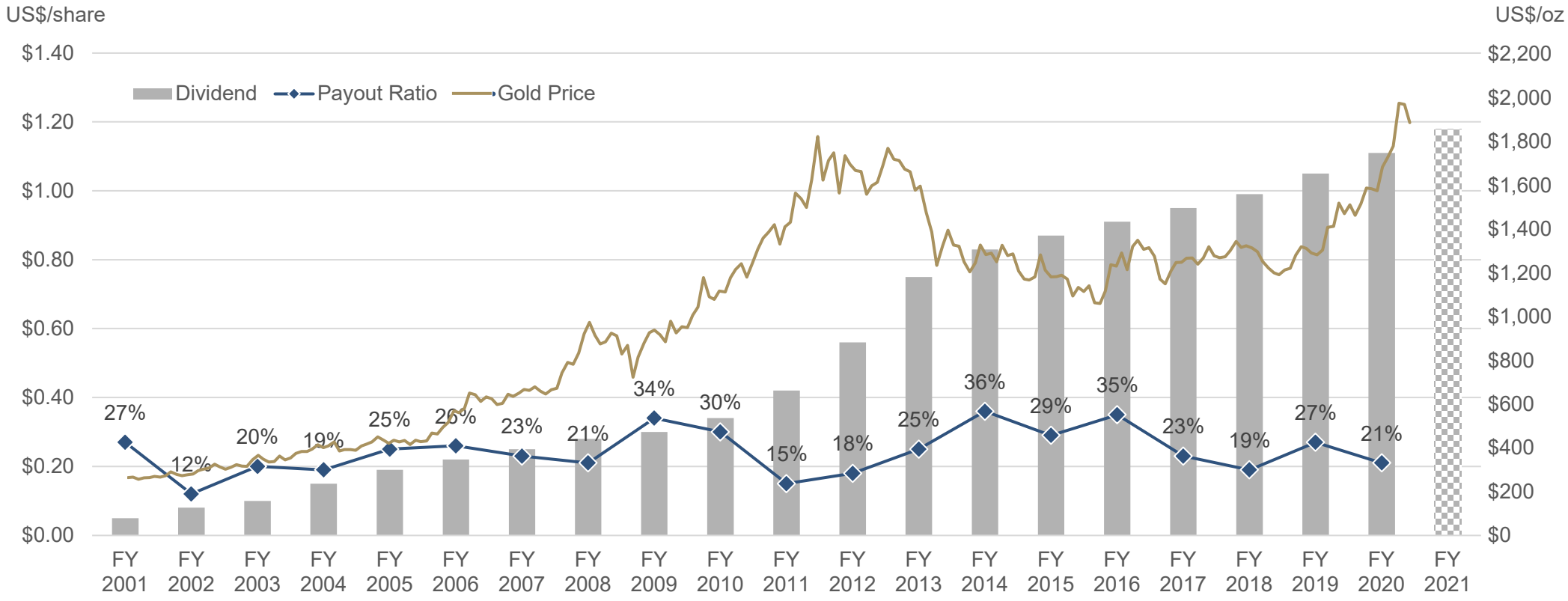
# Royal Gold Offers a Consistent, Increasing and Sustainable Dividend

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

## CONSISTENT - INCREASING - SUSTAINABLE

**17%**
Dividend CAGR (FY 2001-2021)

**$619M**
Cum. Common Stock Dividends Paid[1]




*Source: Company reports, FactSet. 1 – Since inception of the RGLD dividend in July 2000 through FQ2 2021*



# Appendix



# Stream/Royalty Investment Process

Royal Gold's role in the mining value chain can be tailored to fit the needs of the operating partner

| Phase of Project Development | EXPLORATION | DEVELOPMENT | PRODUCTION |
|---|---|---|---|
| | • Investment is typically in the form of a royalty, and may include a right to finance future project development<br>• Investment proceeds are generally directed towards exploration or early project development activities | • Investment typically in the form of a stream, or a royalty with a right to finance further project development<br>• Investment proceeds are generally directed towards project development activities | • Investment typically in the form of a stream<br>• Investment proceeds are generally directed towards production expansion, development of new projects, or other corporate requirements |
| Royal Gold Engagement | ROYALTIES | ROYALTIES<br>STREAMING | STREAMING |

