

ROYAL GOLD INC  
Form 424B2  
April 04, 2007

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**Registration No. 333-111490  
Filed pursuant to Rule 424(b)(2)**

**PROSPECTUS SUPPLEMENT  
(To Prospectus dated July 14, 2004)**

**\$117,000,000**

**4,000,000 Shares of Common Stock**

We are selling 4,000,000 shares of our common stock. We have granted the underwriters an option to purchase up to 600,000 additional shares of common stock to cover over-allotments.

Our common stock is traded on the NASDAQ Global Select Market under the symbol RGLD. The last reported sale price of our common stock on the NASDAQ Global Select Market on April 3, 2007 was \$30.22 per share. Our common stock is also traded on the Toronto Stock Exchange under the symbol RGL.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-15.**

**Neither the Securities and Exchange Commission nor any state securities commission 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.**

	<b>Per Share</b>	<b>Total</b>
Public Offering Price	\$ 29.25	\$ 117,000,000
Underwriting Discount	\$ 1.39	\$ 5,557,500
Proceeds to Royal Gold, Inc. (before expenses)	\$ 27.86	\$ 111,442,500

The underwriters expect to deliver the shares to the purchasers on or about April 9, 2007.

**Joint Book Runners**

**HSBC**

**Merrill Lynch & Co.**

**Co-Managers**

**JPMorgan**

**National Bank Financial**

**UBS Investment Bank**

The date of this prospectus supplement is April 3, 2007

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**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement. Information in this prospectus supplement updates and modifies the information in the accompanying prospectus.**

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This document 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 entities, 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 European Economic Area (EEA) member state that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any member state, 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.

This prospectus supplement has been prepared on the basis that all offers of shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of shares. Accordingly any person making or intending to make any offer within the EEA of shares which are the subject of the offer contemplated in this prospectus supplement should only do so in circumstances in which no obligation arises for the issuer or any of the underwriters to produce a prospectus for such offer. Neither Royal Gold, Inc. nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by underwriters which constitute the final offer of shares contemplated in this prospectus supplement.

**Buyer's representation**

Each person in an EEA member state that has implemented the Prospectus Directive (each, a Relevant Member State) 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 each underwriter and Royal Gold that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(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 HSBC Securities (USA) Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated 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 by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 (File No. 333-111490), as amended, that we filed with the Securities and Exchange Commission ( SEC ) utilizing a shelf registration process and that was declared effective on July 14, 2004. Under this shelf registration process, we may, from time to time, sell up to \$300,000,000 of common stock, warrants, depositary shares, preferred stock or debt securities, of which this offering is a part.

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 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. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control. 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-37 of this prospectus supplement before investing in our common stock.

Unless otherwise stated, information in this prospectus supplement assumes the underwriters will not exercise their over-allotment option to purchase additional shares of our common stock and no other person will exercise any other outstanding options to purchase shares of our common stock.

**SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the related prospectus and the documents incorporated herein by reference contain or may contain certain forward-looking statements and information relating to us that are based on our beliefs and assumptions as well as information currently available to management. Additional written or oral forward-looking statements may be made by Royal Gold from time to time in filings with the SEC or otherwise. The words **believe**, **estimate**, **expect**, **anticipate**, and **project** and similar expressions are intended to identify forward-looking statements which speak only as of the date the statement is made. These statements are included or incorporated by reference in this prospectus supplement. 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** ). Such forward-looking statements include statements regarding projected production and reserves from feasibility studies or received from the operators of our royalty properties. In addition to other factors described elsewhere in this prospectus supplement, factors that could cause actual results to differ materially from these forward-looking statements include, among others:

changes in gold and other metals prices;

the performance of our producing royalty properties;

decisions and activities of the operators of our royalty properties;

the ability of operators to bring projects into production and operate in accordance with feasibility studies;

unanticipated grade and geological, metallurgical, processing or other problems at the properties;

changes in project parameters as plans of the operators are refined;

changes in estimates of reserves and mineralization by the operators of our royalty properties;

economic and market conditions;

future financial needs;

federal, state and foreign legislation governing us or the operators;

the availability of royalties for acquisition or other acquisition opportunities;

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our ability to make accurate assumptions regarding the valuation and timing and amount of royalty payments when making acquisitions;

risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental laws and enforcement and uncertain political and economic environments; and

the ultimate additional liability, if any, to the State of California in connection with the Casmalia matter.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Statements in this prospectus supplement, including those set forth in Risk Factors, describe factors, among others, that could contribute to or cause such differences. We disclaim any obligation to update any forward-looking statement made herein. Readers are cautioned not to put undue reliance on forward-looking statements.

