

ROYAL GOLD INC  
 Form 424B2  
 October 12, 2012

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

Table of Contents

**Calculation of Registration Fee**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered(1)</b>	<b>Proposed maximum offering price per unit</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee(2)</b>
Common Stock, \$0.01 par value per share including related rights to purchase Series A Junior Participating Preferred Stock(3)	6,000,000	\$90.00	\$540,000,000	\$73,656.00

(1) Assumes exercise in full of the underwriters' option to purchase up to 750,000 additional shares of common stock.

(2) The registration fee has been transmitted to the SEC in connection with the offering of common stock pursuant to the registration statement No. 333-178691 by means of this prospectus supplement in accordance with Rule 457(r).

(3) Includes associated rights to purchase shares of the registrant's Series A Junior Participating Preferred Stock, par value \$0.01 per share ("Preferred Share Purchase Rights"). Preferred Share Purchase Rights are attached to shares of the registrant's common stock in accordance with the First Amended and Restated Rights Agreement, dated as of September 10, 2007, as amended from time to time, by and between the registrant and Computershare Trust Company, N.A., as Rights Agent (the "Rights Agreement"). The Preferred Share Purchase Rights are not exercisable until the occurrence of certain events specified in the Rights Agreement, are evidenced by the stock certificates representing the common stock and are transferable solely with the common stock. The value attributable to the Preferred Share Purchase Rights, if any, is reflected in the value of the common stock.

**Registration No. 333-178691  
 Filed pursuant to Rule 424(b)(2)**

**Prospectus Supplement to Prospectus dated December 22, 2011**

**5,250,000 Shares**

## Common Stock

The common stock is listed on the NASDAQ Global Select Market under the symbol "RGLD". The last reported sale price of the common stock on October 9, 2012 was \$94.16 per share. Our common stock is also traded on the Toronto Stock Exchange under the symbol "RGL".

*See "Risk Factors" beginning on page S-12 of this prospectus supplement to read about factors you should consider before buying shares of the common stock.*

---

**Neither the Securities and Exchange Commission, any state securities commission nor any other regulatory body has approved or disapproved of these securities or determined if the prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.**

---

The underwriters have agreed to purchase the common stock from us at a price of \$90.00 per share which will result in \$472,500,000 of proceeds to us (before expenses). To the extent the underwriters sell more than 5,250,000 shares of common stock, the underwriters will have the option to purchase within 30 days from the date of this prospectus supplement up to 750,000 additional shares from Royal Gold, Inc. at the same price of \$90.00 per share.

The underwriters may offer the shares of common stock from time to time for sale in one or more transactions on the NASDAQ Global Select Market, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

The underwriters expect to deliver the shares to purchasers on or about October 15, 2012.

---

*Book-Running Manager*

**Goldman, Sachs & Co.**

*Lead Managers*

**HSBC**

**Scotiabank**

---

The date of this prospectus supplement is October 10, 2012

---

Table of Contents

We are responsible for the information contained and incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus we prepare or authorize. We have not authorized anyone to provide you with different information, and we take no responsibility for any other information that others may give you. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. The information in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference and any written communication from us specifying the final terms of the offering is only accurate as of the date of the respective documents in which the information appears. Our business, financial condition, results of operations and prospects may have changed since those dates. Information in this prospectus supplement updates and modifies the information in the accompanying prospectus.

## Table of Contents

*Prospectus Supplement***ABOUT THIS PROSPECTUS SUPPLEMENT**

<b><u>SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS</u></b>	<b><u>ii</u></b>
<b><u>CERTAIN DEFINITIONS</u></b>	<b><u>ii</u></b>
<b><u>TAX CONSIDERATIONS</u></b>	<b><u>iv</u></b>
<b><u>NOTICE TO UNITED KINGDOM AND EUROPEAN ECONOMIC AREA INVESTORS</u></b>	<b><u>v</u></b>
<b><u>PROSPECTUS SUPPLEMENT SUMMARY</u></b>	<b><u>v</u></b>
<b><u>RISK FACTORS</u></b>	<b><u>S-1</u></b>
<b><u>USE OF PROCEEDS</u></b>	<b><u>S-12</u></b>
<b><u>CAPITALIZATION</u></b>	<b><u>S-27</u></b>
<b><u>MARKET PRICE OF OUR COMMON STOCK</u></b>	<b><u>S-28</u></b>
<b><u>DIVIDEND HISTORY</u></b>	<b><u>S-30</u></b>
<b><u>MANAGEMENT</u></b>	<b><u>S-32</u></b>
<b><u>UNDERWRITING</u></b>	<b><u>S-36</u></b>
<b><u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS</u></b>	<b><u>S-40</u></b>
<b><u>LEGAL MATTERS</u></b>	<b><u>S-45</u></b>
<b><u>EXPERTS</u></b>	<b><u>S-45</u></b>
<b><u>WHERE YOU CAN FIND MORE INFORMATION</u></b>	<b><u>S-45</u></b>
<b><u>INCORPORATION OF DOCUMENTS BY REFERENCE</u></b>	<b><u>S-46</u></b>

*Prospectus***ABOUT THIS PROSPECTUS**

<b><u>WHERE YOU CAN FIND MORE INFORMATION</u></b>	<b><u>1</u></b>
<b><u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u></b>	<b><u>1</u></b>
<b><u>SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS</u></b>	<b><u>2</u></b>
<b><u>THE COMPANY</u></b>	<b><u>3</u></b>
<b><u>RISK FACTORS</u></b>	<b><u>5</u></b>
<b><u>USE OF PROCEEDS</u></b>	<b><u>7</u></b>
<b><u>RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u></b>	<b><u>16</u></b>
<b><u>DESCRIPTION OF DEBT SECURITIES</u></b>	<b><u>16</u></b>
<b><u>DESCRIPTION OF CAPITAL STOCK</u></b>	<b><u>17</u></b>
<b><u>DESCRIPTION OF DEPOSITARY SHARES</u></b>	<b><u>25</u></b>
<b><u>DESCRIPTION OF WARRANTS</u></b>	<b><u>32</u></b>
<b><u>SELLING SECURITYHOLDERS</u></b>	<b><u>32</u></b>
<b><u>PLAN OF DISTRIBUTION</u></b>	<b><u>33</u></b>
<b><u>LEGAL MATTERS</u></b>	<b><u>33</u></b>
<b><u>EXPERTS</u></b>	<b><u>35</u></b>

Table of Contents

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-178691) that we filed with the Securities and Exchange Commission (the "SEC") and that became effective on December 22, 2011 utilizing an automatic shelf registration process. Under this shelf registration process, we may, from time to time, offer debt securities, preferred stock, common stock, warrants and depositary shares, of which this offering is a part. We have also filed this prospectus supplement and the accompanying prospectus, which we refer to as the Canadian prospectus, with the securities regulatory authorities in each of the provinces of Canada, other than Quebec, under the Multijurisdictional Disclosure System. The securities qualified under the Canadian prospectus may be offered and sold in each of the provinces of Canada, other than Quebec, subject to any applicable securities laws.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds, updates and changes information contained in the accompanying prospectus and the documents incorporated herein by reference. The second part is the prospectus, which gives more general information, some of which may not apply to this offering of common stock. If the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated herein by reference, you should rely on the information in this prospectus supplement. Before investing in our common stock, you should read both this prospectus supplement and the accompanying prospectus, as well as the additional information described under "*Where You Can Find More Information*" on page S-45 of this prospectus supplement.

Unless otherwise stated, information in this prospectus supplement assumes that (i) the underwriters will not exercise their option to purchase additional shares of our common stock, (ii) holders of exchangeable shares of RG Exchangeco Inc., a wholly-owned Canadian subsidiary of Royal Gold ("RG Exchangeco"), which are convertible on a one-for-one basis for our common stock, will not convert their shares, (iii) none of the Company's 2.875% convertible senior notes due 2019 will be converted into shares of our common stock, and (iv) no other person will exercise any other outstanding options to purchase shares of our common stock.

This document includes trade names and trademarks of other companies. All such trade names and trademarks appearing in this document are the property of their respective holders.

**SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the prospectus and the documents incorporated herein by reference contain certain references to future expectations and other forward-looking statements and information relating to us or to properties operated by others that are based on our beliefs and assumptions or those of management of the companies that operate properties on which we have royalty interests, as well as information currently available to us. Such forward-looking statements include statements regarding projected production and reserves received from the operators of properties where we hold royalty interests. Additional written or oral forward-looking statements may be made by us from time to time in filings with the SEC or otherwise. Words such as "may", "could", "should", "would", "believe", "estimate", "expect", "anticipate", "plan", "forecast", "potential", "intend", "continue", "project" and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements inherently involve risks and uncertainties, some of which cannot be predicted or quantified. Do not unduly rely on forward-looking statements. Actual results may differ

Table of Contents

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:

changes in gold and other metals prices on which our royalty interests are paid or changes in prices of the primary metals mined at properties where we hold royalty interests;

the production at or performance of properties where we hold royalty interests;

the ability of operators to bring projects, particularly on development stage properties, into production on schedule or operate in accordance with feasibility studies;

decisions and activities of the operators of properties where we hold royalty interests;

liquidity or other problems our operators may encounter;

hazards and risks at the properties where we hold royalty interests that are normally associated with development and mining properties, including unanticipated grade 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 floods or earthquakes and access to raw materials, water and power;

changes in project parameters as plans of the operators of properties where we hold royalty interests are refined;

changes in estimates of reserves and mineralization by the operators of properties where we hold royalty interests;

contests to our royalty interests and title and other defects to the properties where we hold royalty interests;

economic and market conditions;

future financial needs;

federal, state and foreign legislation governing us or the operators of properties where we hold royalty interests;

the availability of 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 royalty interests when evaluating acquisitions;

risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental, real estate, contract and permitting laws, currency fluctuations, expropriation of property, repatriation of earnings, taxation, price controls, inflation, import and export regulations, community unrest and labor

Edgar Filing: ROYAL GOLD INC - Form 424B2

disputes, endemic health issues, corruption, enforcement and uncertain political and economic environments;

changes in laws governing us, the properties where we hold 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;

acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold royalty interests;

Table of Contents

changes in management and key employees; and

failure to complete future acquisitions;

as well as other factors described elsewhere in this prospectus supplement, the accompanying prospectus, our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (filed on August 9, 2012) and in future filings we make 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. 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.

### CERTAIN DEFINITIONS

**Company:** Unless we have indicated otherwise, or the context otherwise requires, references to the "Company", "we", "us", and "Royal Gold" refer to Royal Gold, Inc. and its consolidated subsidiaries, except where it is clear that such terms refer only to Royal Gold, Inc.

**Dollar or "\$":** Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement to "\$" or "dollar" are to the lawful currency of the United States. We refer to Canadian dollars as C\$.

**g/t:** A unit representing grams per tonne.

**Net Smelter Return (NSR) Royalty:** A defined percentage of the gross revenue from a resource operation, less a proportionate share of incidental transportation, insurance, refining and smelting costs.

**Payable Ounces of Gold:** Ounces of gold in concentrate payable to the operator after deduction of a percentage of gold in concentrate that is paid to a third-party smelter pursuant to smelting contracts.

**Proven (Measured) Reserves:** 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:** 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.

**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 resource extraction operation.

**Royalty Interest:** A collective reference to royalties, gold, silver or other metal stream interests, and other similar interests.

**Stream:** A metal 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.

**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.

Table of Contents

**TAX CONSIDERATIONS**

We are not providing any tax advice as to the acquisition, holding or disposition of the shares of our common stock offered hereby. In making an investment decision, investors should consult their own tax advisors to determine the U.S. federal or state, and any applicable foreign or other tax consequences related to an investment in our common stock. See "*Material United States Federal Income Tax Considerations for Non-U.S. Holders*" on page S-40.

**NOTICE TO UNITED KINGDOM AND EUROPEAN ECONOMIC AREA INVESTORS**

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

In any Member State of the European Economic Area ("EEA") that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive.

The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Member State of the EEA which has implemented the Prospectus Directive who receives any communication in respect of, or who acquires any shares under, the offers contemplated in this Prospectus Supplement will be deemed to have represented, warranted and agreed to and with Goldman, Sachs & Co. and the Company that:

- (a) it is a qualified investor as defined in the Prospectus Directive
- (b) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Goldman, Sachs & Co. has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this representation, the expression an "offer" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State.



Table of Contents

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information about Royal Gold, Inc. This summary does not contain all of the information that may be important to you in making an investment decision. For a more complete understanding of Royal Gold you should read carefully this entire prospectus supplement and the accompanying prospectus, including the "Risk Factors" section and the other documents we refer to and incorporate by reference. Unless otherwise indicated, "common stock" means our common stock, par value \$0.01 per share, offered by this prospectus supplement.*

**Royal Gold Overview**

Royal Gold, together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, precious metals streams and similar 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. We use the term "royalty interest" in this prospectus to refer to royalties, gold, silver or other metal stream interests, and other similar interests. Royal Gold seeks to acquire existing royalty interests or to finance projects that are in production or development stage in exchange for royalty interests. As of June 30, 2012, the Company owned royalty interests on 39 producing properties, 26 development stage properties and 128 exploration stage properties, of which the Company considers 40 to be evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. Royal Gold does not conduct mining operations nor is it required to contribute to capital costs, exploration costs, environmental costs or other mining, processing or other operating costs on the properties in which Royal Gold holds royalty interests. During the fiscal year ended June 30, 2012, Royal Gold derived approximately 75% of its revenue from precious metals (including 68% from gold and 7% from silver), 11% from copper and 11% from nickel. Royal Gold has achieved record revenue for each of the past five fiscal years, and increased revenue 22% from the fiscal year ended June 30, 2011 to the fiscal year ended June 30, 2012.

Our financial results are primarily tied to the price of gold and, to a lesser extent, the price of silver, copper and nickel, together with the amounts of production from our producing stage royalty interests. The prices of gold, silver, copper, nickel 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 declines in the price of gold, silver, copper or nickel could have a material and adverse effect on the Company's results of operations and financial condition.

We are engaged in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mine development or exploration, or to acquire companies that hold royalty interests. We have used both cash and our common stock in our acquisitions and we may issue additional amounts of common stock as consideration in acquisitions in the future. 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, negotiation of letters of intent and participation in preliminary discussions or negotiations. Any one or more of our acquisitions could be material to us and increase the size of our business. We may enter into acquisitions at any time, including promptly after this offering. We cannot provide assurance that any of the possible transactions under review by us at any point in time will be concluded successfully.

See Risk Factors beginning on page S-12 for further discussion on risks associated with potential future acquisitions and other aspects of our business.

Table of Contents

**Recent Developments**

*Milligan III Acquisition*

On August 8, 2012, Royal Gold entered into an amendment to its purchase and sale agreement with Thompson Creek Metals Company Inc. ("Thompson Creek") whereby Royal Gold, among other things, agreed to purchase an additional 12.25% of the payable gold from the Mt. Milligan copper-gold project in exchange for a total of \$200 million, of which \$75 million was paid shortly after closing (the "Milligan III Acquisition"). Thompson Creek intends to use the proceeds from the Milligan III Acquisition to finance a portion of the construction of the Mt. Milligan project and related costs. Under the Milligan III Acquisition, Royal Gold increased its aggregate investment in the Mt. Milligan project from \$581.5 million to \$781.5 million and agreed to purchase a total of 52.25% of the payable ounces of gold produced from the Mt. Milligan project at a cash purchase price equal to the lesser of \$435, with no inflation adjustment, or the prevailing market price for each payable ounce of gold.

In the original Milligan gold stream transaction (the "Milligan I Acquisition"), which Royal Gold completed in October 2010, Royal Gold agreed to purchase 25% of the payable ounces of gold produced from the Mt. Milligan project in exchange for a total of \$311.5 million, \$226.5 million of which was paid at closing, plus a cash purchase price equal to the lesser of \$400 or the prevailing market price for each payable ounce of gold until 550,000 payable ounces have been delivered to Royal Gold and the lesser of \$450 or the prevailing market price for each additional payable ounce thereafter. On December 14, 2011, Royal Gold increased its aggregate investment (including amounts previously funded pursuant to the Milligan I Acquisition and commitments for future funding) by \$270 million, from \$311.5 million to \$581.5 million (the "Milligan II Acquisition"), and agreed to purchase an additional 15%, for a total of 40%, of the payable ounces of gold produced from the Mt. Milligan project at a cash purchase price equal to the lesser of \$435, with no inflation adjustment, or the prevailing market price for each payable ounce of gold (regardless of the number of payable ounces delivered to Royal Gold).

Under the Milligan III Acquisition, the amount of future scheduled payments to Thompson Creek increased from \$126.9 million to \$326.9 million, with \$75 million paid shortly after closing. Scheduled quarterly payments were revised to total \$251.9 million, with \$45 million paid on September 3, 2012, \$95 million due December 1, 2012, \$62 million due March 1, 2013, \$37 million due June 1, 2013 and \$12.9 million due September 1, 2013. Royal Gold's obligation to make these quarterly payments is subject to the satisfaction of certain conditions included in the Milligan III Acquisition (including that the aggregate amount of historical payments made by Royal Gold plus the applicable quarterly payment is less than the aggregate costs of developing the Mt. Milligan project incurred or accrued by Thompson Creek as of the date of the applicable quarterly payment). In the event that a quarterly payment is postponed as a result of the failure by Thompson Creek to satisfy a condition precedent, all subsequent quarterly payments will be adjusted forward one full calendar quarter until such time as all conditions precedent have been satisfied for the next scheduled quarterly payment.

