

ROYAL GOLD INC  
Form DEF 14A  
October 07, 2004

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OMB APPROVAL

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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:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Royal Gold, Inc.

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

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2) Aggregate number of securities to which transaction applies:

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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):

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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:

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o 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:

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2) Form, Schedule or Registration Statement No.:

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**ROYAL GOLD, INC.**

**1660 Wynkoop Street, Suite 1000  
Denver, Colorado 80202  
303/573-1660  
303/595-9385 (Fax)  
info@royalgold.com (E-mail)  
www.royalgold.com (Web site)**

**NOTICE OF 2004 ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held November 10, 2004**

\* \* \*

To the Stockholders of ROYAL GOLD, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Stockholders of Royal Gold, Inc. will be held at 9:30 a.m., on Wednesday, November 10, 2004, at the Oxford Hotel, Sage Room, 1600 Seventeenth Street, Denver, Colorado, USA, to:

1. Elect three Class II Directors to serve until the 2007 Annual Meeting of Stockholders or until each such director's successor is elected and qualified;
2. Approve and adopt the Company's 2004 Omnibus Long-Term Incentive Plan;
3. Ratify the appointment of PricewaterhouseCoopers LLP as independent auditors of the Company for the fiscal year ending June 30, 2005; and
4. Transact any other business that may properly come before the meeting and any postponements or adjournments thereof.

All stockholders are cordially invited to attend the meeting; however, only stockholders of record as of the close of business on September 17, 2004 are entitled to vote at the meeting and any postponements or adjournments thereof. 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 mark, sign and date the enclosed proxy and return it promptly in the enclosed envelope. You can also vote over the telephone or the Internet as described on the enclosed voting instruction form. If you do attend the annual meeting, you may withdraw your proxy should you wish to vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Karen P. Gross  
Karen P. Gross  
Vice President & Corporate Secretary

October 8, 2004

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**ROYAL GOLD, INC.**

**1660 Wynkoop Street, Suite 1000  
Denver, Colorado 80202  
303/573-1660  
303/595-9385 (Fax)  
info@royalgold.com (E-mail)  
www.royalgold.com (Web site)**

**PROXY STATEMENT**

**2004 ANNUAL MEETING OF STOCKHOLDERS**

**General Information**

This Proxy Statement is furnished to holders of Royal Gold, Inc. (the Company) common stock, in connection with the solicitation of proxies on behalf of the Board of Directors of the Company, to be voted at the Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held on Wednesday, November 10, 2004, at 9:30 a.m. This Proxy Statement and the proxy card were first mailed to Stockholders on or about October 8, 2004.

**Stockholders Entitled to Vote**

All Stockholders of record of the Common Stock (\$0.01 par value) of the Company (Common Stock) at the close of business on September 17, 2004 (the Record Date), are entitled to vote at the Annual Meeting and at any and all postponements and adjournments thereof. As of the Record Date, there were 20,783,359 shares of Common Stock outstanding and entitled to vote.

**Voting Your Shares**

Each share of Common Stock that you own entitles you to one vote. Your proxy card shows the number of shares of Common Stock that you own.

You may vote your shares by signing and returning the enclosed proxy. If you vote by proxy, the proxy holders (each or any of the individuals named on the proxy) will vote your shares as you instruct on the proxy. If you sign and return the proxy, but do not give instructions on how to vote your shares, your shares will be voted (1) **FOR** the election of directors as described herein under Proposal 1 Election of Directors, (2) **FOR** the approval and adoption of the Company's 2004 Omnibus Long-Term Incentive Plan as described herein under Proposal 2 Approval and Adoption of the Company's 2004 Omnibus Long-Term Incentive Plan, and (3) **FOR** ratification of the appointment of the Company's independent auditors described herein under Proposal 3 Ratification of Appointment of Independent Auditors.

You may vote by telephone or by the Internet by following the telephone or Internet voting instructions that are included with your proxy card. If you vote by telephone or the Internet, you do not need to return your proxy card.

You may attend the Annual Meeting and vote in person. You will be given a ballot when you arrive. However, if your stock is held in the name of your broker, bank or another nominee, you must get a signed proxy from the broker, bank or other nominee giving you the right to vote your shares. This will be the only way we can be sure that the broker, bank or other nominee has not already voted your shares on your behalf.