## Royal Gold Payment



**ROYALTY**

- A right to a percentage of revenue or metals produced from the project after deducting specified costs, if any



**STREAM**

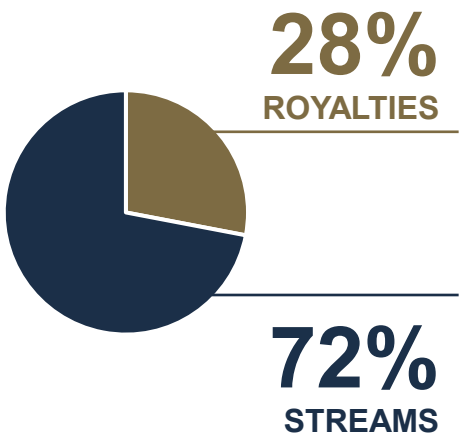
- A right to purchase metal production at a predetermined price



# Stream/Royalty Detail

From a cash flow perspective, streams and royalties are comparable in that the revenue from a stream less the ongoing cash price paid roughly equals a royalty-like interest in production

Royal Gold
FY 2020 Revenue Split




## ROYALTIES

- Typically structured as gross smelter return (GSR), net smelter return (NSR), net value return (NVR) or net profits interest (NPI). The difference is the amount of deductions permitted prior to calculation of the royalty, ranging from zero deductions (GSR) to all costs (NPI).
- In many jurisdictions, an interest in real property that “runs with the land” in the event of an ownership transfer of mineral rights, even if the transfer occurs through bankruptcy. Often, it is registered in government records on the title to the mineral rights.
- The sale of a royalty is often treated as a disposition of mineral interests and subject to upfront taxation, making it a poor financing tool.
- Royal Gold, as a U.S. taxpayer, is subject to US tax on royalty revenue, which is deemed to be passive income, whether it is earned outside the U.S. and without regard to the repatriation of that revenue.

## STREAMS

- Typically structured as the receipt by the streaming company of a percentage of metal produced in return for an upfront cash investment and an ongoing cash price per ounce delivered.
- Structured as a contractual arrangement. An analysis of the credit profile of a counterparty is more important for streams than for royalties.
- The sale of a stream is not taxable upfront in most jurisdictions, so it is easier to use a streams as a source of finance.
- Royal Gold’s streaming business is conducted through its Swiss subsidiary, and the lower cost of capital makes streaming a more competitive economic product for operators seeking financing.

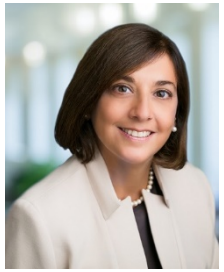


# Experienced Independent Directors

Highly capable, independent board, with deep experience across the gold sector



**William Hayes**
Independent Director and Chairman of the Board; Former EVP, Placer Dome Inc.



**Fabiana Chubbs**
Independent Director; Former Chief Financial Officer, Eldorado Gold Corporation



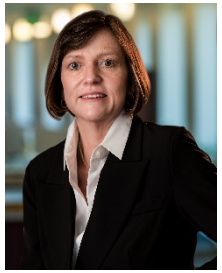
**Kevin McArthur**
Independent Director; Former Executive Chair, Tahoe Resources and Former CEO and Director, Goldcorp, Inc.



