RGLD gideon lens

Royal Gold (RGLD) - Gideon-Lens Equity Research

Date: 2026-06-09. Analyst: Codex ER2. Price: $205.70 from the live QF quote pull. Market cap note: FMP quote market cap and price times Q1 FY2026 diluted shares differed after acquisition-related share issuance; the scoring audit uses price times 85.018 million diluted shares as the cleaner per-share anchor. Fiscal year end: December 31.

VERDICT BLOCK

Verdict: PASS

Scorecard:

Gate	Result	Notes
Management	YELLOW	Competent team, but 2025 deal ROIIC remains unproven.
Moat	YELLOW	Real contracts, but 2046 depends on underwriting and operators.
P/E <= 15 on confident EPS at TTM + 5 calendar years	FAIL	Base EPS cushion is -20.6%.
Compounder Score	Audited 51 / 100	Reject under current-price 20% compounder rubric; diagnostic only.
Business Quality Score	Audited 49 / 80	High margins, but quality proof is incomplete.
20% Return UW Score	Audited 2 / 20	Current price does not support 20% underwriting.

One-line thesis (or reason to pass): Royal Gold is a real, cash-generative royalty and streaming business, but at $205.70 the stock requires better-than-base execution before management, moat, and acquisition-inclusive ROIIC have earned that confidence.

Kill / trigger criteria:

- BUY trigger: price below about $163 on the reviewed base case, with a wider margin preferred because management and moat are YELLOW.
- PASS triggers: keep PASS if TTM Stream Interests revenue is below $900 million after Q4 FY2026 unless realized metals are down more than 15% versus Q1 FY2026; keep PASS if 2026-2027 results do not show per-share cash-flow/NAV accretion from Sandstorm/Horizon and Kansanshi; keep PASS if revolver capacity is used for more scale before the 2025 deals prove ROIIC.
- Upgrade to BUY conditions: management gate upgrades to PASS, moat/2046 upgrades to PASS, and base-case March 31, 2031 EPS clears $13.71 with a real cushion, not only in bull case.

Position sizing if bought: 0% today. If all gates later clear and price is below the P/E 15 trigger with margin, cap at 2% initially because the business is still metal-price and operator dependent.

Stage 0 - Time Anchor

Today is 2026-06-09. Royal Gold's fiscal year ends December 31. The most recently reported quarter is Q1 FY2026, ended March 31, 2026. The TTM anchor is Q2 FY2025 + Q3 FY2025 + Q4 FY2025 + Q1 FY2026, which means TTM ending March 31, 2026. The forward horizon is exactly five calendar years after that anchor: March 31, 2031. All FY+5 references in this report mean that TTM+5 date, not FY2025 plus five fiscal years.

Stage 1 - Disqualifier Sweep

The initial disqualifier sweep did not find an automatic red flag, but it did not create a clean buy either. ROIC is yellow because the business has attractive asset-light economics, but reported ROIC and acquisition-inclusive ROIIC are not yet strong enough to clear Gideon's dream-compounder bar. FCF conversion is green: TTM operating cash flow was $862 million and

the model is cash generative. Leverage is green/yellow because debt rose with the 2025 acquisitions but management has already been paying it down. End-markets are green/yellow because gold, silver, and copper have durable demand, while commodity prices remain outside Royal Gold's control. Governance is green/yellow, with no fatal flag but a required 2026 internal-control follow-up after Sandstorm/Horizon. AI disruption is green; AI does not replace existing royalties or streams, though it may make future underwriting competition sharper. Pricing power is yellow because Royal Gold does not set metal prices; it owns contractual participation in prices and production.