**CERTAIN DEFINITIONS**

***Gross Smelter Return (GSR) Royalty:*** A defined percentage of gross revenue from a resource extraction operation, with no deduction for any costs paid by or charged to the operator.

***Net Profits Interest:*** A royalty based on the profit from a resource extraction operation, allowing for costs directly related to production. The expenses that the operator deducts from revenue are defined in the royalty agreement. Payments generally begin after payback of capital costs. The royalty holder is not responsible for contributing to capital expenses, covering operating losses or environmental liabilities.

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

***Net Value Royalty:*** A percentage of the gross revenue from a resource extraction operation less certain contract-defined costs.

***Royalty:*** The right to receive a percentage or other denomination of mineral production from a mining operation.

***Ton:*** A unit of weight equal to 2,000 pounds or 907.2 kilograms.

**TAX CONSIDERATIONS**

We are not providing any tax advice as to the acquisition, holding or disposition of the shares of our common stock offered herein. In making an investment decision, investors should consult their own tax advisors to determine the U.S. federal or state and any applicable foreign tax consequences for their investment in our common stock. See Certain United States Federal Income Tax Considerations for Non-U.S. Holders on page S-33.



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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information about us. This summary is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us you should read carefully this entire prospectus supplement and the related prospectus, including the Risk Factors section and the other documents we refer to and incorporate by reference. Unless otherwise indicated, we, us, our, or Royal Gold refer to Royal Gold, Inc. and its subsidiaries.*

**Royal Gold, Inc.**

We, together with our subsidiaries, are engaged in the business of acquisition and management of precious metals royalties. Royalties are passive (non-operating) interests in mining projects that provide the right to revenue or production from the project after deducting specified costs, if any. Our principal producing mining property interests are as follows:

four royalty interests at the Pipeline Mining Complex located in Nevada and operated by the Cortez Joint Venture, a joint venture between Barrick Gold Corporation ( Barrick ) (60%) and Kennecott Explorations (Australia) Ltd. (40%), a subsidiary of Rio Tinto plc;

a royalty interest on the Robinson mine, located in eastern Nevada and operated by Quadra Mining Ltd. ( Quadra );

a royalty interest on the SJ Claims, covering portions of the Betze-Post mine located in Nevada and operated by Barrick;

a royalty interest on the Leeville Mining Complex, located in Nevada and operated by Newmont Mining Corporation ( Newmont );

a variable royalty interest in the Troy underground silver and copper mine located in Montana and operated by Revett Silver Company ( Revett );

a royalty interest on the Bald Mountain mine located in Nevada and operated by Barrick;

a royalty interest on the Mulatos mine, located in Sonora, Mexico, and operated by Alamos Gold, Inc. ( Alamos ); and

a royalty interest on a number of properties in Santa Cruz Province, Argentina, including the Martha silver mine, operated by Coeur d Alene Mines Corporation ( Coeur ).

During the six months ended December 31, 2006, we generated royalty revenues of approximately \$22.03 million, including approximately \$9.48 million from the Pipeline Mining Complex, representing approximately 43% of our total revenues for that period. In addition, we generated royalty revenues of approximately \$5.93 million from Quadra s Robinson mine, approximately \$2.36 million from the SJ Claims at the Betze-Post mine, approximately \$1.46 million from the Leeville Mining Complex, approximately \$1.02 million from the Troy mine, approximately \$938,000 from the Bald Mountain mine, approximately \$429,000 from the Mulatos mine and approximately \$403,000 from the Martha mine.

**Recent Developments**

Since December 2005, Royal Gold has acquired royalties on six different mining properties. In January 2007, we acquired a 2% NSR royalty on the Peñasquito project located in the State of Zacatecas, Mexico, from Kennecott Exploration Company and Minera Kennecott S.A. de C.V. for \$80 million in cash and 577,434 shares of our common stock (the Peñasquito Royalty Acquisition ).

The Peñasquito project is composed of two main deposits called Peñasco and Chile Colorado and is under development by Goldcorp Inc. ( Goldcorp ). The Peñasquito project hosts one of the world s largest silver, gold and zinc reserves. The feasibility study for Peñasquito estimates a mine life of approximately 17 years

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and anticipates initial mine start-up in late calendar year 2008 with full production being reached in calendar year 2012. See Recent Developments Peñasquito Royalty Acquisition.