**Revocation of Proxy or Voting Instruction Form**

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 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

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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 Corporate Secretary, Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202.

### **Votes Required to Approve the Proposals**

The holders of a majority of the issued and outstanding shares of Common Stock of the Company entitled to vote at the Annual Meeting must be present in person or represented by proxy in order to constitute a quorum for all matters to come before the meeting. Abstentions and broker non-votes will be counted as being present in person for purposes of determining whether there is a quorum. The affirmative vote of sixty percent (60%) of the shares that are represented and entitled to vote at a meeting at which a quorum is present shall be the act of the Stockholders.

All voting rights are vested exclusively in the holders of the Common Stock. As of the Record Date, there were 20,783,359 shares of Common Stock outstanding. Each share of Common Stock entitles the Stockholder to one vote on all matters that may come before the Annual Meeting.

Votes at the Annual Meeting will be tabulated and certified by Computershare Trust, the Company's Transfer Agent. Computershare Trust will treat shares of Common Stock represented by a properly signed and returned proxy as present at the Annual Meeting for purposes of determining a quorum, without regard to whether the proxy is marked as casting a vote or abstaining.

In the election of directors, each Stockholder eligible to vote may vote the number of shares of Common Stock held for each director to be elected, but cumulative voting is not permitted. 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**

Abstentions will be counted as shares present and entitled to be voted. Thus, abstentions will count the same as a vote **AGAINST** Proposals 1, 2 or 3. Brokers have discretion to vote shares they hold in street name on certain routine matters. The election of directors and the ratification of the appointment of independent auditors are considered routine matters. The approval of the Company's 2004 Omnibus Long-Term Incentive Plan is considered a non-routine matter. Thus, brokers that do not vote your shares with respect to Proposals 1 and 3 will be treated as abstentions and will count the same as a vote **AGAINST** Proposals 1 and 3. Broker non-votes, however, are not counted as shares present and entitled to be voted with respect to the matters which the broker does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Thus, broker non-votes will not affect the outcome of the voting on Proposal 2.

### **Solicitation Costs**

The enclosed proxy card and voting instruction form is being solicited on behalf of the Board of Directors of the Company. In addition to solicitation of proxies by mail, the Company's directors, officers or employees, without additional compensation, may make solicitations by telephone, facsimile, or personal interview. The Company has retained Georgeson Shareholder Communications Inc. to aid in the solicitation of brokers, banks, intermediaries and other institutional holders in the United States and Canada for a fee of \$9,500, plus reimbursement for out-of-pocket 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.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL****OWNERS AND MANAGEMENT**

The following table shows the beneficial ownership, as of August 31, 2004, of the Common Stock by each director, by the Chief Executive Officer and by each of the other executive officers whose total annual salary and bonus for the last completed fiscal year exceeded \$100,000. These executives are referred to in this Proxy Statement as the named executive officers. Also included in the following table is any person known to the Company 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.

Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned		Total	Percent of Class
	Shares	Subject to Options <sup>(1)</sup>		
Stanley Dempsey <sup>(2)</sup> Chairman and Chief Executive Officer 1660 Wynkoop Street Suite 1000 Denver, Colorado 80202	641,190	216,257	857,447	4.1%
Edwin W. Peiker, Jr. <sup>(3)</sup> Director 555 Ord Drive Boulder, CO 80303	307,126	40,000	347,126	1.7%
John W. Goth Director 14142 Denver West Parkway Suite 250 Golden, CO 80401	26,000	40,000	66,000	*
Pierre Gousseland Director 4 Lafayette Court, #1B Greenwich, CT 06830	21,500	40,000	61,500	*
James W. Stuckert Director P.O. Box 32760 Louisville, Kentucky 40232	1,772,455	40,000	1,812,455	8.7%
Merritt E. Marcus Director 1412 Mockingbird Valley Green Louisville, KY 40207	366,262	40,000	406,262	1.9%
S. Oden Howell, Jr. Director P.O. Box 36097 Louisville, KY 40233	523,680	40,000	563,680	2.7%
Donald Worth Director 2679 Bayview Avenue Willowdale, Ontario M2L 1C1 Canada	9,000	10,000	19,000	*
Tony Jensen President and Director 1660 Wynkoop Street Suite 1000	2,500	52,040	54,540	*