Mt. Milligan is an open pit copper-gold project that Thompson Creek reports is in the advanced stages of construction and Thompson Creek estimates that commercial production will commence in late calendar 2013. According to a National Instrument 43-101 technical report regarding the Mt. Milligan project filed on the System for Electronic Document Analysis and Retrieval (SEDAR) under Thompson Creek's profile on October 13, 2011, proven and probable reserves total 482 million tonnes (0.20% copper; 0.39 g/t gold), containing 2.1 billion pounds of copper and 6.0 million ounces of gold, which reserves are estimated to support a mine life of approximately 22 years, with the project estimated to produce on average approximately 194,000 ounces of gold annually over the life of the mine, including estimated average production of 262,000 ounces of gold annually during the first six years of operation.

Table of Contents

**The Offering**

Common stock being offered by us	5,250,000 shares (plus up to 750,000 additional shares if the underwriters exercise their option to purchase additional shares in full)
Common stock to be outstanding immediately after this offering	64,272,395 shares
Use of proceeds	<p>The net proceeds from the sale of the shares of our common stock in this offering are estimated to be approximately \$471.9 million (or approximately \$539.4 million if the underwriters exercise their option to purchase additional shares in full), based on a price of \$90.00 per share and after deducting estimated offering expenses.</p> <p>We intend to use the net proceeds of this offering to fund acquisitions of additional royalty interests and for general corporate purposes. We intend to invest net proceeds from this offering pending their use primarily in cash bank accounts and United States treasury bills. See "<i>Use of Proceeds</i>" on page S-27.</p>
Risk factors	An investment in our common stock involves risk. We urge you to carefully consider all of the information described in the section entitled " <i>Risk Factors</i> " beginning on page S-12.
NASDAQ Global Select Market symbol	RGLD
Toronto Stock Exchange symbol	RGL
Dividend policy	<p>We have paid a cash dividend on a quarterly basis on our common stock each year beginning in 2000. For calendar year 2012, our annual dividend is \$0.60 per share, which is payable on a quarterly basis and up from \$0.44 per share in calendar year 2011. We anticipate paying the fourth and last 2012 dividend payment of \$0.15 per share on October 19, 2012, to common stockholders and holders of exchangeable shares of record at the close of business on October 5, 2012. Purchasers of our common stock will not be entitled to receive this dividend payment on any shares purchased in this offering.</p> <p>We currently plan to continue to pay a quarterly dividend on a calendar year basis after calendar year 2012, subject to the discretion of our board of directors. Our board of directors may determine not to declare a dividend based on a number of factors, including prevailing gold prices, economic and market conditions and funding requirements of our operations and opportunities that might arise in the future.</p>

## Edgar Filing: ROYAL GOLD INC - Form 424B2

### Table of Contents

The number of shares of common stock that will be outstanding after the offering is based on 59,022,395 shares outstanding as of October 5, 2012. This number excludes:

761,652 exchangeable shares of RG Exchangeco outstanding as of October 5, 2012 that are convertible on a one-for-one basis for shares of Royal Gold common stock and one share of Special Voting Stock issued to give the exchangeable shares equivalent voting rights to Royal Gold common stock, all of which were issued in connection with our acquisition of IRC;

3,513,335 shares of common stock initially issuable upon conversion of the Company's 2.875% convertible senior notes due 2019 in the aggregate principal amount of \$370 million (the "2019 Notes"), should Royal Gold elect to settle the 2019 Notes in full in common stock of the Company;

126,274 shares of common stock issuable upon exercise of outstanding options at a weighted average exercise price of \$45.08 per share, of which 80,595 shares of common stock are subject to options that are vested and immediately exercisable;

110,300 performance shares that vest upon achieving certain performance goals;

179,163 shares of common stock issuable upon exercise of outstanding stock-settled stock appreciation rights ("SSARs"), of which 58,147 shares are vested and immediately exercisable;

959,590 shares of common stock reserved for future issuance under our equity compensation plan; and

750,000 additional shares of common stock issuable pursuant to the underwriters' option to purchase additional shares.

### **Company Strengths**

We believe that our core strengths include the following:

A long history of revenue and royalty interest reserve growth, as well as the creation or acquisition of royalties and streams (such as Mt. Milligan) on significant development properties that we expect could generate strong future revenue, including our royalty on the Pascua-Lama project and our stream on the Mt. Milligan project;

A diversified portfolio of 39 properties that produce revenue and 26 properties at the development stage;

A focus on well-regarded operators, with 75% of reserves subject to our royalty interests as of December 2011 being associated with properties operated by known operators, such as Barrick Gold Corporation ("Barrick"), Newmont Mining Corporation ("Newmont"), Goldcorp Inc. ("Goldcorp"), Teck Resources Limited ("Teck"), Vale S.A. ("Vale") and Xstrata PLC ("Xstrata");

A geographically diverse portfolio of royalty interests in largely stable geographic regions, with 92% of our revenue for the fiscal year ended June 30, 2012 from mines operating in the United States, Mexico, Canada, Chile and Australia;

Edgar Filing: ROYAL GOLD INC - Form 424B2

No requirements to contribute to capital, exploration, environmental, mining, processing or other operating costs at mine sites (Royal Gold's payments to acquire gold or silver streams (e.g. the Mt. Milligan project) and other royalty interests are often used by the operator to fund the construction and development of the mine);

S-4

---

Table of Contents

Organic growth when reserves are increased on a property on which we hold a royalty interest at no incremental cost to us as holder of the royalty interest;

A strong history of successful acquisitions of precious metal royalty interests and a pipeline of potential acquisitions in various stages of review, with royalty interests acquired in the past five years contributing over 66% of our revenue for the fiscal year ended June 30, 2012;

A proven track record of growing operating cash flow, from \$18.6 million in fiscal year 2006 to \$162.2 million in fiscal year 2012;

Exposure to metals price movements, with no historical practice of metal price hedging (increases in metal prices contributing 55% of our 22% revenue growth in fiscal year 2012, with the remainder resulting from increases in production volumes);

A historically strong liquidity position;

An experienced management team with proven skills in acquiring and managing precious metal royalty interests; and

A \$0.60 per share dividend for calendar year 2012, representing a 36% increase in the dividend rate for calendar year 2011, and a history of increasing our dividend for each year beginning in calendar year 2000.

### **Royal Gold Business Model and Growth Strategy**

Royal Gold is engaged in the business of acquiring and managing precious metals royalty interests. The Company seeks to acquire existing royalty interests and to create new royalty interests through the financing of mining, development or exploration projects in exchange for royalty interests. Royal Gold does not conduct mining operations. The key elements of the Company's business model and growth strategy are as follows:

*Focus on Gold and Precious Metals through Ownership of Royalty Interests.* Royal Gold has established its business model based on the premise that an attractive means to gain exposure to gold and precious metals prices is to acquire and hold royalty interests in gold and precious metal properties, rather than to engage directly in mining operations. By holding royalty interests, the Company benefits from (i) increases in metals prices, (ii) production increases from properties subject to Royal Gold's royalty interests and (iii) reserve increases on properties subject to Royal Gold's royalty interests, potentially extending Royal Gold's revenue stream from such properties. Royal Gold is not required to contribute to capital costs, exploration costs, environmental costs, mining costs, processing costs or other operating costs on the properties on which it holds royalty interests (Royal Gold's payments to acquire gold or silver streams (e.g. the Mt. Milligan project) and other royalty interests are often used by the operator to fund the construction and development of the mine). As a result, Royal Gold historically has been able to achieve high margins and low overhead costs. The Company believes its exposure to operating risks is further reduced because the majority of its revenue from producing assets is comprised of royalty interests on properties operated by experienced and well regarded operators throughout the world, including Barrick, Newmont, Goldcorp, Teck, Vale and Xstrata.

*Acquisition of Royalty Interests on Producing Mines and Development Projects.* Royal Gold actively seeks to acquire royalty interests on both producing mines and development projects and has successfully executed an acquisition strategy that has more than tripled the gold equivalent reserves subject to its royalty interests from December 31, 2007 through December 31, 2011. Producing royalty interests generate revenue, while development stage



Table of Contents

properties represent an important part of the Company's growth strategy. Development stage properties not only provide a pipeline of reserves subject to Royal Gold's royalty interests, but also provide potential future revenue should they begin production over the next several years as expected by the operators of our principal development projects. For example, royalties on Peñasquito, Andacollo, Holt and Canadian Malartic were acquired when those properties were in development stage. Those properties are now principal contributors to Royal Gold's revenue and Peñasquito and Andacollo are two of Royal Gold's largest revenue contributors.