**Jamie Sokalsky**
Independent Director; Former President and CEO, Barrick Gold Corporation



**Ronald J. Vance**
Independent Director; Former SVP Corporate Development, Teck Resources



**Sybil Veenman**
Independent Director; Former Sr. Vice President and General Counsel, Barrick Gold Corporation

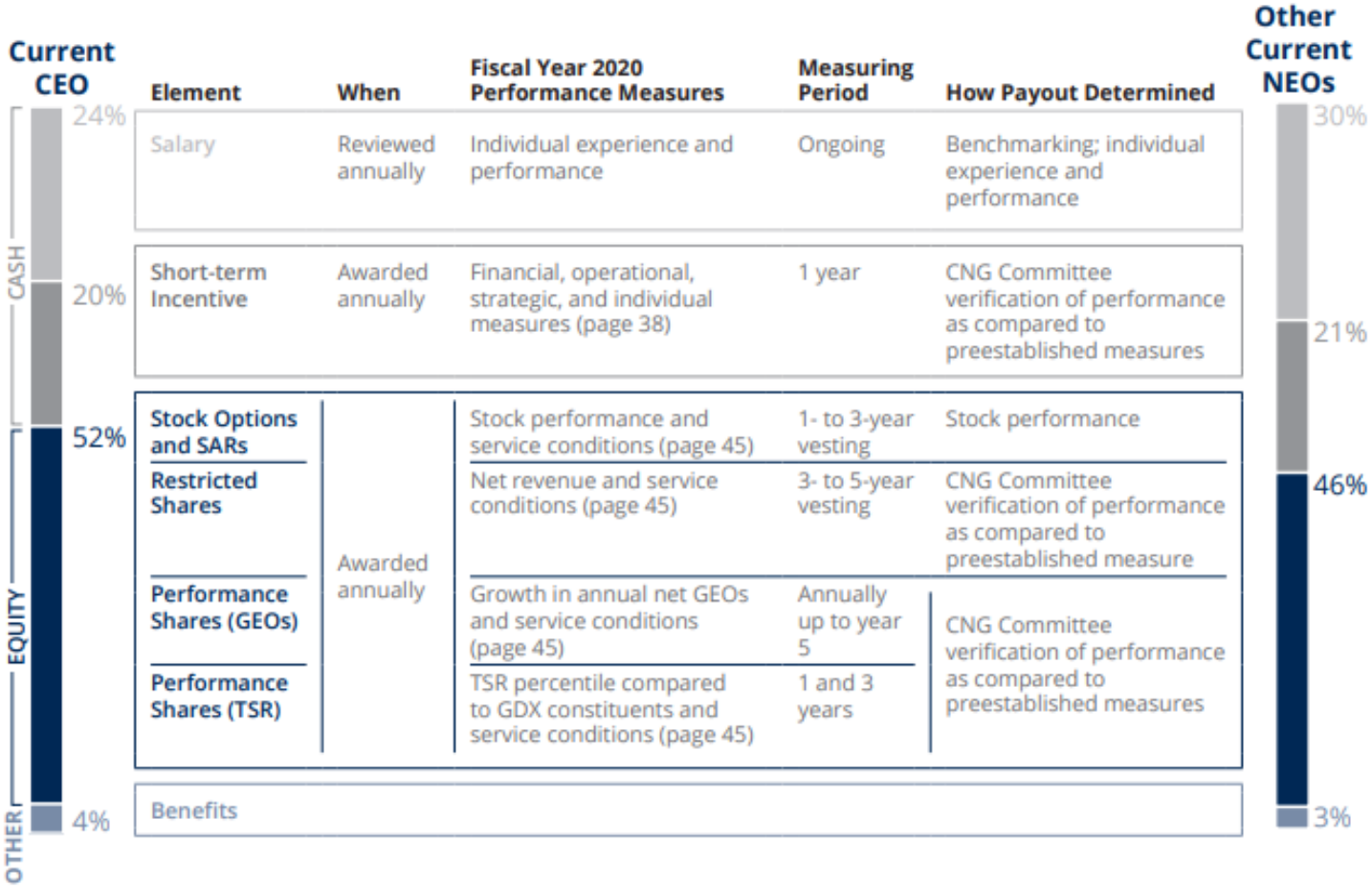





# Management Compensation Structure

Short-term and long-term incentive program seeks to align compensation with the factors that drive and measure total shareholder return

