

ROYAL GOLD INC  
Form DEF 14A  
October 01, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  X

Filed by a Party other than the Registrant  O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Royal Gold, Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:



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1660 Wynkoop Street, Suite 1000, Denver, CO 80202

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

Dear Stockholders:

You are cordially invited to attend our 2015 Annual Meeting of Stockholders (the "Annual Meeting"). At the Annual Meeting, we will ask you to vote on:

1. The election of the three Class I Director nominees identified in the accompanying proxy statement;
2. The ratification of the appointment of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending June 30, 2016;
3. The approval, on an advisory basis, of the compensation of the named executive officers;
4. The approval of the Royal Gold, Inc. 2015 Omnibus Long-Term Incentive Plan (the "2015 LTIP"); and
5. The transaction of such other business as may be brought properly before the meeting and any and all adjournments or postponements thereof.

Our board of directors has fixed the close of business on September 14, 2015 as the record date for determining the stockholders entitled to notice of and to vote at our Annual Meeting. Thus, you are eligible to vote at the Annual Meeting and any postponements or adjournments of the meeting if you are a holder of Royal Gold's common stock at the close of business on September 14, 2015.

We are mailing our Notice of Internet Availability of Proxy Materials to stockholders on or about October 1, 2015, containing instructions on how to access our proxy materials online. We are also mailing a full set of our proxy materials to stockholders who previously requested paper copies of the materials. (Please see page 2 of the proxy statement for more information on how these materials will be distributed.) Our proxy

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materials can also be viewed on our Company website at [www.royalgold.com](http://www.royalgold.com) under Investors Financial Reporting SEC Filings.

BY ORDER OF THE BOARD OF DIRECTORS

Bruce C. Kirchhoff

Vice President, General Counsel and Secretary

October 1, 2015

**ANNUAL MEETING INFORMATION**

**Date:** Wednesday, November 11, 2015

**Time:** 9:00 a.m. MST

**Location:** Ritz-Carlton Hotel  
1881 Curtis Street  
Denver, Colorado 80202

**YOUR VOTE IS IMPORTANT!**

It is important that your shares are represented and voted at the Annual Meeting. For that reason, whether or not you expect to attend in person, **please vote your shares as promptly as possible** by telephone or by Internet, or by signing, dating and returning the proxy card mailed to you if you received a paper copy of this proxy statement.

**Attendance at the Annual Meeting**

On the day of the Annual Meeting, you will be asked to sign in with a valid picture identification such as a driver's license or passport. Registration and seating will begin at 8:30 a.m. and the meeting will begin at 9:00 a.m. MST.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting To Be Held on November 11, 2015**

Our Notice of Annual Meeting, Proxy Statement and related exhibits, Annual Report including our Form 10-K, electronic proxy card and any other Annual Meeting materials are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com) together with any amendments to any of these documents.

### **Voting Deadlines**

Holders of Royal Gold's common stock are entitled to vote in person at the Annual Meeting and any postponements or adjournments of the meeting.

**Royal Gold Common Stock:** Proxies voted by mail, telephone or Internet must be received by 11:59 p.m. (Eastern Standard Time) on November 10, 2015.

Please see "Voting Your Shares" in the proxy statement for more detailed information.

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*This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider and you should read the entire proxy statement before voting. For more complete information regarding the Company's 2015 performance, please review the Company's Annual Report on Form 10-K.*

**MEETING AGENDA AND VOTING MATTERS**

	<b>Board Vote Recommendation</b>	<b>Page Reference (For more detail)</b>
• Election of 3 Class I Directors	FOR each Director Nominee	6
• Ratification of Ernst & Young LLP as auditor for 2016	FOR	18
• Advisory resolution to approve executive compensation	FOR	20
• Approval of the Royal Gold, Inc. 2015 Omnibus Long-Term Incentive Plan	FOR	42
• Transact other business that properly comes before the meeting		

**DIRECTOR NOMINEES (page 7)**

Stockholders are asked to elect three Class I Directors, each of whom will serve until the 2018 Annual Meeting, or until his successor is elected and qualified.