On February 28, 2007, Battle Mountain Gold Exploration Corp. ( Battle Mountain ) accepted our proposal to acquire 100% of the fully diluted shares of Battle Mountain for approximately 1.57 million shares of our common stock in a merger transaction. The proposal is subject to satisfactory completion of due diligence, definitive documentation, receipt of a fairness opinion satisfactory to Royal Gold's board of directors and approval of the transaction by the shareholders of Battle Mountain, among other conditions. The definitive documentation for the merger will also be subject to satisfactory completion of due diligence, among other conditions. On March 28, 2007, Royal Gold entered into a Bridge Finance Facility Agreement with Battle Mountain and BMGX (Barbados) Corporation, as borrowers, whereby Royal Gold has agreed to make available to the borrowers a bridge facility of up to \$20 million. Outstanding principal, interest and expenses under the bridge facility may be converted at Royal Gold's option into Battle Mountain common stock, par value \$0.001, at a conversion price per share of \$0.60 any time during the term of the bridge facility. At the date hereof, approximately \$13.91 million aggregate principal amount has been advanced to Battle Mountain under the bridge facility. The bridge facility will mature on March 28, 2008. The maximum amount of availability under the bridge facility will be reduced to \$15 million in the event Battle Mountain does not acquire an identified royalty interest. Interest on advances will accrue at the LIBOR Rate plus 3% per annum. To secure their obligations under the bridge facility, the borrowers have granted to Royal Gold a security interest in most of their respective assets and Battle Mountain has pledged to Royal Gold its equity interests in its subsidiaries. See Recent Developments Proposed Acquisition of Battle Mountain Gold Exploration Corp.

On March 9, 2007, we completed our acquisition of a sliding-scale royalty interest on gold which is derived from certain mineral concessions located at the Pascua Lama project in Chile for \$20.50 million. Barrick owns the Pascua Lama project, and is targeting production to commence in calendar year 2010. We also acquired an NSR royalty on Pascua Lama copper reserves in Chile sold after January 1, 2017. See Recent Developments Pascua Lama Acquisition.

## **Royal Gold Business Model**

The key elements of our business model are set out below:

1. *Lower-Risk Exposure to Gold through Royalty Ownership.* We have established our business model based on the premise that an attractive means to invest in gold and precious metals is to acquire and hold royalty interests in gold properties rather than engage in mining operations. By holding royalties, we are rewarded when metal prices rise or reserves are increased on a property and our risks are reduced, because we are not required to contribute to capital costs, exploration costs, environmental costs or most operating costs of mines where we hold our royalty interests. Operating risk is further reduced by our portfolio of several active royalties with different operating companies over multiple geographies.

2. *Financial Flexibility.* Our financial position and share liquidity allow us the opportunity to compete for and close acquisitions of royalties by means of a purchase or by providing financing.

3. *Acquisition of Royalties on Major Developed or Undeveloped Mines.* We actively seek royalties on existing and planned mines and believe there are substantial benefits to holding royalties on properties with significant reserves that represent long-lived assets.

4. *Industry Relationships and Experience.* We rely on our experienced management team to identify opportunities and structure creative approaches to acquire royalty interests. Our management team includes senior executives with many years of industry experience in geology, mine operations, metallurgy, mining law and mining and financing

transactions. Our management team maintains personal relationships throughout the industry, from major mining companies to exploration companies, landowners and prospectors, giving us an excellent platform to identify, target and obtain royalty interests.

5. *Royalty Evaluation Criteria.* We utilize a series of technical, business and legal criteria as we evaluate potential royalty acquisitions. Among the factors we consider are: our analysis of the quality of the

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asset, reputation of the operator, country risks, timing of anticipated production, potential for reserve growth and overall size and likely duration of the project. We rely both on our own management expertise and on that of consultants to evaluate mining properties and reserves as we value royalties for acquisition. We believe our systematic evaluation of royalties combined with our experience provides us a competitive advantage in acquiring royalties.

6. *Significant Holdings in Nevada with Exposure Throughout the World.* We believe that the historical record of successful gold mining in Nevada makes it an attractive region to seek royalties, and the majority of our producing royalties are in Nevada. We also believe that it is important to have exposure to royalties in other parts of the world, and we currently have royalties on properties in California and Montana in the United States and in Argentina, Chile, Russia, Burkina Faso, Mexico and Finland. In addition, in the last two years we have evaluated royalty opportunities in Canada, Central America, Europe, Australia, other Republics of the former Soviet Union, Asia, Africa and South America.