- **Short Term Incentives** focused on financial, operational, strategic, and individual performance
- **Long Term Incentives** involve net GEO growth and total shareholder return over multiple periods
- All incentives that could be impacted by metal prices alone are addressed by holding prices steady throughout an award timeframe
- Guaranteed salaries or other compensation, special benefits, defined benefit pension plans, repricing of stock options without shareholder approval are NOT part of the compensation program




| Element | When | Fiscal Year 2020 Performance Measures | Measuring Period | How Payout Determined |
|---|---|---|---|---|
| Salary | Reviewed annually | Individual experience and performance | Ongoing | Benchmarking; individual experience and performance |
| Short-term Incentive | Awarded annually | Financial, operational, strategic, and individual measures (page 38) | 1 year | CNG Committee verification of performance as compared to preestablished measures |
| Stock Options and SARs | Awarded annually | Stock performance and service conditions (page 45) | 1- to 3-year vesting | Stock performance |
| Restricted Shares | | Net revenue and service conditions (page 45) | 3- to 5-year vesting | CNG Committee verification of performance as compared to preestablished measure |
| Performance Shares (GEOs) | | Growth in annual net GEOs and service conditions (page 45) | Annually up to year 5 | CNG Committee verification of performance as compared to preestablished measures |
| Performance Shares (TSR) | | TSR percentile compared to GDX constituents and service conditions (page 45) | 1 and 3 years | |
| Benefits | | | | |