Management - Summary

Management is YELLOW. William Heissenbuttel and Paul Libner look competent, experienced, and more candid than promotional. The team has relevant mining-finance tenure, communicates directly about debt paydown and buyback discipline, and moved quickly to reduce revolver borrowings after the acquisition year. The problem is not trustworthiness; the problem is proof. The 2025 Sandstorm/Horizon acquisition, Kansanshi stream, Warintza exposure, non-core inherited holdings, and enlarged credit toolkit changed the company. The management appendix concludes that the team has earned the benefit of the doubt but not a PASS under the Gideon 20-year compounder standard. The upgrade path is concrete: prove per-share cash-flow and NAV accretion after dilution, debt, depletion, and purchase accounting; complete the acquired-business internal-control cycle cleanly; and avoid using new capacity to buy lower-return scale.

Moat - Summary

Moat is also YELLOW, including the 2046 test. Royal Gold has a genuine moat at the contract level. Once it owns a good royalty or stream, a competitor cannot simply bid away that exact claim. Royalties are especially attractive because they can convert metal-price and production upside into very high gross economics without ordinary mine operating costs. Streams are valuable too, but they are more exposed to purchase-price formulas, delivery timing, step-downs, and depletion. The moat appendix is careful not to call this classic pricing power. Royal Gold cannot raise contract prices because its costs went up, and it cannot force operators to mine covered ground on the schedule shareholders would prefer. The 2046 business is plausible around Cortez, Kansanshi, Pueblo Viejo, Mount Milligan, and future disciplined deal flow, but it requires repeated underwriting and reserve replacement. That makes the moat real but conditional, not a clean PASS.

Stage 5 Synthesis - Headline Numbers

The synthesis is arithmetically clean and valuation-negative. The model builds from the reviewed stream and royalty appendices and passes 11/11 tie-out checks. The base case uses Stream Interests revenue of $1.259 billion at March 31, 2031 and modeled stream operating income of $764 million. It uses Royalty Interests revenue of $595 million and modeled royalty operating income of $428 million. Combined base-case revenue is $1.853 billion, operating income is $1.192 billion, net income is $934 million, and EPS is $10.89 on 85.768 million shares.

Case	Revenue ($B)	OI ($B)	NI ($B)	EPS	Value at 15x EPS	Cushion vs $205.70
Bear	1.352	0.791	0.598	6.97	104.49	-49.2%
Base	1.853	1.192	0.934	10.89	163.31	-20.6%
Bull	2.275	1.559	1.247	14.54	218.07	6.0%

At $205.70, required EPS for a 15x entry is $13.71. The base case is short by $2.82 of EPS, or 20.6%. The bull case clears, but that is not enough. ER2 requires a confident base case, not a bull case, to carry the valuation gate. The synthesis also refuses to use buybacks to rescue EPS. That is correct because management has framed repurchases as one option after debt paydown and new investments, and because the 2025 acquisition cycle is still unproven. The key sensitivity is stream revenue CAGR: a 200 bps miss cuts EPS by roughly $1.03, while a 200 bps upside case adds about $1.17. Even that upside does not fully solve the base-case valuation gap by itself.

Red Team - Summary

The red team's strongest argument is that Royal Gold may be a good royalty/streaming business whose 2025 acquisition reset and current share price have already consumed the next five years of upside. The most vulnerable Stage 5 number is the $1.259 billion stream revenue forecast, especially the opaque Other Streams bucket modeled at a 10.5% CAGR. The red team also attacks any soft "watchlist" framing at today's price because the audited score shows base IRR around -3.4%, bull IRR only around 2.0%, and a maximum 20% IRR buy price far below the current quote. The single most useful monitor is TTM Stream Interests revenue after Q4 FY2026: if it is below $900 million without a more than 15% realized-metal-price decline versus Q1 FY2026, the segment model is too optimistic.