## **Growth Strategy**

Our growth strategy includes the following:

1. *Build on Our Core Royalties.* We have compiled a core group of royalties in leading mines and mining districts in Nevada, with our royalties on Barrick's Pipeline Mining Complex, our royalty at Quadra's Robinson mine, our royalty on the SJ Claims at Barrick's Betze-Post mine and our royalty at Newmont's Leeville Mining Complex. We have built on our initial Pipeline Mining Complex royalties through direct acquisitions of existing producing and non-producing royalties, by providing royalty financing and by entering into strategic exploration alliances.

2. *Pursue Strategic Acquisitions of High Quality Royalties.* We have been opportunistic in acquiring high quality existing royalties on producing properties operated by experienced mining companies and properties in the pre-production stage. We acquired our royalties on the SJ Claims and Leeville Mining Complex property based on our relationships with the original prospectors who identified the prospects and where high quality operators, Newmont and Barrick, were in place. The Peñasquito Royalty Acquisition and the Pascua Lama acquisition both represent acquisitions of pre-production stage properties operated by experienced mining companies, Goldcorp and Barrick, respectively. We provide individual and corporate royalty holders opportunities to monetize their royalty positions, which are often non-core assets of mining companies. Our purchases of royalties will continue to be important as we seek to continue to expand our royalty portfolio.

3. *Organic Growth through Reserve Replacement.* We look for properties where we believe there is substantial potential for additional reserve growth. The Pipeline Mining Complex, Bald Mountain and the SJ Claims at Goldstrike represent examples of reserve additions to our royalty portfolio at no additional costs.

4. *Create Royalties on Development Projects.* We seek to create royalties in early and development stage properties by providing financing to mining companies to conduct feasibility studies or develop their properties. We provide the cash investment needed by the operator to develop the mine in exchange for royalty interests on future production. Our royalties in Revett's Troy Mine and the Taparko project in Burkina Faso, operated by High River Gold Mines Ltd. (High River), which we financed during our 2006 fiscal year in exchange for four royalty interests, are examples of this approach. We believe this financing approach provides us with a competitive advantage over traditional lenders in that the mining operator preserves equity, maintains full operational control of the project cash flows, and avoids the need to hedge and repay a loan.

5. *Early Stage Exploration and Exploration Alliances.* Our business was built through successful exploration in Nevada, where we were involved in the discovery of the South Pipeline deposit, now part of the Pipeline Mining Complex. We seek to capture early stage royalty opportunities through acquiring exploration stage properties and by

acquiring royalties in properties held by smaller, exploration-focused mining companies in Nevada and around the world in exchange for making a cash investment or joint venturing the exploration property. In these situations, we fund exploration activities to develop resources so they can ultimately be transferred to a mining company in exchange for a royalty interest. We hold royalty interests on

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various exploration properties. These properties are located in Nevada, California, Argentina, Russia and Finland.

### **Possible Acquisitions**

We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalties through the financing or joint venture of mining projects or to acquire companies that hold royalties. We have used both cash and our common stock in our acquisitions and we may issue substantial additional amounts of common stock as consideration in acquisitions in the future. At the current time we are evaluating or in discussions regarding a variety of different transactions that have varying likelihoods of being concluded. At this time we cannot provide assurance that all or any of the possible transactions will be concluded successfully.

### **Our Producing Royalty Interests**

Our principal royalty interests are:

*Pipeline Mining Complex:* Four royalty interests at the Pipeline Mining Complex, located in Nevada and operated by Barrick, including the Pipeline, South Pipeline, GAP and Crossroads gold deposits. Our four royalty interests at the Pipeline Mining Complex are:

GSR1 A sliding-scale GSR royalty that covers the current mine footprint, which includes the Pipeline and South Pipeline deposits and ranges from 0.4%, at a gold price below \$210 per ounce, to 5.0% at a gold price of \$470 per ounce or above;

GSR2 A sliding-scale GSR royalty that covers areas outside the Pipeline and South Pipeline deposits and ranges from 0.72%, at a gold price below \$210 per ounce, to 9.0% at a gold price of \$470 per ounce or above;

GSR3 A 0.71% fixed rate GSR royalty on the production covered by GSR1 and GSR2; and

NVR1 A fixed rate 0.39% net value royalty on all production on the South Pipeline, Crossroads, and some of the GAP deposit, but not covering the Pipeline deposit.