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Name and Address of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned		Total	Percent of Class
	Shares	Subject to Options <sup>(1)</sup>		
Karen P. Gross Vice President & Corporate Secretary 1660 Wynkoop Street Suite 1000 Denver, CO 80202	50,486	164,190	214,676	1.0%
Donald Baker Vice President, Corporate Development 1660 Wynkoop Street Suite 1000 Denver, CO 80202	11,090	34,800	45,890	*
Stefan Wenger Treasurer and Chief Accounting Officer 1660 Wynkoop Street Suite 1000 Denver, CO 80202	0	4,980	4,980	*
All Directors and Officers as a Group (13 persons) <sup>(4)</sup>	3,731,289	722,267	4,453,556	21.4%

\* Less than 1% ownership of the Company's Common Stock.

- (1) See Compensation of Directors and Executive Officers - Aggregated Option Exercises and Fiscal Year-End Option Values. The options reflected here are exercisable within 60 days of the date of this Proxy Statement.
- (2) The amount shown in the table includes 160,748 shares beneficially owned by certain members of Mr. Dempsey's immediate family. Mr. Dempsey disclaims beneficial ownership of these 160,748 shares of Common Stock.
- (3) The amount shown in the table includes 14,200 shares beneficially owned by certain members of Mr. Peiker's immediate family. Mr. Peiker disclaims beneficial ownership of these 14,200 shares of Common Stock.
- (4) This includes Randy Parcel who joined the Company in June 2004 as Vice President and General Counsel.

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**PROPOSAL 1.**

**ELECTION OF CLASS II DIRECTORS**

The Company's Board of Directors consists of three classes of directors, with each class of directors serving for a three-year term ending in a successive year. The Company's current Class I Directors are Messrs. Dempsey, Jensen and Goth; the Class II Directors are Messrs. Stuckert, Marcus and Gousseland; and the Class III Directors are Messrs. Howell, Peiker and Worth. On August 25, 2004, the Board of Directors elected Mr. Jensen as a Class I Director filling a vacancy in that Class. Mr. Jensen's term as a Class I Director will expire in 2006.

If the enclosed proxy is properly signed and received in time for the Annual Meeting, and if the proxy does not indicate otherwise, the represented shares will be voted **FOR** James W. Stuckert, Merritt E. Marcus, and Pierre Gousseland as Class II Directors of the Company. If any of the nominees for election as a Class II Director should refuse or be unable to serve (an event that is not anticipated), the proxy will be voted for a substitute nominee who is designated by the Board of Directors. Each Class II Director elected shall serve until the 2007 Annual Meeting, or until his successor is elected and qualified.

Information concerning the nominees for election as directors is set forth below under Directors and Officers.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT  
THE STOCKHOLDERS VOTE FOR EACH OF THE DIRECTOR NOMINEES.**

**DIRECTORS AND OFFICERS**

The following is information regarding the directors and officers of the Company related to their names, position with the Company, periods of service and experience. The persons who are nominated for election as directors at the Annual Meeting are indicated with an asterisk.

Name	Age	Principal Occupation During Last 5 Years and Position with Company	Continuously a Director Since	Class of Director/ Term Expires
Stanley Dempsey	65	Director. Chairman of the Board of Directors. Chief Executive Officer of the Company since August 1988. President of the Company from May 2002 until August 11, 2003. President and Chief Operating Officer of the Company from July 1, 1987 to April 4, 1988. From 1984 through June 1986, Mr. Dempsey was a partner in the law firm of Arnold & Porter. During the same period, he was a principal in Denver Mining Finance Company, a firm that provides financial, management, and advisory services to the mining industry. From 1960 through 1987, Mr. Dempsey was employed by AMAX, Inc., a major international mining firm, serving in various managerial and executive capacities. Mr. Dempsey is also a member of the board of directors of various mining-related associations.	August 1983	I/2006