Kill / Trigger Criteria

- Buy only if the price falls below roughly $163 on the reviewed base-case EPS, and preferably lower because management and moat remain YELLOW.
- Upgrade management only if 2026-2027 proves Sandstorm/Horizon and Kansanshi create per-share cash-flow/NAV accretion after dilution, debt, depletion, and purchase accounting.
- Upgrade moat only if Cortez/Fourmile/Goldrush, Kansanshi, Pueblo Viejo, and the acquired portfolio show durable asset-level contribution while new deals remain disciplined.
- Downgrade harder if management buys more scale before proving the 2025 deal wave, if stream deliveries miss the modeled path, or if commodity normalization reveals that recent earnings were mostly price-cycle lift.

Analyst Flags

The biggest data caveat is segment operating income. Royal Gold discloses stream and royalty revenue, but not stream and royalty operating income. The segment appendices and synthesis therefore use modeled OI allocations, not company-disclosed segment margins. The second caveat is acquisition-inclusive ROIIC: the 2025 acquisitions are too fresh for a full proof cycle. The scoring audit reduced the diagnostic score from 65 to 51 because ROIIC and 20% return underwriting did not earn the original credit. Finally, market cap and share count are not perfectly clean across FMP quote data after the acquisition-related share issuance; valuation should stay anchored to the current price and diluted share count rather than a single unexamined market-cap field.

Appendix A - Company Primer

Royal Gold, Inc. - Company Primer

Prepared for the ER2 / Gideon research run on Royal Gold, Inc. (RGLD). Fiscal year ends December 31. The quantitative foundation is the controlling source for financial figures. The latest reported quarter used here is Q1 FY2026 ended March 31, 2026, and the TTM anchor is Q2 FY2025 through Q1 FY2026.

Executive orientation

Royal Gold is a precious-metals royalty and streaming company, not a mine operator. Its business is to provide capital to mine owners or acquire existing economic interests in mines, then receive either metal deliveries under stream contracts or royalty payments tied to mine production. The customer, in a practical sense, is the mining company or project owner that needs capital and prefers a stream or royalty over traditional debt or equity. The end exposure for Royal Gold shareholders is different from owning a miner: Royal Gold usually does not build mines, employ mine labor, run processing plants, or fund sustaining capital. It receives contract-defined economics from mines operated by others.

The model is attractive when the contracts are durable, the operators are competent, the mine lives are long, and the stream or royalty terms leave Royal Gold with high cash conversion. It is less attractive when new capital is deployed at commodity-cycle peaks, when contract provisions dilute future revenue, when the operator underperforms, or when acquired portfolios add complexity that is harder to diligence than headline gold-equivalent-ounce growth suggests. That is why the Gideon question is not simply whether Royal Gold is a high-margin gold vehicle. It is whether contract quality, asset duration, and portfolio breadth offset commodity-price-taking, operator dependence, and acquisition discipline risk.

The company has just gone through a meaningful portfolio transition. In 2025, Royal Gold acquired Sandstorm Gold and Horizon Copper, added a Kansanshi stream, and entered 2026 with a larger, more diversified, more debt-using platform. Q1 FY2026 then showed the earnings power of that enlarged base in a strong metals environment: record revenue, operating cash flow, and net income, with gold still the dominant metal. Management also added two capital allocation tools in May 2026: an uncommitted accordion feature that could expand the credit facility up to $2.0 billion, and a $500 million share repurchase authorization. Those tools sharpen both sides of the investment debate. They increase flexibility, but they also make capital allocation judgment more central to the thesis.

Business model

Royal Gold acquires and manages precious metal streams, royalties, and similar production-based interests. It seeks either to buy existing interests or to finance assets in production, development, or exploration in exchange for a future claim on metal or revenue. The company does not conduct mining operations on the properties where it holds interests and is generally not required to contribute to the capital, environmental, or operating costs of those properties. This is the core economic distinction between Royal Gold and a miner: Royal Gold underwrites mines and counterparties, but it usually does not operate mines.