<b>Class I Directors</b>	<b>Age</b>	<b>Director Since</b>	<b>Primary Occupation</b>	<b>Experience/ Qualifications</b>	<b>Independent</b>	<b>Committee Membership</b>	<b>Other Public Company Boards</b>
<b>Gordon J. Bogden</b>	57	2011	President and CEO of Alloycorp Mining Inc.	<ul style="list-style-type: none"> <li>• Audit committee financial expertise</li> <li>• Public company board service</li> <li>• CEO/administration and operations</li> <li>• Corporate governance</li> <li>• Finance</li> <li>• Geology, geophysics and mining engineering</li> </ul>	Yes	Audit & Finance Committee	2

				<ul style="list-style-type: none"> <li>• International business</li> <li>• Leadership</li> <li>• Reputation in the industry</li> <li>• Risk management</li> </ul>			
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<b>Tony A. Jensen</b>	53	2004	President and CEO of Royal Gold, Inc.	<ul style="list-style-type: none"> <li>• Public company board service</li> <li>• Business development and marketing</li> <li>• CEO/administration and operations</li> <li>• Corporate governance</li> <li>• Finance</li> <li>• Geology, geophysics and mining engineering</li> <li>• Industry association participation</li> <li>• International business</li> <li>• Leadership</li> <li>• Reputation in the industry</li> <li>• Risk management</li> </ul>	No	None	1
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Class I Directors	Age	Director Since	Primary Occupation	Experience/Qualifications	Independent	Committee Membership	Other Public Company Boards
Jamie C. Sokalsky	58	August 2015		<ul style="list-style-type: none"> <li>• Public company board service</li> <li>• Business development and marketing</li> <li>• CEO/administration and operations</li> <li>• Corporate governance</li> <li>• Finance</li> <li>• Industry association participation</li> <li>• International business</li> <li>• Leadership</li> <li>• Reputation in the industry</li> <li>• Risk Management</li> </ul>	Yes		3

**2015 COMPANY PERFORMANCE HIGHLIGHTS**

The following summarizes our financial performance and other significant achievements during fiscal year 2015:

- We achieved one-year total shareholder return ( TSR ) near the top of our self-selected peer group;
- We achieved record volume of nearly 200,000 net gold equivalent ounces of production, and revenue increased 17% despite declining gold prices. We reported record net volume growth as Mount Milligan continued to ramp up and Peñasquito delivered excellent operating results;
- We delivered record operating cash flow of \$192.1 million, an increase of 31% over the prior year;
- We ended fiscal 2015 financially robust with over \$1.4 billion in liquidity in working capital, including a \$650 million undrawn credit facility that was expanded from \$450 million in early 2015;

- We returned over \$56 million to stockholders in the form of dividends, which equates to approximately 29% of operating cash flow, our 14<sup>th</sup> consecutive year of increasing dividends;
- We announced a gold stream transaction with Golden Star Resources, and acquired a gold stream on Euromax Resources Ilovica project in Macedonia;
- We entered into a joint venture for exploration and advancement of the Tetlin gold project located near Tok, Alaska; and
- We laid the groundwork for three significant transactions to occur in early fiscal 2016.

#### **GOVERNANCE HIGHLIGHTS**

We are committed to strong and sustainable corporate governance which protects and promotes long-term stockholder value. Highlights of our corporate governance program include:

- Separate Chief Executive Officer and Chairman of the Board;
- Seven of eight directors are independent, including all members of the Audit and Finance Committee and the Compensation, Nominating and Governance Committee;
- All Audit and Finance Committee members determined to be Audit Committee Financial Experts;
- Significant Board refreshment over past two years; average director tenure is less than 4.5 years;
- Thorough orientation program for new directors;
- Independent directors meet without management present;