*1 – Compensation breakdown for FY2020.*

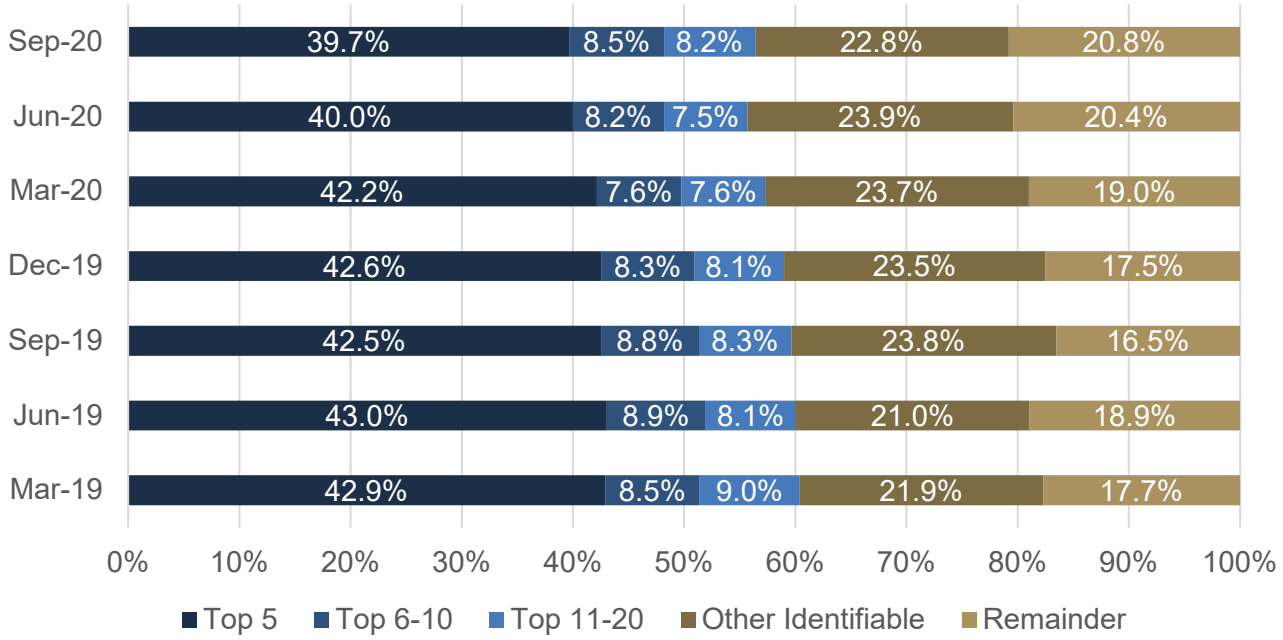


# Shareholder Base Reflects Company's Unique Position

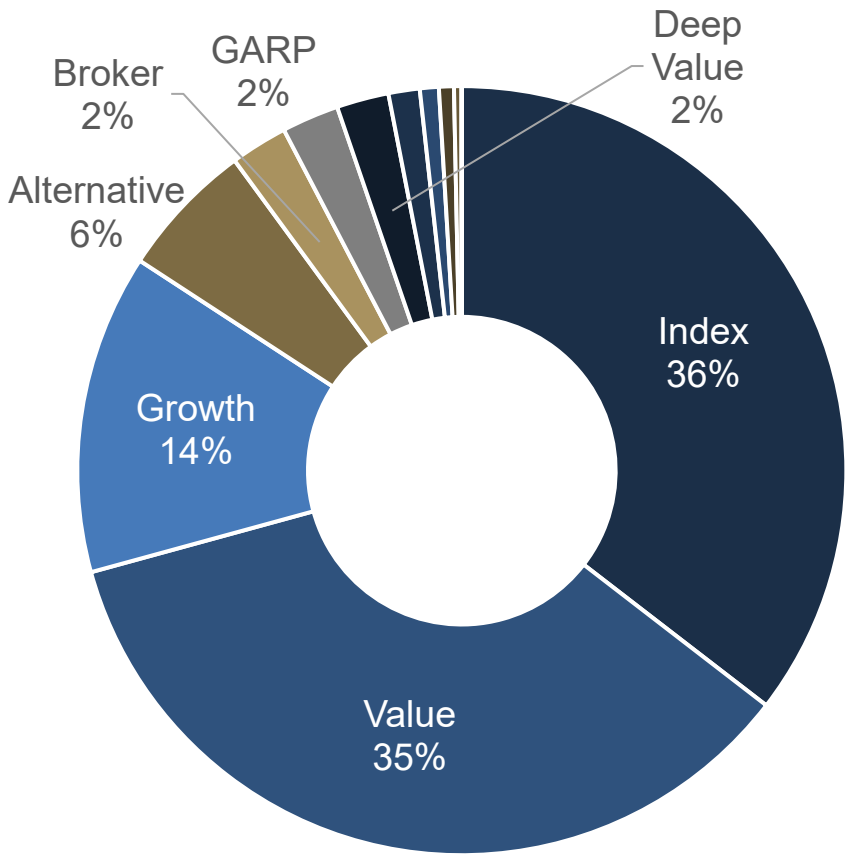
## Shareholder base is institutional with some unique characteristics

- 36% of identifiable investors (28% of total) are Index investors
- High-quality shareholder register, with large and long-term institutional investors comprising the majority of the register

### Ownership Trends




### Identified Investor Styles




*Source: IPREO, per 13-F filings; September 30, 2020 or as available*



# Quality Portfolio of Asset Investments

## MOUNT MILLIGAN

Au Stream: 35%
Au Cash Price: $435/oz

Cu Stream: 18.75%
Cu Cash Price: 15% of Spot

$131M Revenue*

$33M Cost of Sales*

| 2.4 | 2028 | 70% |
|---|---|---|
| Au reserves m ounces | mine life | % of investment returned** |

Metal Sales*

**63,700** Ounces

**12.7M** Cu pounds

## PEÑASQUITO

Royalty: 2% NSR

$25M Revenue*

| 8.1 | 2032 | 272% |
|---|---|---|
| Au reserves m ounces | mine life | % of investment returned** |

Production subject to Royalty*

**312,200** Au Ounces

**27,800,000** Ag Ounces

## ANDACOLLO

Au Stream: 100%
Cash Price: 15% of Spot

$74M Revenue*

$11M Cost of Sales*

| 1.0 | 2035 | 54% |
|---|---|---|
| Au reserves m ounces | mine life | % of investment returned** |