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Name	Age	Principal Occupation During Last 5 Years and Position with Company	Continuously a Director Since	Class of Director/ Term Expires
Tony Jensen	41	Director. President and Chief Operating Officer of the Company since August 2003. Mr. Jensen has over twenty years of mining industry experience, eighteen with Placer Dome Inc. Before joining the Company, he was the Mine General Manager of the Cortez Joint Venture from August 1999 to June 2003, a mining joint venture by Placer Cortez, Inc., a subsidiary of Placer Dome Inc. and Kennecott Explorations (Australia) Ltd., a subsidiary of Rio Tinto. His extensive background in operations was developed both in the United States and Chile where he occupied several senior management positions. Mr. Jensen is Chairman and Director of the Industrial Advisory Board of the South Dakota School of Mines and Technology, and serves on the board of the Nevada Mining Association.	August 2004	I/2006
John W. Goth	77	Director. Executive Director of the Denver Gold Group. A consultant to the mining industry since 1985. Mr. Goth held several senior positions at AMAX, Inc., a major international mining firm, from April 1, 1954 to November 1, 1985. He is currently a director of U.S. Gold Corporation, U.S. Zeolites, Behre Dolbear, the Mineral Information Institute and the Mining and Metallurgical Society of America. He is a former director of Magma Copper Corporation and Dome Mines Corporation.	August 1988	I/2006

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Name	Age	Principal Occupation During Last 5 Years and Position with Company	Continuously a Director Since	Class of Director/ Term Expires
*Pierre Gousseland	82	Director. Financial consultant since 1986. From 1977 until January 1986, Mr. Gousseland was Chairman and Chief Executive Officer of AMAX, Inc., a major international mining firm. Mr. Gousseland was a former director of Guyanor Ressources S.A., French American Banking Corporation of New York, the American International Group, Inc., Union Miniere, S.A. (Belgium), Degussa AG (Germany), IBM World Trade Europe/ Middle East Africa Corporation and Pancontinental Mining Europe GmbH (Germany). Mr. Gousseland has served on the Chase Manhattan International and Creditanstalt International (Vienna, Austria) Advisory Boards, and is past president of the French-American Chamber of Commerce in the United States.	June 1992	II/2004
*Merritt E. Marcus	70	Director. Former President and Chief Executive Officer of Marcus Paint Company, a manufacturer of industrial liquid coatings, and Performance Powders, LLC, a manufacturer of industrial powder coatings, from 1983 until 2004. Mr. Marcus has served several terms as a director of the National Paint and Coatings Association.	December 1992	II/2004
*James W. Stuckert	66	Director. Former Chairman and Chief Executive Officer of Hilliard, Lyons, Inc., Louisville, Kentucky, a full service financial asset management firm. Mr. Stuckert is also a director of Hilliard, Lyons, Inc., and Senbanc Fund. He joined Hilliard, Lyons in 1962 and served in several capacities prior to being named Chairman in December 1995. He served in this role until December 2003.	September 1989	II/2004
S. Oden Howell, Jr.	64	Director. President of Howell & Howell Contractors, Inc., a renovation contractor and industrial and commercial painting contractor, since 1988. Owner of Kessinger Service Industries, LLC, an industrial coatings contractor firm. From 1972 until 1988, Mr. Howell was Secretary/ Treasurer of Howell & Howell, Inc., an industrial and commercial painting contractor firm.	December 1993	III/2005

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Name	Age	Principal Occupation During Last 5 Years and Position with Company	Continuously a Director Since	Class of Director/ Term Expires
Edwin W. Peiker, Jr.	73	Director. President and Chief Operating Officer of the Company from April 1988 until February 1992. Vice president of engineering of the Company from May 1987 to April 1988. Principal in Denver Mining Finance Company, from 1984 until 1986, a firm that provides financial, management, and advisory services to the mining industry. From 1983 to 1986, Mr. Peiker was engaged in mineral consulting activities. During the period from 1966 to 1983, Mr. Peiker served in a variety of positions with the Climax Molybdenum division of AMAX, Inc., a major international mining firm involved in exploration activities worldwide.	May 1987	III/2005
Donald Worth	71	Director. Financial and mining consultant since September 1997. Mr. Worth has been involved in the mining industry since 1949. He formerly was a mining specialist and a vice president of Canadian Imperial Bank of Commerce (Canada) from July 1989 to August 1997. Mr. Worth is a director of Sentry Select Capital Corporation, Cornerstone Capital Resources, Inc., and Tiomin Resources Inc. He is also a trustee of Labrador Iron Ore Royalty Income Fund, and is involved with several professional associations both in Canada and the United States.	April 1999	III/2005
Karen P. Gross	50	Vice President of the Company since June 1994 and Corporate Secretary since 1989. From 1987 until 1989, Ms. Gross was the Assistant Secretary to the Company. Ms. Gross is in charge of investor relations, public relations and ensuring the Company's compliance with various corporate governance standards.		
Donald J. Baker	55	Vice President Corporate Development of the Company since November 1998. From December 1996 until November 1998, Mr. Baker was Manager of Corporate Development. From 1994 until 1997, he was a consultant to the Company. Mr. Baker was previously employed by Climax Molybdenum Company and Homestake Mining Company.		