*Robinson:* A 3% NSR royalty on the Robinson mine, located in eastern Nevada and operated by Quadra.

*SJ Claims:* A 0.9% NSR royalty on the SJ Claims, which covers a portion of the Betze-Post mine, at the Goldstrike operation, located in Nevada and operated by Barrick.

*Leeville Mining Complex:* A 1.8% carried working interest, equal to a 1.8% NSR royalty, on the majority of the Leeville Mining Complex located in Nevada and operated by Newmont.

*Troy:* Two royalty interests on the Troy mine, which is operated by Revett, located in northwestern Montana:

A production payment equivalent to a 7.0% GSR royalty until either cumulative production of approximately 9.9 million ounces of silver and 84.6 million pounds of copper, or we receive \$10.5 million in cumulative payments, whichever occurs first (as of December 31, 2006, we have received \$3.5 million in cumulative payments); and

A GSR royalty which begins at 6.1% on any production in excess of 11.0 million ounces of silver and 94.1 million pounds of copper, and steps down to a 2% GSR royalty after cumulative production has

exceeded 12.7 million ounces of silver and 108.2 million pounds of copper.

*Bald Mountain:* A 1.75% NSR royalty interest covering a portion of the Bald Mountain mine, which is located in White Pine County, Nevada, and is operated by Barrick.

*Mulatos:* A sliding-scale NSR royalty on the Mulatos mine, located in Sonora, Mexico, and operated by Alamos. The sliding-scale NSR royalty, capped at two million ounces of gold production, ranges



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from 0.30% for gold prices below \$300 per ounce up to a maximum rate of 1.50% for gold prices above \$400 per ounce.

*Martha:* A 2% NSR royalty on a number of properties in Santa Cruz Province, Argentina, including the Martha mine, which is operated by Coeur.

## **Our Development Stage Royalty Interests**

We also own the following royalty interests that are currently in development stage and are not yet in production:

*Peñasquito and Pascua Lama:* In January 2007, we acquired the Peñasquito royalty and on March 9, 2007 we acquired the Pascua Lama royalty. For a discussion of the Peñasquito and Pascua Lama acquisitions, see Recent Developments Peñasquito Royalty Acquisition and Pascua Lama Acquisition.

*Taparko:* Four royalty interests on the Taparko project are:

**TB-GSR1** A production payment equivalent to a 15% GSR royalty on all gold produced from the Taparko project until either cumulative production of 804,420 ounces of gold is achieved or until we receive \$35 million in cumulative payments;

**TB-GSR2** A production payment equivalent to a GSR sliding-scale royalty on all gold produced from the Taparko project. TB-GSR2 remains in force until the termination of TB-GSR1;

**TB-GSR3** A perpetual 2% GSR royalty on all gold contained in and produced from the Taparko project after the termination of TB-GSR1 and TB-GSR2;

**TB-MR1** A 0.75% milling fee royalty on all gold, subject to annual caps, processed through the Taparko project processing facilities, that is mined from any area outside the Taparko project area.

Receipt of royalty revenue on the Taparko project is anticipated to commence in the third calendar quarter of 2007.

*Gold Hill:* A sliding-scale NSR royalty and unpatented mining claims on the Gold Hill deposit in Nye County, Nevada, controlled by Round Mountain Gold Corporation ( RMGC ), a joint venture between Kinross Gold Corporation ( Kinross ), the operator, and Barrick. The sliding-scale ranges from 1.0%, when the gold price is \$350 per ounce or less, to 2.0% when the gold price is above \$350 per ounce. Production on the Gold Hill deposit is expected to commence once permitting is completed and equipment from the Round Mountain pit becomes available.

## **Our Exploration Stage Royalty Interests**

In addition, we own royalty interests in the following exploration stage projects. None of these exploration stage projects contains proven and probable reserves as of December 31, 2006.