Metal Sales*

**48,100** Au Ounces

## WASSA

Au Stream: 10.5%
Au Cash Price: 20% of Spot

$23M Revenue*

$5M Cost of Sales*

| 1.4 | 2028 | 85% |
|---|---|---|
| Au reserves m ounces | mine life | % of investment returned** |

Metal Sales*

**15,000** Au Ounces

** Revenue and Costs of Sales for FY2020, ** As of September 30, 2020*



# Strong Runway of Growth Opportunities

## KHOEMACAU

Ag Stream: 80-100%
Ag Cash Price: 20% of Spot

Investment
$212M
80% stream
$265M
100% stream
20%
Cash Price

50.9
Ag reserves m ounces

21 years
mine life

2021
estimated start up

$212M
Funded to Jan 2021

Production (Estimated LOM Average)
**1.5M (80%)** Ag Ounces
**1.9M (100%)**

**Sources**

| | |
|---|---|
| Red Kite | $275M |
| Royal Gold | $265M |
| Overrun Facility | $ 25M |
| Equity | $ 75M |
| Total | $ 640M |

**Uses**

| | |
|---|---|
| Capital Costs | $455M |
| Repay Red Kite | $100M |
| Capitalized Interest | $ 25M |
| Total | $580M |

**Excess** $ 60M

## CORTEZ

GSR 1/2 Royalty: 5.0%
GSR 3 Royalty: 0.78%
NVR1 Royalty: 4.91%
NVR 1C Royalty: 4.52%

$22M
Revenue*

3.5
Au reserves m ounces

175,000
Est CY 2020 Production

425,000
Est CY 2021-2026 Production

8.2%
Est Blended GSR Royalty to 2026

Production subject to Royalty*
**173,300**
Au Ounces

## PUEBLO VIEJO

Au Stream: 7.5%
Ag Stream: 75.0%
Cash Price: 30% of Spot

$97M
Revenue*

$28M
Cost of Sales*

5.7
Au reserves m ounces

2045
mine life

47%
% of investment returned**

Metal Sales*
**43,300** Au Ounces
**1,800,000** Ag Ounces

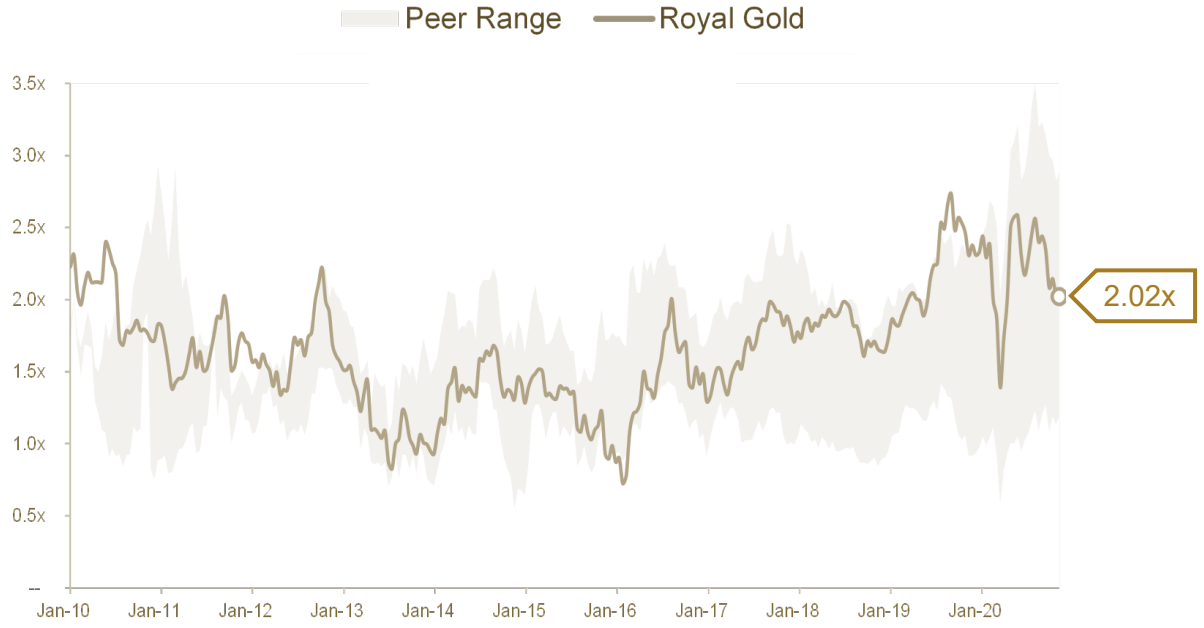
** Revenue and Costs of Sales for FY2020, ** As of September 30, 2020*



