Royal Gold Reports Record Revenue in the Second Quarter of Fiscal 2021

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DENVER, February 03, 2021 - Royal Gold, Inc. (NASDAQ: RGLD) (together with its subsidiaries, “Royal Gold” or the “Company,” “we,” “us,” or “our”) reports net income of $59.9 million, or $0.91 per share, on record revenue of $158.4 million in its second quarter of fiscal 2021 ended December 31, 2020 (“second quarter”). Adjusted net income 1 was $60.1 million, or $0.92 per share, after excluding a $0.01 loss on the change in fair value of equity securities.

Second Quarter 2021 Highlights:

- Record revenue of $158.4 million, an increase of 28% over the prior year quarter

- 76% of revenue from gold at an average price of $1,874 per ounce

- Operating cash flow of $99.9 million, an increase of 28% over the prior year quarter

- Volume of 84,500 GEOs1

- $200 million of debt, net cash2 of $182 million, with $1.2 billion of liquidity available

- Annual dividend increased to $1.20 per share, a 7% increase over the prior year, and the 20th consecutive annual increase

- Khoemacau construction 85% complete, and 80% base silver stream fully funded

- Continued Board renewal with election of Fabiana Chubbs

“Excellent performance from our operating portfolio combined with continued robust metal prices led to another quarter of record revenue and strong operating cash flow,” commented Bill Heissenbuttel, President and CEO of Royal Gold. “The positive price environment continues to support organic growth from within the portfolio including new revenue contributions from Relief Canyon and South Laverton. Solid operating cash flow of almost $100 million allowed us to further strengthen the balance sheet, increase our annual dividend for the 20th consecutive year, and complete our funding of the advance payment for the 80% base silver stream at Khoemacau. We are pleased to see progress at Khoemacau remain on track for first shipment of concentrate in the third calendar quarter of 2021.”

“Finally,” continued Mr. Heissenbuttel, “we continued our long-standing practice of maintaining an independent and highly qualified Board of Directors with the election of Fabiana Chubbs following the retirement of Chris Thompson in November. I would like to welcome Fabiana to the Board and thank Chris for his invaluable contribution to Royal Gold over the past several years.”

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[1] Adjusted net income is a non-GAAP financial measure. See Schedule A of this press release for additional information.

[2] See Schedule A of this press release for additional information about gold equivalent ounces, or GEOs.

[3] Net debt (and net cash) is a non-GAAP financial measure. See Schedule A of this press release for additional information.

Recent Developments

Khoemacau Project

According to Khoemacau Copper Mining (Pty.) Limited (“KCM”), progress continued at the Khoemacau

Project (“Khoemacau”) during the quarter, and the project reached approximately 85% of construction completion as of December 31, 2020. According to KCM, activities are focused on refurbishment and upgrading of the Boseto mill, underground development, completion of accommodation, power and water infrastructure at Zone 5 and completion of haul road surfacing between Zone 5 and the Boseto mill. Also, according to KCM, underground development had cumulatively advanced 8,311 meters in the three mines and approximately 70,000 tonnes of ore were stockpiled on surface at the end of December 2020.

The six-month state of emergency declared by the Government of Botswana in March 2020 to help prevent the spread of COVID-19 was extended on September 28, 2020, for an additional six months through March 2021. Mining remains designated as an “essential service” and KCM reports that general development activity at Khoemacau is continuing without significant impact. In line with previous reporting, and barring any potential further impacts caused by COVID-19 considerations, KCM is targeting to begin commissioning activities late in the second calendar quarter of 2021 with first shipment of concentrate to occur late in the third calendar quarter of 2021.

On January 6, 2021, Royal Gold made the sixth advance payment of $32.6 million, which brings the total contribution to $212 million and completes the advance payment required to earn the full base silver stream. For any remaining funding required to complete construction, KCM may elect under the stream agreement to draw up to $53 million in additional stream financing, earning Royal Gold up to an additional 20% option silver stream, draw up to $25 million under a subordinated debt facility provided by Royal Gold, and/or seek at least $25 million in equity from project sponsors. The subordinated debt facility has a term of seven years, carries interest at a rate of LIBOR +11%, and requires mandatory repayment upon certain events.

KCM currently anticipates that up to $50 million of this additional funding is required to complete construction and ramp up of Khoemacau to commercial production, largely a result of previously reported schedule impacts caused by COVID-19 considerations. The added funding mechanisms built into the stream agreement allow KCM to seamlessly access the additional capital required. KCM is currently reviewing its funding options in advance of the next funding draw, which may occur as early as April 2021, and does not anticipate requiring any further funding after this draw to reach commercial production.