- Annual Board and Committee self-evaluations;
- Significant director and executive officer stockholding requirements;
- Board Governance Guidelines, Committee Charters and Code of Business Ethics and Conduct;
- Board oversight of Enterprise Risk Management Program;
- Majority voting in uncontested director elections;
- Active stockholder engagement;

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- Strong link between executive officer compensation and Company performance;
- Annual advisory say on pay vote;
- No stock option re-pricing without stockholder approval;
- Anti-hedging and anti-pledging policies;
- No perquisites and no excise tax gross-ups for executive officers; and
- The Company's 2015 Omnibus Long-Term Incentive Plan, submitted to stockholders for approval at the Annual Meeting, includes the following provisions:
  - a minimum one-year vesting period for all equity awards (except for Director compensation and other circumstances in the discretion of the Compensation, Nominating and Governance Committee);
  - a limit of \$500,000 on the fair market value of shares that may be granted in a calendar year to a non-employee director; and
  - prohibition of liberal share recycling.

**BOARD OF DIRECTORS (page 11)**

The characteristics of our Board reflect the following attributes:

**Independence**

**Average Board Tenure**

**Director Qualifications**

All Directors other than the Chief Executive Officer are independent

The average tenure for our Directors service on our Board of Directors is less than 4.5 years

Among other qualifications, every Director has substantial industry expertise

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (page 18)**

Stockholders are asked to ratify the selection of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2016. Below is a summary of fees paid to Ernst & Young in fiscal year 2015.

	<b>FY 2015</b>	
Audit Fees	\$	525,058
Audit-Related Fees	\$	
Tax Fees	\$	349,023
All Other Fees	\$	29,768
Total	\$	903,849

**COMPENSATION HIGHLIGHTS (page 21)**

Our compensation program is highly correlated to Company performance and emphasizes long-term compensation incentives over cash compensation. Our compensation program is designed to:

- Attract and retain the highest caliber personnel on a long-term basis;
- Link rewards to sustainable business results;
- Emphasize creation of long-term stockholder value and achievement of strategic objectives;
- Discourage excessive risk-taking; and
- Encourage creativity and innovation.

Our Compensation, Nominating and Governance Committee utilized the following design elements when determining fiscal year 2015 executive compensation:

- Over 70% of total direct compensation, comprised of base salary, annual cash bonus and long-term equity incentives, is performance-based and not guaranteed;
- Short-term incentives are tied to specific business goals;
- Long-term incentives are aligned with stockholder interests and vest over a multi-year period; and
- We benchmark our executives' compensation against peers in our industry that are similar to our business model, market capitalization, EBITDA and correlation to gold.



Table of Contents**2015 NEO COMPENSATION SUMMARY (page 35)**

Stockholders are asked to approve, on an advisory basis, the compensation of our Named Executive Officers ( NEOs ). The following table summarizes the total potential compensation package for fiscal year 2015 for each NEO.

Name and Principal Position	Salary	Stock and		Non-Equity Incentive Compensation	All Other Compensation	Total
		Option Awards				
Tony Jensen President and Chief Executive Officer	\$ 650,000	\$ 2,435,434		\$ 1,000,000(1)	\$ 32,677	\$ 4,118,111
Stefan Wenger Chief Financial Officer and Treasurer	\$ 385,000	\$ 948,437		\$ 320,000	\$ 37,408	\$ 1,690,845
Karli S. Anderson Vice President Investor Relations	\$ 280,000	\$ 587,217		\$ 230,000	\$ 23,193	\$ 1,120,410
William Heissenbuttel Vice President, Corporate Development and Operations	\$ 400,000	\$ 948,437		\$ 335,000	\$ 36,093	\$ 1,719,520
Bruce C. Kirchhoff Vice President, General Counsel and Secretary	\$ 360,000	\$ 948,437		\$ 295,000	\$ 31,733	\$ 1,635,170
William M. Zisch Former Vice President, Operations	\$ 187,801	\$ 948,437(2)			\$ 18,201	\$ 1,154,439

(1) Mr. Jensen's fiscal year 2015 bonus included an amount reflecting special recognition of his exceptional business development efforts during fiscal year 2015, which led to execution of three significant transactions in the first several weeks of fiscal year 2016. For further information, see Actual Incentive Bonus Awards on page 29.