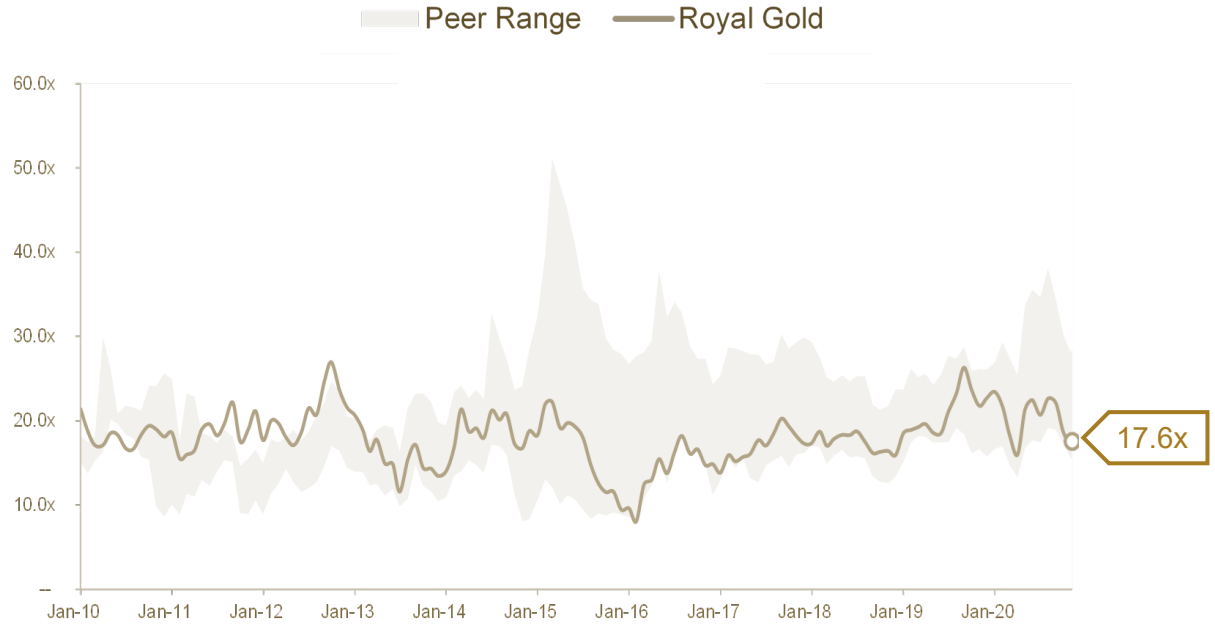
# Historical Trading Multiples

Streaming Companies have historically traded at relatively high P/NAV and P/CF multiples

## P / NAV




## P / CF




*** Peers include Franco-Nevada, Wheaton Precious Metals, Osisko Gold Royalties, Sandstorm; peer range excludes Royal Gold. Source: BMO Capital Markets*



## 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. 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 trailing twelve months (TTM) 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 TTM 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 they 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.
3. 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.



## Non-GAAP Financial Measures and Certain Other Measures

**Overview of non-GAAP financial measures:**

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.
5. Cash general and administrative expense, or cash G&A, is a non-GAAP financial measure that is calculated by the Company as general and administrative expenses for a period minus non-cash employee stock compensation expense for the same period. We believe that cash G&A is useful as an indicator of overhead efficiency without regard to non-cash expenses associated with employee stock compensation.