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Name	Age	Principal Occupation During Last 5 Years and Position with Company	Continuously a Director Since	Class of Director/ Term Expires
Stefan Wenger	31	Treasurer and Chief Accounting Officer of the Company since April 2003. From June 2002 until March 2003, he was a manager with PricewaterhouseCoopers LLP. From September 2000 until June 2002, he was senior staff accountant and manager with Arthur Andersen LLP. Mr. Wenger has provided audit and business advisory services to the mining and oil and gas industries since 1995. Mr. Wenger is a certified public accountant.		
Randy Parcel	59	Vice President and General Counsel since June 2004. Served as the Managing Partner of the Denver office of Perkins Coie LLP from January 2001 until May 2004. Prior to forming his own law firm in 1978, Mr. Parcel was in-house counsel to the mining division of Johns-Manville Corporation and was a partner at the Denver law firm of Holland & Hart. He has over thirty years experience in mining and natural resources law.		

**MEETINGS AND COMMITTEES OF THE BOARD**

During the fiscal year ended June 30, 2004, the Board of Directors held five regular meetings, and on six separate occasions action was taken by unanimous written consent. Each director attended (in person or by telephone) at least 75% of the aggregate number of meetings of the Board and of the Committee(s) of the Board on which he served, except for Mr. Gousseland, who attended in person or by telephone, at least 60% of the aggregate number of meetings of the Board, and all of the Committee(s) of the Board on which he served. It is the Company's policy that each member of the Board of Directors is expected to attend each Annual Meeting of Stockholders. All directors, except for one, attended last year's Annual Meeting of Stockholders.

**Independence of Directors**

The independent members of the Board of Directors have determined that each of the directors, except for Messrs. Dempsey and Jensen, who are officers of the Company, is independent under Rule 4200(a)(15) of the NASD listing standards. The Board considers Mr. Peiker independent since he has not been involved with the day to day management of the Company since February 1992 and does not serve on any Committees of the Board. The Board of Directors has determined that the directors designated as independent have no relationship with the Company that may interfere with the exercise of their independent judgment.

**Lead Director**

The Board of Directors has elected a lead, independent director who presides over executive sessions of the independent directors scheduled at each regular Board meeting. This lead director position is a rotating position on a yearly basis. The lead director serves as liaison between the Chairman and other independent directors. The Board of Directors has selected John W. Goth to serve as lead director for the 2005 fiscal year.

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### **Audit Committee**

The Board of Directors has a standing Audit Committee. The Audit Committee consists of James W. Stuckert, John W. Goth, and Donald Worth. All members of the Audit Committee are independent under Rule 4200(a)(15) of the NASD listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. The Audit Committee held eight meetings during the fiscal year. The Board of Directors has recently adopted an amended Charter for the Audit Committee, which is attached as Appendix A.

The Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements and compliance with legal and regulatory requirements and corporate policies and controls. The Audit Committee has the sole authority to retain and terminate the Company's independent auditors, approve all auditing services and related fees and the terms of any agreements, and to pre-approve any non-audit services to be rendered by the Company's independent auditors. The Audit Committee is responsible for confirming the independence and objectivity of the independent auditors. The Audit Committee is also responsible for preparation of the annual report of the Audit Committee for public disclosure in the Company's Proxy Statement. The Board of Directors has determined that James Stuckert is an audit committee financial expert as that term is defined in Item 401(h) of Regulation S-K. As an audit committee financial expert, Mr. Stuckert satisfies the Nasdaq financial literacy and sophistication requirements.

### **Compensation, Nominating and Corporate Governance Committee**

In August 2004, the Board of Directors changed its standing Compensation Committee to the Compensation, Nominating and Corporate Governance Committee. The Compensation, Nominating and Corporate Governance Committee consists of John W. Goth, James W. Stuckert and Pierre Gousseland, all of whom are considered independent directors under Rule 4200(a)(15) of the NASD listing standards. The Committee held four meetings during the fiscal year. The Board has adopted a Charter for the Compensation, Nominating and Corporate Governance Committee, which is attached as Appendix B.