*Industry Experience and Relationships.* Royal Gold relies on its experienced management team to identify opportunities and to structure creative approaches to acquire royalty interests, as well as to manage such royalty interests once acquired. The Company's management team includes senior executives with many years of industry experience in geology, mine operations, mining law and mine financing. The management team maintains personal relationships throughout the industry, from major mining companies to exploration companies, landowners and prospectors, giving the Company an excellent platform from which to identify, target and obtain or create royalty interests.

*Flexible Acquisition Approaches.* Royal Gold has pursued a growth strategy using a variety of acquisition structures to grow its portfolio of royalty interests, including: (i) the acquisition of existing royalty interests or portfolios of existing royalty interests, (ii) the creation of new royalty interests by providing financing or capital, including for exploration, development or acquisition activities, in exchange for royalty interests, (iii) equity investments in connection with the creation and acquisition of royalty interests, and (iv) the acquisition of companies holding similar assets. Royal Gold's ability to utilize various acquisition structures allows it to adapt to changing market conditions and to capitalize on the most current needs of mining companies. The Company takes a flexible approach to each acquisition it examines, with consideration given to industry conditions as well as the various goals and capabilities of each operator or potential business partner.

*Royalty Interest Evaluation Criteria.* Royal Gold believes there are substantial benefits to holding royalty interests on properties with significant reserves that represent long-lived assets. For example, through acquisitions, Royal Gold has increased its gold royalty at the Pascua-Lama project, which Royal Gold considers a cornerstone development property, from 1.08% to 5.23% (at or above \$800 per ounce gold). The Company utilizes a series of technical, business and legal criteria by which it evaluates potential acquisitions of royalty interests. Among the factors considered are: (i) quality of the asset, (ii) reputation of the operator, (iii) country risks, (iv) environmental risks, (v) timing of anticipated production, (vi) potential for reserve growth, (vii) overall size and likely mine life of the project, and (viii) strategic, financial and operating impact of the acquisition on Royal Gold. The Company relies on the operational experience and technical expertise of members of its management team, and on that of consultants, to evaluate mining properties and reserves in order to evaluate royalty interests for acquisition.

*Organic Growth through Reserve Replacement.* In addition to acquiring royalty interests with existing or anticipated near-term production, Royal Gold seeks to acquire and manage royalty interests with substantial potential for further reserve growth. This provides cost-free upside from the exploration efforts of the operator because additional reserves, if mined, extend Royal Gold's revenue stream from the property with no additional cost to Royal Gold.



Table of Contents

**Key Acquisitions**

*Mt. Milligan*

In October 2010, Royal Gold completed the Milligan I Acquisition with Thompson Creek in which Royal Gold acquired the right to purchase 25% of the payable ounces of gold produced from the Mt. Milligan copper-gold project for \$226.5 million, with a commitment to pay up to an additional \$85 million over the construction period of the project. The cash purchase price for the payable gold pursuant to the Milligan I Acquisition was the lesser of \$400 or the prevailing market price for each payable ounce of gold until 550,000 payable ounces have been delivered to Royal Gold and the lesser of \$450 or the prevailing market price for each additional payable ounce thereafter.

On December 14, 2011, Royal Gold completed the Milligan II Acquisition with Thompson Creek whereby Royal Gold, among other things, agreed to purchase an additional 15% of the payable gold from the Mt. Milligan project in exchange for an additional commitment of \$270 million, \$112 million of which was paid shortly after signing. The terms of the Milligan I Acquisition were revised pursuant to the Milligan II Acquisition whereby Royal Gold increased its gold stream from 25% to a total of 40% of the payable gold from the Mt. Milligan project and revised the purchase price of each payable ounce of gold to the lesser of \$435 or the prevailing market price (regardless of the number of payable ounces delivered to Royal Gold).

In August 2012, Royal Gold completed the Milligan III Acquisition with Thompson Creek whereby Royal Gold, among other things, agreed to purchase an additional 12.25% of the payable gold from the Mt. Milligan project in exchange for an additional commitment of \$200 million, \$75 million of which was paid shortly after closing. The terms of the Milligan II Acquisition were revised pursuant to the Milligan III Acquisition whereby Royal Gold increased its gold stream from 40% to a total of 52.25% of the payable gold from the Mt. Milligan project at the same purchase price per payable ounce of gold.

Mt. Milligan is an open pit copper-gold project that Thompson Creek reports is in the advanced stages of construction and Thompson Creek estimates that commercial production will commence in late calendar 2013. According to a National Instrument 43-101 technical report regarding the Mt. Milligan project filed on SEDAR under Thompson Creek's profile on October 13, 2011, proven and probable reserves total 482 million tonnes (0.20% copper; 0.39 g/t gold), containing 2.1 billion pounds of copper and 6.0 million ounces of gold, which reserves are estimated to support a mine life of approximately 22 years, with the project estimated to produce on average approximately 194,000 ounces of gold annually over the life of the mine, including estimated average production of 262,000 ounces of gold annually during the first six years of operation.

*International Royalty Corporation*

In February 2010, Royal Gold acquired all of the issued and outstanding common shares of International Royalty Corporation ("IRC"). The purchase price for the IRC acquisition consisted of approximately \$350 million in cash, 5,234,086 shares of Royal Gold common stock (valued at \$230.4 million) and 1,806,649 exchangeable shares of RG Exchangeco (valued at \$79.5 million, which shares are convertible on a one-for-one basis for Royal Gold common stock at any time and have voting and dividend rights equivalent to Royal Gold common stock). The IRC acquisition further complemented and expanded Royal Gold's royalty portfolio. On the date of acquisition, the IRC royalty portfolio included 11 producing royalties, including royalties on the Voisey's Bay, Wolverine and Las Cruces mines, 10 development stage royalties, including a royalty on the Pascua-Lama project, 24 evaluation stage royalties and 35 exploration stage royalties. The

Table of Contents

producing royalties acquired through the IRC acquisition generated approximately 24% of the Company's revenue for the fiscal year ended June 30, 2012.

*Andacollo Royalty Acquisition*

In January 2010, Royal Gold completed the acquisition of a royalty on the gold produced from the sulfide portion of the Andacollo mine in Chile from a subsidiary of Teck for a purchase price of \$217.9 million in cash and 1,204,136 of the Company's common shares (valued at \$53.4 million). The Andacollo royalty covers 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. The Andacollo royalty does not cover copper production. As of December 31, 2011, Teck estimated proven and probable gold reserves of 477 million tons at an average grade of 0.004 ounces per ton (1.8 million ounces). The operator estimates that the mine will produce on average approximately 55,000 ounces of gold and 100,000 tonnes (110,230 tons) of copper in concentrate annually for the first 10 years of commercial production, with an estimated mine life of 20 years. Since Royal Gold's acquisition of the Andacollo royalty, the Andacollo mine has achieved commercial production and has become one of Royal Gold's largest revenue contributors, representing approximately 24% of the Company's revenue for the fiscal year ended June 30, 2012.

*Other Acquisitions*

Our other key acquisitions of producing and development stage properties include:

in May 2012, we acquired a 3.0% NSR royalty from International Minerals Corporation on all ores and minerals mined or otherwise recovered from the Ruby Hill mine;

in December 2011, we agreed to purchase from Chieftain Metals Inc. 12.5% of the payable gold produced from the Tulsequah Chief project located in British Columbia until 48,000 ounces of payable gold have been delivered and 7.5% of the payable gold thereafter, and 22.5% of the payable silver produced from the project until 2.78 million ounces of payable silver have been delivered and 9.75% of the payable silver thereafter;

in fiscal year 2011, we increased our gold royalty at the Pascua-Lama project located in Chile, at which our composite royalty is 5.23% at a gold price at or above \$800 per ounce, as well as an option to purchase a 1.25% NSR royalty (which may be increased to 2.0% upon our satisfaction of certain conditions) on all of the gold and silver production from the Kerr-Sulphurets-Mitchell project in northwest British Columbia owned by Seabridge Gold, Inc.;

in fiscal year 2009, we acquired a portfolio of 72 royalties from Barrick, including the remaining 70% of a sliding scale NSR royalty on the Mulatos gold mine located in Mexico (of which we previously owned 30%), which based on gold prices over \$400 per ounce has a royalty rate of 5%, as well as royalties on the Canadian Malartic gold project and the Holt portion of the Holloway-Holt mining project in Canada;

in fiscal year 2008, we acquired royalties on the Marigold gold project located in Nevada, the El Chanate mine located in Mexico and 13 royalties as part of our acquisition of Battle Mountain Gold Exploration Corp., which included two royalties on the Dolores mine in Mexico;

in fiscal year 2007, we acquired royalties on the Peñasquito mine located in Mexico and our initial royalty on the Pascua-Lama project located in Chile; and

Table of Contents

in fiscal year 2006, we acquired a royalty on the Robinson mine located in Nevada, 30% of the sliding scale NSR royalty on the Mulatos mine (the remaining 70% of which was acquired in fiscal year 2009 as described above) and royalties on the Taparko mine located in Burkina Faso through a financing arrangement to develop that mine.