Continued Progress on Pueblo Viejo Expansion

Barrick Gold Corporation (“Barrick”) reported continued progress at Pueblo Viejo during the quarter to expand the process plant and tailings storage facilities. Barrick estimates that the expansion project could significantly increase throughput and allow the mine to maintain average annual gold production of approximately 800,000 ounces after calendar 2022 (on a 100% basis), and that the increase in tailings storage capacity has the potential to convert approximately 11 million ounces of mineralized material to reserves (on a 100% basis).

As reported by Barrick, the Environmental Impact Assessment for the process plant expansion has been approved and an amended environmental license has been issued, and progress continued with engineering, procurement of long lead equipment packages, earthworks and tendering of contracts for construction activities. Barrick also reported that studies and permitting discussions to support additional tailings capacity continued to progress.

Further Strengthening of Balance Sheet

The Company maintains a disciplined approach to capital allocation and repaid $75 million of the amount outstanding on its revolving credit facility during the second quarter, ending the quarter with an outstanding balance of $200 million and a net cash position of $182 million. The interest rate on borrowings under the revolving credit facility is LIBOR +1.10% for an all-in rate of 1.33% as of December 31, 2020.

On January 4, 2021, the Company repaid a further $50 million of the outstanding borrowings under the credit facility, reducing the amount outstanding to $150 million. After this repayment, the amount available under the revolving credit facility was $850 million.

Dividend Increase to $1.20 per Share

As previously announced on November 17, 2020, the Board of Directors increased the annual calendar year common stock dividend from $1.12 to $1.20 per share, a 7% increase over the prior calendar year, payable on a quarterly basis of $0.30 per share.

The return of capital to shareholders through payment of a growing and sustainable dividend is a core

component of Royal Gold's capital allocation strategy. Royal Gold has paid a dividend since 2000 and this increase represents the 20th consecutive annual increase to the dividend.

Board Renewal

The Royal Gold Board of Directors ("Board") undertook a process to identify, assess and nominate a new Board member upon receiving notice from Christopher Thompson of his intention to retire from the Board effective November 18, 2020. Mr. Thompson was elected to the Board in 2014 and served as a member of the Audit and Finance Committee ("AFC").

After a thorough search process, Fabiana Chubbs was nominated and elected as a Class III director at the Annual Meeting of Stockholders on November 18, 2020. Ms. Chubbs has extensive experience in the mining industry and currently serves as a director of Lithium Americas Corporation, and prior to retirement from executive management roles, held the position of Chief Financial Officer of Eldorado Gold Corporation from 2011 to 2018. Prior to 2011, Ms. Chubbs had responsibility for treasury and risk management functions at Eldorado Gold Corporation, and worked in auditing roles with PwC Canada, PwC Argentina and IBM. Ms. Chubbs' experience with finance, financial reporting and internal controls provides her with excellent credentials to join the AFC and fill the vacancy resulting from the retirement of Mr. Thompson.

Royal Gold follows corporate practices designed to protect and promote long-term value, including robust processes for selection of new directors. The Royal Gold Board has nominated, and shareholders have elected, six new independent directors in the past eight years with wide and diverse backgrounds and experience, leading to meaningful Board renewal.

Second Quarter 2021 Overview

Second quarter revenue was $158.4 million, compared to revenue of $123.6 million for the prior year quarter, comprised of stream revenue of $107.7 million and royalty revenue of $50.7 million. The increase in total revenue for the second quarter compared to the prior year quarter was primarily due to increased gold, silver and copper prices and an increase in production within the royalty segment.

Cost of sales, which excludes depreciation, depletion and amortization, increased to $24.9 million for the second quarter from $21.1 million for the prior year quarter. The increase was primarily due to an increase in gold, silver and copper prices when compared to the prior period. Cost of sales is specific to stream agreements and is the result of the purchase of gold, silver and copper for a cash payment.

Exploration costs, which were specific only to the exploration and advancement of the Peak Gold Project, decreased to zero for the second quarter from $1.5 million for the prior year period. On September 30, 2020, the Company sold its interest in the Peak Gold Joint Venture and no further exploration costs are expected to be incurred.

Depreciation, depletion and amortization increased to $47.9 million for the second quarter from $40.1 million for the prior year quarter. The increase was primarily due to higher gold sales at Mount Milligan and an increase in depletion rates at Mount Milligan, as previously discussed in the Company's fiscal year 2020 10-K. These increases were partially offset by a decrease in gold sales at Andacollo when compared to the prior period.

Interest and other expense decreased to $1.6 million for the second quarter, from $2.2 million for the prior year quarter. The decrease was primarily attributable to lower interest expense as a result of lower interest rates on outstanding debt when compared to the prior period.

During the second quarter, the Company recorded income tax expense totaling $16.0 million, compared with income tax expense of $11.1 million for the prior year quarter. The income tax expense resulted in an effective tax rate of 21.1% in the current period, compared with 21.6% in the quarter ended December 31, 2019.