A 5% NSR royalty interest on a portion of the Mule Canyon project, located in Lander County, Nevada;

A 16.5% net profits interest royalty on the Buckhorn South project, located in Eureka County, Nevada;

A 1% NSR royalty interest on the Simon Creek project, located in Eureka County, Nevada;

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A 0.25% net value royalty interest on the Horse Mountain project, located in Lander County, Nevada;

A 1.5% net value royalty interest on the Ferris/Cooks Creek project, located in Lander County, Nevada;

A 0.5% NSR royalty interest on the Rye project, located in Pershing County, Nevada;

A 2.5% NSR royalty interest on the BSC project, located in Elko County, Nevada;

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A 0.75% NSR royalty on a 67% interest (approximate) on the ICBM project, located in Lander County and Humboldt County, Nevada;

A 0.75% NSR royalty on the Long Peak project, located in Lander County, Nevada;

A 0.75% NSR royalty on the Dixie Flats project, located in Elko County, Nevada;

A 1% NSR royalty interest on the Long Valley project, located in Mono County, California;

A 2% NSR royalty on a number of exploration properties in Santa Cruz Province, Argentina;

A 1% NSR royalty on the Svetloye project in eastern Russia; and

A 2% NSR royalty on the Kettukuusikko property located in Lapland, Finland.

**Corporate Information**

We were incorporated under the laws of the State of Delaware on January 5, 1981. Our executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202, and our telephone number is (303) 573-1660. Our website address is [www.royalgold.com](http://www.royalgold.com). The information available on or through our website is not part of this prospectus supplement or the accompanying prospectus.

**Operators Production Estimates by Royalty for Calendar 2007**

The following table shows estimates received from the operators of our producing mines during the first quarter of calendar year 2007 indicating the production attributable to our royalty interests for calendar year 2007. The estimates are prepared by the operators of the mining properties. We do not participate in the preparation or verification of the operators' estimates and have not independently assessed or verified the accuracy of such information. See the section entitled "Risk Factors - Risks Relating to our Business - *Estimates of production by the operators of mines in which we have royalty interests are subject to change*" on page S-18.

<b>Royalty</b>	<b>Operator</b>	<b>Metal</b>	<b>Production</b>
Pipeline GSR1	Barrick	Gold	478,543 oz.
Pipeline GSR2	Barrick	Gold	12,762 oz.
Pipeline GSR3	Barrick	Gold	491,305 oz.
Pipeline NVR1	Barrick	Gold	264,843 oz.
Robinson <sup>(1)</sup>	Quadra	Gold	68,058 oz.
Robinson <sup>(1)</sup>	Quadra	Copper	136.3 million lbs.
SJ Claims	Barrick	Gold	799,160 oz.
Leeville	Newmont	Gold	337,000 oz.
Troy <sup>(1)</sup>	Revet	Silver	2.0 million oz.
Troy <sup>(1)</sup>	Revet	Copper	15.9 million lbs.
Bald Mountain	Barrick	Gold	90,811 oz.
Mulatos	Alamos	Gold	150,397 oz.
Martha <sup>(1)</sup>	Coeur D Alene	Silver	2.7 million oz.

(1) Recovered metal contained in concentrate.

In addition, receipt of royalty revenue at the Taparko project is scheduled to commence in the third calendar quarter of 2007. High River estimates that calendar year 2007 gold production will be approximately 62,000 ounces.

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The following table shows the proven and probable reserves that have been reported to us by the operators of our royalty interests or that we have obtained through publicly available information as of December 31, 2006. Reserve information for our royalty interests is prepared by the operators of the mining properties. We do not participate in the preparation or verification of the operators' reserve information and have not independently assessed or verified the accuracy of such information. See the section entitled "Risk Factors - Risks Relating to our Business - *Estimates of reserves and mineralization by the operators of mines in which we have royalty interests are subject to significant estimates which can change*" on page S-18.

**Summary of Proven and Probable Gold Reserves Subject to Our Royalties<sup>(1)</sup>  
As of December 31, 2006**

Royalty	Operator <sup>(2)</sup>	Category	Tons (millions)	Average Gold Grade (ounces per ton)	Gold Contained Ounces (millions) <sup>(3)</sup>
Pipeline GSR1 <sup>(4)</sup>	Barrick	Proven	10.783	0.043	0.466
		Probable	56.364	0.029	1.632
Pipeline GSR2 <sup>(5)</sup>	Barrick	Proven	2.334	0.016	0.037
		Probable	13.174	0.015	0.192
Pipeline GSR3 <sup>(6)</sup>	Barrick	Proven	13.117	0.038	0.502
		Probable	69.538	0.026	1.823
Pipeline NVR1 <sup>(7)</sup>	Barrick	Proven	9.550	0.029	0.275
		Probable	52.714	0.024	1.273
Robinson <sup>(8)</sup>	Quadra	Proven	129.658	0.008	1.000
		Probable	5.266	0.006	0.033
SJ Claims <sup>(9)</sup>	Barrick	Reserve	60.547	0.132	7.977
Leeville <sup>(10)</sup>					