**Possible Future Acquisitions**

We are engaged in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mining projects or to acquire companies that hold 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, obtaining or providing debt commitments for acquisition financing and participation in discussions or negotiations regarding serving as a financing source in connection with acquisitions of royalty interests. Any one or more of our acquisitions could be material to us and increase the size of our business, and such acquisitions could occur at any time, including promptly after this offering. We could incur additional indebtedness to fund acquisitions and/or could issue stock as consideration in an acquisition. See "*Risk Factors - Risks Related to Our Common Stock*" for risks relating to additional issuance of equity securities and "*Risk Factors - Risks Related to Our Business*" for risks relating to our future incurrence of indebtedness and acquisition strategy.

**Cornerstone and Principal Properties**

Royal Gold's portfolio includes gold royalty interests on properties owned by various operating companies across six continents. While the Company maintains a strong presence in Nevada, a jurisdiction with a long history of successful gold mining, we believe that an important aspect of our portfolio is to hold royalty interests in other parts of the world. Royal Gold's principal producing and development properties outside of the United States are located primarily in Canada (Mt. Milligan, Voisey's Bay, Canadian Malartic, Holt and Wolverine), Chile (Pascua-Lama and Andacollo), Mexico (Peñasquito, Mulatos and Dolores), and Spain (Las Cruces). The Company holds other royalty interests on properties in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Colombia, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Nicaragua, Peru, Russia and Tunisia.

Royal Gold categorizes its key properties into cornerstone and principal producing and development properties, which are listed below. Royal Gold considers both historical and future potential revenues in determining which royalty interests in its portfolio are cornerstone and principal to its business. Estimated future potential revenues from both producing and development properties are based on a number of factors, including reserves subject to our 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 Royal Gold to conclude that such royalty interests are no longer principal to its business.

Royal Gold's cornerstone producing royalty interests are as follows:

the royalty on the gold produced from the Andacollo mine located in Chile and operated by Teck;

the royalty on all metals (principally gold, silver, lead and zinc) produced from the Peñasquito mine, covering both the oxide portion of the deposit and the sulfide portion of the deposit located in Zacatecas, Mexico, and operated by Goldcorp; and

## Edgar Filing: ROYAL GOLD INC - Form 424B2

### Table of Contents

the royalty on all metals (principally nickel, copper and cobalt) produced from the Voisey's Bay mine located in Newfoundland and Labrador, Canada, and operated by Vale Newfoundland & Labrador Limited.

Royal Gold's cornerstone royalty interests on development properties are as follows:

the gold and copper royalty on the Pascua-Lama project located in Chile and operated by Barrick; and

the gold stream on the Mt. Milligan gold and copper project located in British Columbia, Canada and operated by Thompson Creek.

Royal Gold's principal producing royalty interests are as follows:

the royalty on the copper and gold produced from the Robinson mine located in eastern Nevada and operated by KGHM International Ltd.;

the royalties on the gold produced from the Cortez mine located in Nevada and operated by Barrick;

the royalty on the gold produced from the Leeville mine located in Nevada and operated by Newmont;

the royalty on the gold produced from the Mulatos mine located in Sonora, Mexico, and operated by Alamos Gold, Inc.;

the royalty on the gold and silver produced from the Wolverine project located in Yukon Territory, Canada, and operated by Yukon Zinc Corporation;

the royalty on the gold produced from the Canadian Malartic project located in Quebec, Canada, and operated by Osisko Mining Corporation;

the royalty on the gold produced from the Holt portion of the Holloway-Holt project located in Ontario, Canada, and operated by St Andrew Goldfields Ltd.;

the royalties on the gold and silver produced from the Dolores mine located in Chihuahua, Mexico, and operated by Pan American Silver Corp.; and

the royalty on the copper produced from the Las Cruces mine located in Spain, and operated by Inmet Mining Corporation.

The structure and reserve information of all of Royal Gold's royalty interests in producing and development stage properties are set forth in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (filed with the SEC on August 9, 2012), under "Item 2, Properties, Reserve Information" and in our subsequent reports under the Exchange Act.

### **Additional Information**

Our principal executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202-1132. Our telephone number is (303) 573-1660.

Edgar Filing: ROYAL GOLD INC - Form 424B2

We maintain a website at <http://www.royalgold.com>. Information presented or accessed through our website is not incorporated into, or made a part of, this prospectus supplement.

S-10

---

Table of Contents**Summary of Consolidated Financial Data**

The following summary of consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes and other financial information contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012 (filed with the SEC on August 9, 2012), incorporated by reference in this prospectus supplement and the accompanying prospectus. We derived the consolidated summary statement of operations data and other selected data for the fiscal years ended June 30, 2012, 2011 and 2010 from our audited consolidated financial statements. Historical results are not necessarily indicative of the results to be expected in the future. Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, which differ in certain respects from International Financial Reporting Standards adopted in Canada. Therefore, our financial data contained in or incorporated by reference in this prospectus supplement may not be comparable to the financial data of Canadian companies.

	<b>For the Fiscal Years Ended June 30,</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>(dollars in thousands except share and per share data)</b>		
<b>Statements of Operations Data:</b>			
Royalty revenues	\$ 263,054	\$ 216,469	\$ 136,565
Operating income	\$ 156,888	\$ 118,925	\$ 41,035
Net income	\$ 98,309	77,299	\$ 29,422
Net income attributable to Royal Gold common stockholders	\$ 92,476	\$ 71,395	\$ 21,492
Net income per share available to Royal Gold common stockholders:			
Basic	\$ 1.61	\$ 1.29	\$ 0.49
Diluted	\$ 1.61	\$ 1.29	\$ 0.49
Weighted average number of common shares outstanding:			
Basic	57,220,040	55,053,204	43,640,414
Diluted	57,463,850	55,323,410	43,980,817
		<b>As of</b>	
		<b>June 30,</b>	
		<b>2012</b>	
		<b>(dollars in</b>	
		<b>thousands)</b>	
<b>Balance Sheet Data:</b>			
Cash and equivalents	\$ 375,456		
Royalty interests in mineral properties, net	\$ 1,890,988		
Total assets	\$ 2,373,045		
Debt	\$ 293,248		
Net deferred tax liabilities	\$ 178,716		
Total liabilities	\$ 509,616		
Total Royal Gold stockholders' equity	\$ 1,838,459		

Table of Contents

**RISK FACTORS**

*An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus supplement, before making an investment decision. Our business, results of operations, cash flows and financial condition 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 read "Special Note About Forward-Looking Statements" in this prospectus supplement, where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.*

**Risks Related to Our Business**

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

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

Our strategy of having others operate properties on which we retain a royalty interest 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. These decisions are likely to be motivated by the best interests of the operator rather than to maximize payments to us. Although we attempt to secure contractual rights, such as audit or access rights when we create new royalty interests, 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 royalty interest in ways that would be beneficial to our stockholders.

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

The profitability of our royalty interests is directly related to the market price of gold, silver, copper, nickel and other metals. 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 and investment demand, 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. If gold, silver, copper, nickel and certain other metal prices drop dramatically, we might not be able to recover the initial investment in our royalty interests. Moreover, the selection of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that decisions about exploration, development and construction are made and the commencement of production can have a material adverse effect on

Table of Contents

the economics of a mine and can eliminate or have a material adverse impact on the value of royalty interests.

Furthermore, if the market price of gold, silver, copper, nickel or certain other metals declines, then our revenues would also fall. Our sliding-scale royalties, such as Cortez, Holt, Mulatos, Wolverine and other properties, amplify this effect. When metal prices fall below certain thresholds in a sliding-scale royalty, a lower royalty rate is applied to production. In addition, certain agreements governing our royalty interests, such as those relating to our royalty interests in the Andacollo, Robinson, Peñasquito and Voisey's Bay 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.

Volatility in gold, silver, copper and nickel prices is demonstrated by the annual high and low prices for those metals from selected years during the past decade.