As of December 31, 2020, the Company had current assets of $450.5 million compared to current liabilities of $57.2 million, which resulted in working capital of $393.3 million. This compares to current assets of $362.2 million and current liabilities of $43.6 million as of June 30, 2020, resulting in working capital of $318.6 million. The increase in working capital was primarily due to increased revenue and proceeds from the sale of the Peak Gold Joint Venture interest.

As of December 31, 2020, the Company had $800 million available and $200 million outstanding under the revolving credit facility. Working capital, combined with available capacity under the revolving credit facility,

resulted in approximately $1.2 billion of total liquidity as of December 31, 2020.

On January 4, 2021, the Company repaid $50 million of the outstanding borrowings under the revolving credit facility, which increased the amount available to $850 million and decreased the amount outstanding to $150 million.

Outlook

For the third quarter of fiscal 2021 Royal Gold expects stream segment sales to range between 48,000 and 53,000 GEOs with quarter-end inventory ranging between 26,000 and 31,000 GEOs.

For the full fiscal year 2021, depreciation, depletion and amortization expense is expected to range between $590 and $640 per GEO, and the effective tax rate is expected to range between 19% and 23%.

Other than potential remaining conditional funding at the Khoemacau Project as discussed above, Royal Gold has no other project capital commitments or financing obligations.

Property Highlights

A summary of second quarter and historical production reported by operators of the Company's principal stream and royalty properties can be found on Tables 1 and 2. Calendar year 2020 operator production estimates for these properties compared to actual production at these properties through December 31, 2020 can be found on Table 3. Results of the streaming business for the second quarter, compared to the prior year quarter, can be found on Table 4. Highlights at certain of the Company's principal producing and development properties during the second quarter, compared to the prior year quarter, are detailed in the Quarterly Report on Form 10-Q.

CORPORATE PROFILE

Royal Gold is a precious metals stream and royalty company engaged in the acquisition and management of precious metal streams, royalties and similar production-based interests. As of December 31, 2020, the Company owned interests on 189 properties on five continents, including interests on 41 producing mines and 17 development stage projects. Royal Gold is publicly traded on the Nasdaq Global Select Market under the symbol "RGLD." The Company's website is located at www.royalgold.com.

Second Quarter Call Information:

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Dial-In             855-209-8260 (U.S.); toll free
Numbers:            855-669-9657 (Canada); toll free
                    412-542-4106 (International)
Conference Title:   Royal Gold
Webcast URL:        www.royalgold.com
                   under Investors, Events & Presentations
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Note: Management's conference call reviewing the second quarter results will be held on Thursday, February 4, 2021, at noon Eastern Time (10:00 a.m. Mountain Time). The call will be webcast and archived on the Company's website for a limited time.

Additional Investor Information: Royal Gold routinely posts important information, including information about upcoming investor presentations and press releases, on its website under the Investors tab. Investors and other interested parties are encouraged to enroll at www.royalgold.com to receive automatic email alerts for new postings.

Forward-Looking Statements: This press release includes "forward-looking statements" within the meaning of U.S. federal securities laws. Forward-looking statements are any statements other than statements of historical fact. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from these statements. Forward-looking statements are often identified by words like "will," "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project," or negatives of these words or similar expressions. Forward-looking statements include, among others, the following: statements about our expected financial performance,

including revenue, expenses, earnings or cash flow; operators' expected operating and financial performance, including production, deliveries, mine plans and reserves, development, cash flows and capital expenditures; planned and potential acquisitions or dispositions, including funding schedules and conditions; liquidity, financing and dividends; our overall investment portfolio; macroeconomic and market conditions including the impacts of COVID-19; prices for gold, silver, copper, nickel and other metals; potential impairments; or tax changes.

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

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

Statement Regarding Third-Party Information: Certain information provided in this press release, including production estimates for calendar 2020, has been provided to us by the operators of the relevant properties or is publicly available information filed by these operators with applicable securities regulatory bodies, including the Securities and Exchange Commission. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of any such third-party information and refers the reader to the public reports filed by the operators for information regarding those properties.

Information in this press release concerning the Khoemacau Copper Project was provided to the Company by Cupric Canyon Capital L.P., the privately-held owner and developer of Khoemacau. Such information may not have been prepared in accordance with applicable laws, stock exchange rules or international standards governing preparation and public disclosure of technical data and information relating to mineral properties. Royal Gold has not verified, and is not in a position to verify, and expressly disclaims any responsibility for the accuracy, completeness or fairness of this third-party information, and investors are cautioned not to rely upon this information.

TABLE 1

Second Quarter Fiscal 2021

Revenue and Operators' Reported Production for Principal Stream and Royalty Interest

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https://www.businesswire.com/news/home/20210203005875/en/Royal-Gold-Reports-Record-Revenue-in-the-Second-Q

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