A stream is a purchase agreement. Royal Gold pays an upfront deposit and receives the right to purchase a portion of metal produced from a mine at a contractually set price or formula for the life of the transaction. For many streams, the ongoing cash payment is a fixed percentage of spot metal price near delivery. For Mount Milligan, the company discloses specific terms: gold cash payments are the lesser of $435 per ounce or the prevailing market price when purchased, and copper cash payments are 15% of spot copper near delivery. This creates a wide spread when spot prices are high, but the spread is still contract-specific. Not all streams have the same economics, and some contracts include rate reductions, threshold mechanisms, purchase-price changes, or delivery deferrals.

A royalty is a non-operating interest. It typically gives Royal Gold a right to revenue or metals produced from a project after specified costs, if any. A net smelter return royalty, for example, receives a percentage of proceeds from metal sales after certain allowable deductions. A gross smelter return royalty is less exposed to cost deductions. The royalty business is generally even more capital-light after acquisition than streaming because there is no ongoing metal purchase payment, but royalty economics depend on the precise royalty type, covered land package, reserve conversion, mine plan, and operator reporting.

The company sells the delivered metals or receives royalty cash flows, then uses corporate liquidity for dividends, debt repayment, and additional acquisitions. Royal Gold is therefore part capital provider, part contract owner, part portfolio

manager. It is not selling a product in the consumer sense. It is buying long-dated economic interests in mining assets and monetizing the production that operators deliver over time.

Revenue architecture

Royal Gold reports two segments: Acquisition and Management of Stream Interests, and Acquisition and Management of Royalty Interests. The quant foundation reconciles FY2025 segment/product revenue to total revenue and flags that operating income is disclosed on a consolidated basis rather than as segment operating income. Segment-level profit disclosure in the 2025 10-K includes gross profit by stream and royalty, but downstream modeling should use the reconciled foundation for consolidated profitability.

Period	Stream revenue	Royalty revenue	Total revenue	Stream share	Royalty share
FY2025	$686.5mm	$344.0mm	$1,030.5mm	66.6%	33.4%
FY2024	$483.3mm	$236.1mm	$719.4mm	67.2%	32.8%
FY2023	$418.3mm	$187.4mm	$605.7mm	69.1%	30.9%
Q1 FY2026	$312.8mm	$156.3mm	$469.1mm	66.7%	33.3%
TTM ended Mar. 31, 2026	$876.8mm	$429.4mm	$1,306.2mm	67.1%	32.9%

The stream segment is the larger revenue engine. It includes large cornerstone contracts such as Mount Milligan, Pueblo Viejo, Kansanshi, Rainy River, Andacollo, and other interests inherited or added through acquisitions. The stream line typically carries explicit cost of sales because Royal Gold pays the contractual purchase price for metals delivered under the stream. It can have very high cash margins when the contractual purchase price is far below spot, but those margins are not identical across assets.

The royalty segment is smaller by revenue but strategically important because it adds lower-touch, long-duration option value. Royalty revenue is driven by the production and realized metal prices at covered properties, plus the royalty rate and deductions allowed under the contract. A royalty may cover only certain claims, zones, or minerals, so operator-level production is not always a clean proxy for Royal Gold's revenue. The 10-K specifically warns that some interests do not cover all mineral reserves or resources at a property, which can cause operator performance and Royal Gold's attributable revenue to diverge.

Metal mix remains gold-dominant but not gold-only. In Q1 FY2026, revenue was 71% gold, 16% silver, 10% copper, and the remainder other metals. That commodity mix matters because the market may value Royal Gold as a gold exposure vehicle, yet copper and silver have become more visible after the Sandstorm/Horizon acquisition and additions such as Kansanshi, Antamina-related exposure, Platreef optionality, and the broader acquired portfolio.