High and low gold prices per ounce, based on the London Bullion Market Association P.M. fix, have ranged from \$293 to \$256 in 2001, from \$537 to \$411 in 2005, from \$1,212 to \$810 in 2009, from \$1,895 to \$1,319 in 2011, and from \$1,792 to \$1,540 year to date.

High and low silver prices per ounce, based on the London Bullion Market Association fix, have ranged from \$4.82 to \$4.07 in 2001, from \$9.23 to \$6.39 in 2005, from \$19.18 to \$10.51 in 2009, from \$48.70 to \$26.68 in 2011, and from \$37.23 to \$26.67 year to date.

High and low copper prices per pound, based on the London Metal Exchange cash settlement price for Grade A copper, have ranged from \$0.81 to \$0.62 in 2001, from \$2.08 to \$1.44 in 2005, from \$3.33 to \$1.38 in 2009, from \$4.60 to \$3.08 in 2011, and from \$3.93 to \$3.29 year to date.

High and low nickel prices per pound, based on the London Metal Exchange cash settlement price for nickel, have ranged from \$3.40 to \$1.97 in 2001, from \$8.12 to \$5.22 in 2005, from \$9.31 to \$4.25 in 2009, from \$13.17 to \$7.68 in 2011, and from \$9.90 to \$6.89 year to date.

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

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

insufficient ore reserves;

increases in production 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 operations or render mining of ore uneconomical and cause an operator to close operations;

declines in the price of gold, silver, copper, nickel and other metals;

mine operating and ore processing facility problems;

economic downturns and operators' insufficient financing;



insolvency or bankruptcy of the operator;

S-13

---

Table of Contents

significant environmental and other regulatory permitting requirements and restrictions and any changes in those regulations;

challenges by non-mining interests to existing permits and mining rights, and to applications for permits and mining rights;

community or civil unrest;

labor shortages, increased labor costs, and labor disputes, strikes or work stoppages at mines;

geological problems, unanticipated metallurgical characteristics and unanticipated ground or water conditions;

pit wall or tailings dam failures or any underground stability issues;

fires, explosions and other industrial accidents;

environmental hazards and natural catastrophes such as floods, earthquakes or inclement or hazardous weather conditions;

injury to persons, property or the environment;

the ability of the operators to maintain or increase production or to replace reserves as properties are mined; and

uncertain domestic and foreign political and economic environments.

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

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

The royalty interests we acquire may not produce anticipated revenues. The success of our acquisitions of royalty interests is based on our ability to make accurate assumptions regarding the valuation, timing and amount of revenues to be derived from our royalty interests, particularly with respect to acquisitions of royalty interests on development stage properties. If an operator does not bring a property into production and operate in accordance with feasibility studies, technical or reserve reports or other plans due to lack of capital, inexperience, unexpected problems, or otherwise, then the acquired royalty interest may not yield sufficient revenues to be profitable. Furthermore, operators of development stage properties must obtain all necessary environmental permits and access to water, power and other raw materials needed to begin production, and there can be no assurance operators will be able to do so. The Pascua-Lama mining project in Chile and Argentina and the Mt. Milligan mining project in Canada are among our cornerstone development stage acquisitions. In July 2012, Barrick revised the date for initial gold production from the Pascua-Lama project. Initial gold production, previously expected in mid-calendar 2013, is now expected in mid-calendar 2014, with an approximate 50%-60% increase in capital costs from the top end of its previously announced estimate of \$4.7 billion-\$5.0 billion. The failure of any of our cornerstone or principal properties to produce anticipated revenues on schedule or at all could have a material adverse effect on our business, results of operations, cash flows, financial condition and the other benefits we expect to achieve from the acquisition of royalty interests. Further, as mines on which we have royalty interests mature, we can expect overall declines in production over the years 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



Table of Contents

hold royalty interests will be able to maintain or increase production or replace reserves as they are mined.

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

Our royalty payments are calculated by the operators of the properties on which we have royalties based on their reported production. Each operator's calculation of our 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 calculations of such payments inaccurate. Certain agreements governing our 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 the calculation of royalty payments that we receive. 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 royalty interest 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 royalty interests provide us the right to audit the operational calculations and production data for the associated royalty payments; however, such audits may occur many months following our recognition of the revenue and may require us 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 royalty interests to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our royalty interests.***

The development and operation of mines is very capital intensive, and if operators of properties where we hold 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. Operators' 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 a further downturn in the U.S. or global financial markets as has been experienced in recent years. If any of the operators of the properties on which we have royalty interests suffer these material adverse effects, then our royalty interests and the value of and revenue from our royalty interests may be materially adversely affected. In addition, a continued economic downturn or credit crisis could adversely affect the ability of operators to obtain debt or equity financing for the exploration, development and operation of their properties.

***Certain of our royalty interests are subject to payment or production caps or rights in favor of the operator or third parties that could reduce the revenues generated from the royalty interest.***

Some of our principal royalty interests are subject to limitations, such that the royalty interest will extinguish after threshold production is achieved or payments at stated thresholds are made. For example, a portion of our royalty at Pascua-Lama and our royalty at Mulatos are subject to production caps. Furthermore, certain other agreements governing our royalty interests contain rights that favor the operator or third parties. For example, Osisko, the operator of Canadian Malartic, one of our principal producing properties, exercised its buy-down right that reduced our royalty from a 3% NSR royalty to a 1.5% NSR royalty in fiscal year 2011. Also, certain individuals

Table of Contents

from whom we purchased portions of our royalty at Pascua-Lama, another of our cornerstone development properties, are entitled to one-time payments if the price of gold exceeds certain thresholds. If any of these thresholds are met or similar rights are exercised or we fail to make the required payment, our future revenue could be reduced.

***We may enter into acquisitions or other material transactions at any time, including promptly after this offering.***

We are engaged in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mining projects or to acquire companies that hold 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, technical, financial and other confidential information, submission of indications of interest and participation in discussions or negotiations for acquisitions. We also often consider obtaining or providing debt commitments for acquisition financing. Any such acquisition could be material to us. We could issue common stock or incur additional indebtedness to fund our acquisitions. Issuances of common stock may dilute existing stockholders and reduce some or all of our financial measures on a per share basis. 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.

In addition, we may consider opportunities to restructure our 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, including promptly after this offering.

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

Our future success largely depends upon our ability to acquire royalty interests at appropriate valuations, including through royalty interest and corporate acquisitions and other financing transactions. Most of our revenues are derived from royalty interests that we acquire or finance, rather than through exploration of properties. There can be no assurance that we will be able to identify and complete the acquisition of such royalty interests or businesses that own desired 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. A continued economic downturn or credit crisis could adversely affect our ability to obtain debt or equity financing for acquisitions of additional royalty interests. In addition, we face competition in the acquisition of royalty interests. We have competitors that are engaged in the acquisition of royalty interests, including companies with greater financial resources, and we may not be able to compete successfully against these companies in acquiring new royalty interests. If we are unable to successfully acquire additional royalty interests, the reserves subject to our royalty interests will decline as the producing properties on which we have such 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 royalty interests if we are unable to successfully complete acquisitions of royalty interests or businesses that own desired royalty interests. Each of these factors could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Table of Contents

***Estimates of reserves and mineralization by the operators of mines in which we have royalty interests are subject to significant revision.***

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond our control and the control of the operators of properties on which we have royalty interests. Reserve estimates for our 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 estimates 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 estimates. 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. Finally, it is important to note that our royalty interests generally give us interests in only a small portion of the production from the operators' aggregate reserves, and the size of those interests varies widely based on the individual documents governing the royalty interest.

***Estimates of production by the operators of mines in which we have 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 royalty interests, including many factors beyond our control and the control of the operators of the properties in which we have 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. 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 properties is not properly maintained by the operators, or is successfully challenged by third parties, our royalty interests could become invalid.***

Our business includes the risk that operators of mining projects and holders of mining claims, tenements, concessions, mining licenses or other interests in land and mining rights may lose their exploration or mining rights, or have their rights to mining properties contested by private parties or the government. Internationally, 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, reduction in geographic extent upon passage of time or upon conversion from an exploration tenure to a mining tenure, failure of title and similar risks. Unpatented mining claims, for example, which constitute a significant portion of the properties on which we hold royalty interests in the United States, and which are generally considered subject to greater title risk than real property interests held by absolute title, are often uncertain and subject to contest by third parties and the

Table of Contents

government. If title to unpatented mining claims or other mining tenures subject to our royalty interests has not been properly established or is not properly maintained, or is successfully contested, our royalty interests could be adversely affected.