The Compensation, Nominating and Corporate Governance Committee assumes the role of implementing compensation plans for top executives, as well as directors. The Committee's function is to review new or modified programs in the areas of executive salary, incentive compensation, and stock plans; and review and make recommendations to the Company's Board of Directors concerning the levels and forms of compensation paid to the officers and key employees of the Company. It also is responsible for preparation of the Annual Report on Executive Compensation for public disclosure in the Company's Proxy Statement.

The Compensation, Nominating and Corporate Governance Committee advises the Board of Directors on various corporate governance issues, in addition to compensation matters as discussed above. Additionally, it proposes to the Board of Directors slates of directors to be recommended for election at the Annual Meeting of Stockholders (and any directors to be elected by the Board of Directors to fill vacancies). In selecting director nominees, the Committee assesses the nominee's independence, as well as considers his or her experience, areas of expertise, diversity, perspective, broad business judgment and leadership, all in the context of an assessment of the perceived needs of the Board at that time. Further, the Committee will consider director candidates recommended by Stockholders using the same criteria outlined above, provided such written recommendations are submitted to the Secretary of the Company in accordance with the advance notice and other provisions of the Company's Bylaws.

### **Communication with Stockholders**

Any Stockholder who desires to contact the Company's Board of Directors may do so by writing to the Vice President and Corporate Secretary, Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202. Any such communication should state the number of shares beneficially owned by the Stockholder making the communication. The Secretary will forward any such communication to the Chairman of the Compensation, Nominating and Corporate Governance

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Committee, and will forward such communication to other Board members, as appropriate, provided that such communication addresses a legitimate business issue. For any communication relating to accounting, auditing or fraud, such communication will be forwarded immediately to the Chairman of the Audit Committee.

**Code of Business Ethics and Conduct**

The Company has adopted a Code of Business Ethics and Conduct applicable to all of its directors, officers and employees, including the Chief Executive Officer, the Chief Accounting Officer, and other persons performing financial reporting functions. The Code is available through the Company's web site at [www.royalgold.com](http://www.royalgold.com). The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) full, fair, accurate, timely and understandable disclosures; (c) compliance with laws, rules and regulations; (d) prompt internal reporting of Code violations; and (e) accountability for adherence to the Code. The Company will post on its web site any amendments to the Code.

**Certain Relationships and Related Transactions**

Mr. Edwin W. Peiker, Jr. previously had a consulting agreement with the Company, in which he was entitled to be paid an hourly fee plus expenses. During fiscal year 2004, no consulting fees or expenses were paid to Mr. Peiker under his consulting agreement. In March 2004, Mr. Peiker's consulting agreement with the Company was terminated.

**COMPLIANCE WITH SECTION 16(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership to the Securities and Exchange Commission. Officers, directors and greater than 10% Stockholders are required by the regulations of the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) reports they file. Based solely on its review of copies of such reports received and written representations from certain persons that no other reports were required for those persons, the Company believes that all filing requirements applicable to its officers, directors and greater than 10% Stockholders were met for the fiscal year ended June 30, 2004, and all transactions are reflected in this Proxy Statement.

**Table of Contents****COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table reflects all compensation awarded or paid to or earned by the named executive officers of the Company, for the fiscal year ended June 30, 2004.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year Ended June 30	Annual Compensation		Other Annual Compensation(\$)	Long-Term Compensation			All Other Compensation(\$)
					Awards		Payouts	
					Restricted Stock Awards	Options(#)	LTIP Payouts(\$)	
Stanley Dempsey Chairman and Chief Executive Officer	2004 2003 2002	275,500 262,500 250,000	150,000 175,000 110,000		2,500 50,000 25,000		31,362(2) 31,418 32,177	
Tony Jensen <sup>(1)</sup> President and Chief Operating Officer	2004 2003 2002	192,250	135,000		60,000		16,933(3)	
Karen P. Gross Vice President and Corporate Secretary	2004 2003 2002	133,500 113,500 105,000	60,000 60,000 50,000		2,500 25,000		16,527(4) 16,437	