Q1 FY2026 revenue by metal	Revenue	Share of total
Gold	$333.9mm	71%
Silver	$73.0mm	16%
Copper	$46.7mm	10%
Other metals	$15.5mm	3%
Total	$469.1mm	100%

Geographically, Q1 FY2026 revenue was more diversified than the prior-year quarter but still weighted to North America. The Q1 release reported North America at $258.0 million, or 55% of total revenue; South and Central America at $110.2 million, or 23%; EMEA at $84.8 million, or 18%; and Australia Pacific at $16.1 million, or 3%. The geographic exposure should be read as mine-asset exposure, not where Royal Gold employees sit. Royal Gold is headquartered in Denver and has a small employee base, but its contracts sit on operating mines and development projects across mining jurisdictions.

Key assets and portfolio shape

As of year-end 2025, management identified five principal properties: Andacollo, Cortez, Kansanshi, Mount Milligan, and Pueblo Viejo. These are not the only important assets, but they are the ones management determined were material based primarily on estimated future revenue, including net asset value, projected attributable gold-equivalent production over the next five years, and resource and reserve expectations across life-of-mine assumptions. The company also disclosed that approximately 53% of FY2025 revenue came from five properties: Mount Milligan at 22%, Pueblo Viejo at 13%, Cortez at 7%, Andacollo at 8%, and Kansanshi at 3%.

Asset	Jurisdiction	Interest type	Metals	Why it matters
Mount Milligan	British Columbia, Canada	Stream	Gold, copper	Largest FY2025 revenue contributor; explicit gold and copper purchase-price terms support high spread economics.
Pueblo Viejo	Dominican Republic	Stream	Gold, silver	Long-running large mine with gold and silver stream exposure; silver deferral terms matter to timing.
Cortez	Nevada, United States	Royalty	Gold	Royalty exposure to a major Nevada complex; includes Legacy Zone and broader CC Zone interests.
Andacollo	Chile	Stream	Gold	Mature stream exposure tied to Teck-operated copper-gold production.
Kansanshi	Zambia	Stream	Gold	2025 addition that increased EMEA exposure and Q1 FY2026 revenue.
Rainy River	Ontario, Canada	Stream	Gold, silver	Larger post-acquisition stream contributor, especially visible in Q1 FY2026.
Penasquito	Mexico	Royalty	Gold, silver, lead, zinc	Diversified by-product royalty exposure with strong Q1 2026 contribution.
Antamina	Peru	Stream/royalty-related exposure	Copper, silver, zinc	Added strategic relevance through the Sandstorm/Horizon transaction and simplification rationale.
Platreef	South Africa	Royalty/stream-related development exposure	PGM, nickel, copper, gold	Development optionality added by acquired portfolio; timing tied to operator execution.
Hod Maden	Turkiye	30% joint venture interest	Gold, copper	Non-standard exposure for Royal Gold; introduces development and joint arrangement risks.

Mount Milligan is the clearest example of Royal Gold's stream economics. It is an operating copper-gold mine where Royal Gold receives gold and copper deliveries at contract-defined purchase prices. Because the stream covers a portion of payable metal, Royal Gold's revenue depends on mine production, delivery timing, and metal prices. The Q1 FY2026 release listed Mount Milligan revenue at $57.3 million versus $42.8 million in Q1 FY2025, even though management also noted lower sales from Mount Milligan offset some broader revenue growth. The asset is important enough that adverse operator, grade, sequencing, or contract changes can affect company-level results.

Pueblo Viejo is a large Dominican Republic gold-silver operation operated by Pueblo Viejo Dominicana, a Barrick/Newmont-linked asset structure. Royal Gold's stream is on a portion of Barrick's payable gold and silver. It is attractive because of scale and mine-life extension potential, but it also has contract details that matter. The 2025 10-K noted deferred silver deliveries and stated that delivery timing for deferred ounces is uncertain. This is a reminder that even a high-quality stream can have timing provisions that turn headline production into uneven cash flow.