***Royalty interests are subject to title and other defects and contest by operators of mining projects and holders of mining rights, and these risks may be hard to identify in acquisition transactions.***

While we seek to confirm the existence, validity, enforceability and geographic extent of the royalty interests we acquire, there can be no assurance that disputes over these and other matters will not arise. Confirming these matters, as well as the title to mining property on which we hold or seek to acquire a royalty interest, is a complex matter, and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property. Similarly, our royalty interests generally are subject to uncertainties and complexities arising from the application of contract and property laws governing private parties and/or local or national governments in the jurisdiction where mining projects are located. Furthermore, royalty interests in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators, nonperformance and to challenges of various kinds brought by operators or third parties. We often do not have the protection of security interests over property that we could liquidate to recover all or part of our investment in a royalty interest. Even if we retain our royalty interests in a mining project after any change of control, bankruptcy or insolvency of the operator, the project may end up under the control of a new operator, who may or may not operate the project in a similar manner to the current operator, which may positively or negatively impact us. In addition, operators and other parties to the agreements governing our royalty interests may not abide by their contractual obligations and we could be forced to take legal action to enforce our contractual rights. Disputes also could arise challenging, among other things, the existence or geographic extent of the royalty interest, third party claims to the same royalty interest or to the property on which we have a royalty interest, various rights of the operator or third parties in or to the royalty interest, methods for calculating the royalty interest, production and other thresholds and caps applicable to payments of royalty interests, the obligation of an operator to make payments of royalty interests, and various defects or ambiguities in the agreement governing a royalty interest. Unknown defects in, non-performance of, or disputes relating to, the royalty interests we acquire may prevent us from realizing the anticipated benefits from the acquisition, and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Operations in foreign jurisdictions are subject to many risks, which could decrease our revenues.***

We derived approximately 82% of our revenues from foreign sources during fiscal year 2012, compared to approximately 76% in fiscal year 2011 and 60% in fiscal year 2010. Our principal producing royalty interests on properties outside of the United States are located in Canada, Chile, Mexico and Spain. We currently have royalty interests in mines and projects in other countries, including Argentina, Australia, Bolivia, Brazil, Burkina Faso, Colombia, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Nicaragua, Peru, Russia and Tunisia. In addition, future acquisitions may expose us to new jurisdictions. Our foreign activities are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, such things as:

volatile exchange and currency controls and fluctuations;

expropriation or nationalization of property;

Table of Contents

limitations on foreign exchange and repatriation of earnings;

increased foreign taxation or imposition of new or increased mining royalties;

enforcement of unfamiliar or uncertain foreign real estate, mineral tenure, contract, water use, mine safety and environmental laws and policies;

restrictions on mineral production and price controls;

high rates of inflation;

labor practices and disputes;

import and export regulations, including restrictions on the export of gold, silver, copper, nickel or other metals;

changes in legislation, including changes related to taxation, royalty interests, imports, exports, duties, currency, foreign ownership, foreign trade and foreign investment;

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

risk of loss due to disease and other potential endemic health issues.

For example, in recent years Argentina, where a portion of the Pascua-Lama project is located, has experienced significant economic turmoil and its government has taken several actions that have troubled foreign investors, including the nationalization of YPF S.A., the largest oil and gas company in Argentina, from foreign owner Repsol S.A. and the enactment of a federal glacier protection law that restricts mining activities in areas on or near the nation's glaciers (as discussed below in "*The mining industry is subject to significant environmental risks*"). Our royalty in the Pascua-Lama project, which straddles the border between Chile and Argentina, is on the Chilean side of the project. These actions, or similar future actions, could have a material adverse effect on the feasibility of new mine development and the profitability of existing mining operations in Argentina.

As another example, in March 2012, the Australian federal government adopted new tax legislation that imposes a 30% tax on iron ore and coal mine profits. Similar legislation could be adopted in other foreign jurisdictions that could impose new or larger tax obligations or royalties on operators. Such legislation could have a material adverse effect on the feasibility of new mine development and the profitability of existing mining operations.



## Edgar Filing: ROYAL GOLD INC - Form 424B2

In addition, many of our operators are organized outside of the United States. Our 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.

S-19

---

Table of Contents

These risks may limit or disrupt operating mines or projects on which we hold 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. Certain of these risks may increase in an environment of relatively high metal prices.

***Changes in U.S. federal and state legislation, including changes in mining taxes and royalties payable to governments, could decrease our revenues.***

A number of properties where we hold royalty interests are located on U.S. federal lands that are subject to federal mining and other public land laws. Changes in federal or state laws or the regulations promulgated under them 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 claims or impose additional taxes on mining operations, all of which could adversely affect our revenue from such properties. In recent years, the United States Congress has considered a number of proposed major revisions to the General Mining Law of 1872 (the "General Mining Law"), which governs the creation, maintenance and possession of mining claims and related activities on federal public lands in the United States. Congress also has recently considered bills, which if enacted, would impose royalties payable to the government on hardrock production, increase land holding fees, impose federal reclamation fees, impose additional environmental operating standards and afford greater public involvement and regulatory discretion in the mine permitting process. Such legislation, if enacted, could adversely affect the development of new mines and the expansion of existing mines, as well as increase the cost of all mining operations on federal lands, and could materially and adversely affect mine operators and our revenue from mines located on federal lands in the United States.

***The mining industry is subject to significant environmental risks.***

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. Compliance with such laws and regulations can require significant expenditures and a breach may result in the imposition of fines and penalties, which may be material. If an operator is forced to incur significant costs to comply with environmental regulations or becomes subject to environmental restrictions that limit its ability to continue or expand operations, or if an operator were to lose its right to use or access water or other raw materials necessary to operate a mine, our revenues could be reduced, delayed or eliminated. These risks are most salient with regard to our development stage properties where permitting may not be complete and/or where new legislation and regulation can lead to delays, interruptions and significant unexpected cost burdens for mine operators. For example, Argentina recently passed a federal glacier protection law that restricts mining activities in areas on or near the nation's glaciers. We have a royalty on the Chilean side of the Pascua-Lama project, which straddles the border between Chile and Argentina, and the glacier law could affect aspects of the design, development and operation of the Pascua-Lama project. In July 2012, the National Supreme Court of Justice of Argentina overturned preliminary injunctions suspending the application of the glacier law in the San Juan Province, where a portion of the Pascua-Lama project is located, but the Supreme Court must still rule on the constitutionality of the glacier law. Further, to the extent that we become subject to environmental liabilities for the time period during which we were operating properties, the satisfaction of any liabilities would

Table of Contents

reduce funds otherwise available to us and could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Regulations and pending legislation governing issues involving climate change could result in increased operating costs to the operators of the properties on which we have royalty interests.***

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. The December 1997 Kyoto Protocol, which ends at the end of 2012, established a set of greenhouse gas emission targets for countries that have ratified the Protocol, which include Ghana, Australia and Peru. Canada ratified the Protocol but renounced its ratification in December 2011. Furthermore, the U.S. Congress and several states have initiated legislation regarding climate change that will affect energy prices and demand for carbon intensive products. Additionally, the Australian government recently implemented a national emissions trading scheme and renewable energy targets. Legislation and increased regulation regarding climate change could impose significant costs on the operators of properties where we hold royalty interests, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. If an operator of a property on which we have a royalty interest is forced to incur significant costs to comply with climate change regulation or becomes subject to environmental restrictions that limit its ability to continue or expand operations, our revenues from that property could be reduced, delayed or eliminated.

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

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. Furthermore, our Chairman, Stanley Dempsey, who served as our Executive Chairman until his retirement as an officer of the Company in January 2009, has extensive knowledge of the royalty business and maintains long-standing relationships with the mining industry, both of which are important to our success. 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 royalty interests is limited and competition for such persons is intense. 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, 2012, 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 as discussed above in "We

Table of Contents

*depend on our operators for the calculation of royalty payments. 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 could incur additional indebtedness that could limit cash flow available for our operations, limit our ability to borrow additional funds and have a material adverse effect on our business, results of operations, cash flows and financial condition.***

As of June 30, 2012, we had \$370 million aggregate principal amount of our 2019 Notes outstanding, which we incurred earlier 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, 2012, we had \$350 million available for borrowing under our revolving credit facility. Our indebtedness increases the risk that we may be unable to generate enough cash to pay amounts due in respect of our indebtedness.

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

make it more difficult for us to satisfy our debt obligations;

increase our vulnerability to general adverse economic and industry conditions;

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 royalty interests, working capital 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.