(2) Mr. Zisch terminated his employment with the Company effective December 9, 2014, at which time his Stock and Option Awards did not vest and were forfeited.

**IMPORTANT DATES FOR 2016 ANNUAL MEETING OF STOCKHOLDERS (page 51)**

Stockholder proposals submitted for inclusion in our 2016 proxy statement pursuant to SEC Rule 14a-8 must be received by us by June 3, 2016.

Notice of stockholder proposals to be raised from the floor at the 2016 Annual Meeting of Stockholders outside of SEC Rule 14a-8 must be received by us between July 15, 2016 and August 15, 2016.



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**General Information**

**ROYAL GOLD, INC.**  
**1660 Wynkoop Street, Suite 1000**  
**Denver, Colorado 80202**

**(303) 573-1660 • [www.royalgold.com](http://www.royalgold.com)**

**PROXY STATEMENT**

**2015 ANNUAL MEETING OF STOCKHOLDERS**

**STOCKHOLDERS ENTITLED TO VOTE**

This Proxy Statement is furnished to holders of Royal Gold, Inc. common stock ( common stock ), in connection with the solicitation of proxies on behalf of the Board of Directors of Royal Gold, Inc. (the Company or Royal Gold ) to be voted at the 2015 Annual Meeting of Stockholders of the Company (the Annual Meeting ) to be held on Wednesday, November 11, 2015, at 9:00 a.m. MST. Stockholders of record holding shares of the Company s common stock, par value \$0.01 per share ( Common Stock ), at the close of business on September 14, 2015 (the Record Date ), are eligible to vote at the Annual Meeting and at all postponements and adjournments thereof. There were 65,260,149 shares outstanding on the Record Date.

**INTERNET AVAILABILITY OF PROXY MATERIALS**

We utilize the Securities and Exchange Commission (the SEC ) rules allowing us to furnish proxy materials through a notice and access model via the Internet. On or about October 1, 2015, we will furnish a Notice of Internet Availability to our stockholders of record containing instructions on how to access the proxy materials and to vote. In addition, instructions on how to request a printed copy of these materials may be found in the Notice. For more information on voting your stock, please see Voting Your Shares below.

**VOTING YOUR SHARES**

Each share of Royal Gold common stock that you own entitles you to one vote. If you are a stockholder of record, your proxy card shows the number of shares of Royal Gold common stock that you own. If your stock is held in the name of your broker, bank or another nominee (a Nominee ), the Nominee holding your stock will send you a voting instruction form. You may elect to vote in one of three methods:

- **By Phone or Internet** - You may vote your shares by following the instructions on your notice card, proxy card or voting instruction form. If you vote by telephone or via the Internet, you do not need to return your proxy card.
  - **By Mail** - If this proxy statement was mailed to you, or if you requested a proxy statement be mailed to you, you may vote your shares by signing and returning the enclosed proxy card or voting instruction form. If you vote by proxy card, your proxy (each or any of the individuals named on the proxy card) will vote your shares as you instruct on the proxy card. If you vote by voting instruction form, the Nominee holding your stock will vote your shares as you instruct on the voting instruction form. If you sign and return the proxy card, but do not give instructions on how to vote your shares, your shares will be voted as recommended by the Board of Directors: (1) FOR the election of Directors as described herein under Proposal 1 - Election of Directors; (2) FOR ratification of the appointment of the Company's independent registered public accountants described herein under Proposal 2 - Ratification of Appointment of Independent Registered Public Accountants; (3) FOR a non-binding advisory vote on the compensation of the Named Executive Officers described herein under Proposal 3 Advisory Vote on Compensation of Named Executive Officers; and (4) FOR the Company's 2015 Omnibus Long-Term Incentive Plan as described herein under Proposal 4 Approval of Royal Gold, Inc.'s 2015 Omnibus Long-Term Incentive Plan.
  - **In Person** - You may attend the Annual Meeting and vote in person. We will give you a ballot when you arrive. If your stock is held in the name of a Nominee, you must present a proxy from that Nominee in order to verify that the Nominee has not voted your shares on your behalf.
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**REVOCATION OF PROXY OR VOTING INSTRUCTION FORM**