# Non-GAAP Measures

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

### Adjusted EBITDA and Net cash to TTM adjusted EBITDA:

| | Three Months Ended | | | |
|---|---|---|---|---|
| | December 31, | September 30, | June 30, | March 31, |
| *(amounts in thousands)* | 2020 | 2020 | 2020 | 2020 |
| Net income and comprehensive income | $ 59,988 | $ 106,674 | $ 48,672 | $ 38,292 |
| Depreciation, depletion and amortization | 47,945 | 46,300 | 45,396 | 51,228 |
| Non-cash employee stock compensation | 1,398 | 1,493 | 833 | 4,644 |
| Impairment of royalty interests | — | — | 1,341 | — |
| Gain on sale of Peak Gold JV interest | — | (33,906) | — | — |
| Fair value changes in equity securities | 382 | (2,539) | (6,390) | 3,819 |
| Interest and other, net | 965 | 1,454 | 2,249 | 1,468 |
| Income tax expense (benefit) | 16,031 | (2,377) | 45 | 8,702 |
| Non-controlling interests in operating (income) loss of consolidated subsidiaries | (99) | 265 | 343 | 410 |
| Adjusted EBITDA | $ 126,610 | $ 117,364 | $ 92,489 | $ 108,563 |

| | |
|---|---|
| TTM Adjusted EBITDA | $ 445,026 |
| Debt | $ 195,983 |
| Debt issuance costs | 4,017 |
| Cash and equivalents | (381,859) |
| Net cash | $ (181,859) |
| Net cash to TTM adjusted EBITDA | (0.41)x |

| | Year Ended June 30, | |
|---|---|---|
| *(amounts in thousands)* | 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 December 31, 2020 | Three Months Ended December 31, 2019 | Six Months Ended December 31, 2020 | Six Months Ended December 31, 2019 |
|---|---|---|---|---|
| Net income and comprehensive income attributable to Royal Gold common stockholders | $ 59,889 | $ 41,321 | $ 166,828 | $ 111,774 |
| Fair value changes in equity securities | 382 | (222) | (2,158) | 1,153 |
| Gain on sale of Peak Gold JV interest | — | — | (33,906) | — |
| Discrete tax benefits | — | — | (25,799) | (29,407) |
| Tax effect of adjustments | (147) | 23 | 7,595 | (231) |
| Adjusted net income attributable to Royal Gold common stockholders | 60,124 | 41,122 | $ 112,560 | $ 83,289 |
| | | | | |
| Net income attributable to Royal Gold common stockholders per diluted share | $ 0.91 | $ 0.63 | 2.54 | 1.70 |
| Fair value changes in equity securities | 0.01 | — | (0.03) | 0.02 |
| Gain on sale of Peak Gold JV interest | — | — | (0.52) | — |
| Discrete tax benefits | — | — | (0.39) | (0.45) |
| Tax effect of adjustments | — | — | 0.12 | — |
| Adjusted net income attributable to Royal Gold common stockholders per diluted share | $ 0.92 | $ 0.63 | $ 1.72 | $ 1.27 |



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

**Free cash flow:**

| (amounts in thousands) | Three Months Ended December 31, 2020 | Three Months Ended December 31, 2019 | Six Months Ended December 31, 2020 | Six Months Ended December 31, 2019 |
|---|---|---|---|---|
| Net cash provided by operating activities | $ 99,912 | $ 78,257 | $ 194,064 | $ 149,496 |
| Acquisition of stream and royalty interests | (37,528) | (68,055) | (48,832) | (72,417) |
| Free cash flow | $ 62,384 | $ 10,202 | $ 145,232 | $ 77,079 |
| | | | | |
| Net cash provided by investing activities | $ (37,553) | $ (68,550) | $ 12,104 | $ (68,054) |
| Net cash used in financing activities | $ (93,616) | $ (51,173) | $ (143,437) | $ (120,413) |

**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.



# Other Disclaimers

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