***We may be required to pay a significant amount of money or issue a significant amount of shares of our common stock or both upon the exercise of any put, redemption or call right and conversion of the 2019 Notes, which could dilute existing stockholders and have a material adverse effect on our business, results of operations, cash flows and financial condition.***

Holders of the 2019 Notes may convert their 2019 Notes at their option prior to the close of business on the business day immediately preceding March 15, 2019, but only under the following circumstances: (1) during any fiscal quarter commencing after June 30, 2012 (and only during such



Table of Contents

fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the applicable conversion price on each applicable trading day; (2) during the five consecutive business day period after any five consecutive trading day period (the "measurement period") in which the trading price per \$1,000 principal amount of notes for each trading day of such measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such trading day; (3) upon the occurrence of specified corporate events; or (4) if we call any 2019 Notes for redemption, at any time until the close of business on the business day preceding the redemption date. On or after March 15, 2019 until the close of business on the scheduled trading day immediately preceding the June 15, 2019, the maturity date, holders may convert their 2019 Notes at any time, regardless of the foregoing circumstances.

On or after June 15, 2015, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending within 10 trading days immediately prior to the date we provide the notice of redemption exceeds 130% of the applicable conversion price of the 2019 Notes on each applicable trading day, subject to certain limited exceptions, we may redeem any or all of the 2019 Notes. The redemption price for the 2019 Notes to be redeemed on any redemption date will equal 100% of the principal amount of the 2019 Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus \$90 per each \$1,000 principal amount of 2019 Notes being redeemed. If we call any 2019 Notes for redemption, holders may convert their 2019 Notes at any time until the close of business on the business day preceding the redemption date.

Upon conversion of any of the 2019 Notes, whether upon maturity, the exercise of any put, call or redemption right, or otherwise, we will be required to pay or deliver, at our election, cash, shares of our common stock or a combination of cash and shares of our common stock. Any such payment or delivery of cash, shares or a combination of cash and shares upon conversion of the 2019 Notes could dilute existing stockholders and may have an adverse effect on our business, results of operations, cash flows and financial condition.

***We may not be able to satisfy our debt obligations which could have a material adverse effect on our business, results of operations, cash flows and financial condition.***

We are subject to the risks normally associated with debt financing, 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. As of June 30, 2012, our annual debt service obligation on the 2019 Notes was approximately \$10.6 million. In addition, the 2019 Notes include provisions providing for the lump sum payment of significant amounts of principal, whether upon maturity, upon the exercise of any applicable put, redemption or call rights or otherwise and all amounts, if any, due under our revolving credit facility are due at maturity. Our ability to make these payments when due will depend upon several factors, which may not be in our control. These factors include our liquidity or our ability to convert assets owned by us into liquidity on or prior to such put, redemption, call or maturity dates and the amount by which we have been able to reduce indebtedness prior to such date through exchanges, refinancing, extensions, collateralization or other similar transactions (any of which transactions may also have the effect of reducing liquidity or liquid assets). In addition, 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, our revolving credit facility contains covenants

Table of Contents

limiting our ability to make certain investments, consummate certain mergers, incur certain debt or liens and dispose of 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, this could result in an event of default 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.

***The accounting method for convertible debt securities that may be settled in cash, such as the 2019 Notes, could have a material effect on our reported net income, net working capital or other financial results.***

Under the Financial Accounting Standards Board Accounting Standards Codification Section 470-20, *Debt with Conversion and other Options* ("ASC 470-20"), an entity must separately account for the liability and equity components of convertible debt instruments (such as the 2019 Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the 2019 Notes is that the equity component is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the 2019 Notes. As a result, we are required to record a greater amount of non-cash interest expense as a result of the amortization of the discounted carrying value of the 2019 Notes to their face amount over the term of the 2019 Notes. We report lower net income in our financial results because ASC 470-20 will require interest to include both the current period's amortization of the debt discount and the instrument's coupon interest, which could adversely affect our reported or future financial results, the market price of our common stock and the trading price of the 2019 Notes.

In addition, under certain circumstances, convertible debt instruments (such as the 2019 Notes) that may be settled entirely or partly in cash are currently accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of the 2019 Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the 2019 Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the 2019 Notes, then our diluted earnings per share would be adversely affected.

**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 \$55.96 and \$37.35 for the fiscal year ended June 30, 2010, \$62.33 and \$42.15 for the fiscal year ended June 30, 2011 and \$83.87 and \$57.00 for the fiscal year ended June 30, 2012. 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;

Table of Contents

interest rates;

expectations regarding inflation;

ability of operators to 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 financial measures on a per share basis, 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 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 financial measures on a per share basis 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. In addition, the existence of the 2019 Notes may encourage short selling by market participants because the conversion of the 2019 Notes could depress the price of our common stock. These sales also could impair our ability to raise capital through the sale of additional equity or equity related securities in the future at a time and price that we deem appropriate. We are unable to predict the effect that sales may have on the then-prevailing market price of our common stock.

***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 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



Table of Contents

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, our rights plan, the 2019 Notes 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, our rights plans, the 2019 Notes 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. 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 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. Furthermore, we have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the stockholder rights plan could cause significant dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. 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.

Table of Contents

**USE OF PROCEEDS**

The net proceeds from the sale of the shares of our common stock in this offering are estimated to be approximately \$471.9 million (or approximately \$539.4 million if the underwriters exercise their option to purchase additional shares in full), based on a price of \$90.00 per share and after deducting estimated offering expenses.

We intend to use the net proceeds of this offering to fund acquisitions of additional royalty interests and for general corporate purposes. We intend to invest the net proceeds from this offering pending their use primarily in cash bank accounts and United States treasury bills.

S-27

---

Table of Contents**CAPITALIZATION**

The following table sets forth the cash and equivalents and capitalization of Royal Gold as of June 30, 2012:

on an actual basis; and

on an as adjusted basis to give effect to the sale of 5,250,000 shares of common stock offered hereby and the application of the net proceeds therefrom as described in "Use of Proceeds".

You should read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes and other financial information contained in our Annual Report on Form 10-K for the fiscal year ended June 30, 2012, which is incorporated by reference herein.

	As of June 30, 2012	
	Actual	As Adjusted
	(dollars in thousands)	
Cash and equivalents	\$ 375,456	\$ 847,381
Debt	293,248	293,248
<b>Equity:</b>		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; 0 shares issued and outstanding; as adjusted 0 shares issued and outstanding		
Common stock, \$.01 par value, 100,000,000 shares authorized; 58,614,221 shares issued and outstanding; as adjusted 63,864,221 shares issued and outstanding	586	639
Exchangeable shares, no par value, 1,806,649 shares issued, less 1,007,823 redeemed shares; as adjusted 1,806,649 shares issued, less 1,007,823 redeemed shares	35,156	35,156
Additional paid-in capital	1,656,357	2,128,229
Accumulated other comprehensive (loss) income	(13,763)	(13,763)
Accumulated earnings	160,123	160,123
Total Royal Gold stockholders' equity	1,838,459	2,310,384
Non-controlling interests	24,970	24,970
Total equity	1,863,429	2,335,354
Total capitalization	\$ 2,156,677	\$ 2,628,602

The number of shares of common stock that will be outstanding after the offering is based on 58,614,221 shares outstanding as of June 30, 2012. This number excludes:

798,826 exchangeable shares of RG Exchangeco outstanding as of June 30, 2012 that are convertible on a one-for-one basis for shares of Royal Gold common stock and one share of Special Voting Stock issued to give the exchangeable shares equivalent voting rights to Royal Gold common stock, all of which were issued in connection with our acquisition of IRC;

3,513,335 shares of common stock initially issuable upon conversion of the 2019 Notes, should Royal Gold elect to settle the 2019 Notes in full in common stock of the Company;



Table of Contents

166,050 shares of common stock issuable upon exercise of outstanding options at a weighted average exercise price of \$36.46 per share, of which 131,453 shares of common stock are subject to options that are vested and immediately exercisable;

64,700 performance shares that vest upon achieving certain performance goals;

237,551 shares of restricted stock that vest with continued service to Royal Gold;

191,216 shares of common stock issuable upon exercise of outstanding SSARs, of which 104,643 shares are vested and immediately exercisable;

1,070,120 shares of common stock reserved for future issuance under our equity compensation plan; and

750,000 additional shares of common stock issuable pursuant to the underwriters' option to purchase additional shares.

Table of Contents

**MARKET PRICE OF OUR COMMON STOCK**

Our common stock is quoted on the NASDAQ Global Select Market under the symbol "RGLD" and on the Toronto Stock Exchange under the symbol "RGL". The following table sets forth for each of the quarterly periods indicated the range of high and low sales prices in dollars of our common stock on the NASDAQ Global Select Market.

	<b>High</b>	<b>Low</b>
<b>Year Ended June 30, 2010</b>		
First Quarter	\$ 49.35	\$ 37.35
Second Quarter	55.96	42.90
Third Quarter	50.98	41.19
Fourth Quarter	54.85	46.51
<b>Year Ended June 30, 2011</b>		
First Quarter	\$ 51.57	\$ 42.15
Second Quarter	55.22	46.74
Third Quarter	55.05	45.37
Fourth Quarter	62.33	51.38