Cortez is a different kind of asset. Royal Gold owns multiple royalty interests across a Nevada complex operated by Nevada Gold Mines, the Barrick/Newmont joint venture. Royal Gold simplifies disclosure into a Legacy Zone and a Cortez Complex Zone. The Legacy Zone has the larger royalty exposure, and the broader CC Zone includes other deposits including Cortez Hills, Cortez Pits, Fourmile, Goldrush, Goldrush SE, and Robertson. This asset illustrates royalty quality: there is no stream purchase payment, the jurisdiction is established, and the operator is large, but Royal Gold still depends on operator mine plans and does not control where mining occurs relative to its royalty boundaries.

Kansanshi is one of the 2025 additions that changed the portfolio. Royal Gold made a $1.0 billion advance payment for a gold stream on First Quantum's Kansanshi copper-gold mine in Zambia. In Q1 FY2026, Kansanshi contributed $25.5 million of EMEA revenue and became one of the key reasons revenue grew versus the prior-year quarter. It also adds copper-linked production dynamics, African jurisdiction exposure, and debt-financed acquisition scrutiny to the thesis.

The broader acquired portfolio matters beyond any one asset. Sandstorm and Horizon added producing assets, development assets, and exploration optionality. Management framed the July 2025 transactions as adding 40 producing assets expected to account for 65,000 to 80,000 GEOs in 2025, increasing full-year 2025 GEO production by approximately 26% on a full-year contribution basis. It also described the pro forma portfolio as having 80 cash-flowing assets and 47 development assets, with 2025 pro forma revenue expected to be approximately 87% precious metals and approximately 75% gold. Those metrics explain the strategic appeal, but they are not the same as realized value. The hard work is assessing acquired-contract quality, operator credibility, depletion, tax attributes, and whether the issued shares and assumed complexity generate per-share value.

Unit economics and cash conversion

Royal Gold's unit economics are high-margin because revenue scales with metal price and mine production while corporate headcount and direct operating obligations remain limited. But the economics are not costless. The stream segment has cost of sales tied to contractual metal purchase payments. The royalty segment generally has production taxes and depletion rather than a metal purchase cost. Both segments carry depletion because acquired stream and royalty interests are capitalized and depleted as the underlying assets produce.

For FY2025, the 10-K segment gross profit table showed total revenue of $1,030.5 million, cost of sales of $130.9 million, production taxes of $8.6 million, depletion of $176.6 million, and segment gross profit of $714.3 million. Stream interests contributed $686.5 million of revenue and $442.7 million of segment gross profit. Royalty interests contributed $344.0 million of revenue and $271.6 million of segment gross profit. These numbers are before corporate G&A, interest, tax, realized gains/losses, and other items, and they should be read with the quant foundation's reconciliation caveat that segment operating income is not separately disclosed.

FY2025 segment economics	Revenue	Cost of sales	Production taxes	Depletion	Segment gross profit
Stream interests	$686.5mm	$130.9mm	$0.0mm	$112.9mm	$442.7mm
Royalty interests	$344.0mm	$0.0mm	$8.6mm	$63.8mm	$271.6mm
Total	$1,030.5mm	$130.9mm	$8.6mm	$176.6mm	$714.3mm

The stream margin driver is the spread between spot metal prices and the contract purchase price, multiplied by delivered ounces or pounds. When gold, silver, and copper prices rise, stream revenue rises, but stream cost of sales can also rise when the purchase formula is a percentage of spot. That is why the Q1 FY2026 release notes that cost of sales increased primarily because higher metal prices increased payments for stream deliveries, except for gold at Mount Milligan where the fixed-dollar cap changes the sensitivity. Royalty revenue can be even more directly price-sensitive because there is often no purchase payment, but royalty revenue still depends on operator production, deductions, and the exact contract type.

The capital intensity sits mostly at acquisition. Royal Gold pays upfront for an asset interest, often with cash, debt, shares, or a combination. After that, the company generally avoids mine-level sustaining capex. This is why operating cash flow can be strong relative to accounting earnings in good metals environments. The quant foundation shows FY2025 operating cash flow of $704.8 million and TTM operating cash flow of $862.0 million through March 31, 2026. Q1 FY2026 operating cash flow was $293.6 million. However, free cash flow available to shareholders must be judged after new stream payments, acquisition spending, debt repayment, and conditional funding obligations. Royal Gold can look asset-light in the operating line while still being capital-hungry when management is actively building the portfolio.