If you are a holder of common stock, you may revoke your proxy at any time before the proxy is voted at the Annual Meeting. This can be done by either submitting another properly completed proxy card with a later date, sending a written notice of revocation to the Vice President, General Counsel and Secretary of the Company with a later date or by attending the Annual Meeting and voting in person. You should be aware that simply attending the Annual Meeting will not automatically revoke your previously submitted proxy; rather you must notify a Company representative at the Annual Meeting of your desire to revoke your proxy and vote in person. Written notice revoking a proxy should be sent to the Vice President, General Counsel and Secretary, Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202.

**QUORUM AND VOTES REQUIRED TO APPROVE PROPOSALS**

A majority of the outstanding shares of the Company's common stock entitled to vote, represented in person or by proxy, will constitute a quorum at a meeting of the stockholders. Abstentions and broker non-votes will be counted as being present in person for purposes of determining whether there is a quorum. A broker non-vote occurs when a Nominee holding shares for a beneficial owner does not vote those shares on a proposal because the Nominee does not have discretionary voting authority and has not received voting instructions from the beneficial owner with respect to that proposal.

With respect to Proposal 1, in an uncontested election of Directors, the election of a Director nominee will require an affirmative vote of the majority of the votes cast with respect to that Director nominee at a meeting at which a quorum is present. This means that the number of votes cast FOR a Director nominee must exceed the number of votes cast AGAINST that Director nominee in order for a Director to be elected at the Annual Meeting. The Election of Directors is a non-discretionary item. Therefore, if you hold your Royal Gold common stock through a Nominee and you do not instruct your Nominee how to vote with respect to the election of Directors, your Nominee cannot vote your shares on this proposal. Abstentions and broker non-votes will not be counted as votes FOR or AGAINST this proposal.

With respect to Proposal 2, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present shall be the act of the stockholders. Abstentions and broker non-votes will have no effect on the outcome of Proposal 2.

With respect to Proposal 3, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present shall be the act of the stockholders. However, as discussed in further detail in Proposal 3, this proposal is advisory in nature. Abstentions and broker non-votes will have no effect on the outcome of Proposal 3.

With respect to Proposal 4, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present shall be the act of the stockholders. Abstentions and broker non-votes will have no effect on the outcome of Proposal 4.

Cumulative voting is not permitted for the election of Directors. Under Delaware law, holders of common stock are not entitled to appraisal or dissenters' rights with respect to the matters to be considered at the Annual Meeting.

**TABULATION OF VOTES**

Votes at the Annual Meeting will be tabulated and certified by Broadridge Financial Solutions, Inc.

**SOLICITATION COSTS**

In addition to solicitation of proxies by mail or by electronic data transfers, the Company's Directors, officers or employees, without additional compensation, may make solicitations by telephone, facsimile, or personal interview. The Company engaged Morrow & Co., LLC, 470 West Avenue, Stamford, CT 06902, to assist with the solicitation of proxies for a fee of \$15,000, plus expenses. All costs of the solicitation of proxies will be borne by the Company. The Company will also reimburse the banks and brokers for their reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners of shares of common stock.

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**Security Ownership of Certain Beneficial Owners and Management**

The following table shows the beneficial ownership, as of September 15, 2015, of the Company's common stock by each Director, the Company's NEOs (see Compensation Discussion and Analysis on page 21), persons known to the Company, based upon the Company's review of documents filed with the SEC with respect to the ownership of the Company's common stock, to be the beneficial owner of more than 5% of the issued and outstanding shares of common stock, and by all of the Company's Directors and executive officers as a group. Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202.

**Name of Beneficial Owner**