Depletion is also central. It is a non-cash expense that recognizes the consumption of acquired mineral interests over time. High depletion after acquisitions does not necessarily mean cash economics deteriorated, but it does reflect capitalized purchase price being expensed as production occurs. Q1 FY2026 DD&A increased to $90.9 million from $33.0 million in the prior-year period, primarily due to newly acquired Kansanshi, Sandstorm, and Horizon assets. This is exactly the sort of accounting bridge the main ER2 model should keep separate from cash conversion.

Capital allocation

Royal Gold's capital allocation framework has four recurring pieces: maintain liquidity, pay a growing dividend, reinvest in accretive streams and royalties, and manage leverage. The dividend is part of the identity. The company increased the calendar 2026 annual dividend to $1.90 per share, a 6% increase over the 2025 dividend, and stated that it has increased the annual dividend for 25 years, since calendar 2001.

The 2025-2026 cycle also shows how acquisition-led growth can temporarily change the balance sheet. In 2025, Royal Gold acquired Sandstorm and Horizon for $4.148 billion, issued 18.6 million shares for Sandstorm, and used the revolving credit facility for growth investments including Kansanshi. At December 31, 2025, it had $900 million outstanding and $500 million available under the $1.4 billion revolver. During Q1 FY2026 it repaid $300 million, leaving $600 million outstanding and $800 million available at March 31, 2026. After quarter-end, it repaid another $75 million, leaving $525 million drawn and $875 million available as of the Q1 release date, excluding the new accordion feature.

Management then added flexibility in May 2026. First, the board authorized a $500 million share repurchase program, intended for situations where management believes market value does not reflect intrinsic value and outlook. Second, the company added a $600 million uncommitted accordion to the $1.4 billion revolver, potentially increasing commitments to $2.0 billion if lenders consent. The buyback authorization is shareholder-friendly if used when shares are materially undervalued; it is irrelevant if never used or misused when acquisitions offer better returns. The accordion is valuable if it lets Royal Gold move quickly on a truly accretive asset; it is risky if it encourages bidding in a "healthy transaction market" where competition drives down future returns.

Capital allocation item	Current evidence	Primer interpretation
Dividend	Calendar 2026 annual dividend of $1.90 per share, up 6%	Signals durability discipline and income-investor positioning.
Debt repayment	$300mm repaid in Q1 FY2026; $75mm repaid after quarter-end	Strong cash flow is being used to de-risk after a heavy acquisition year.
Revolver capacity	$1.4bn facility, with new $600mm uncommitted accordion	Preserves ability to compete for large deals, but raises discipline burden.
Buyback	$500mm authorization approved May 4, 2026	Creates an alternative to acquisition spending when shares are cheap.
Growth spending	Sandstorm/Horizon, Kansanshi, Warintza payments	The model depends on redeploying capital without overpaying for commodity exposure.

The 2025-2026 portfolio shift

The portfolio shift has three layers. The first is scale: Sandstorm and Horizon added many more assets. The second is quality and optionality: the acquired portfolio brought producing assets, development assets such as Platreef, and more exposure to assets like Antamina, Hod Maden, and Oyu Tolgoi-linked optionality through Entree. The third is complexity: Royal Gold inherited equity positions, joint arrangement exposure, tax and fair value work, and assets that may not all fit the classic passive stream/royalty template.

Management is already rationalizing some of that complexity. In Q1 FY2026, Royal Gold completed a restructuring of Bear Creek-related equity and debt interests in exchange for increased royalty exposure, cash, and Highlander shares; it then sold the Highlander shares for a $9.9 million realized gain. The company retained or added royalty exposure to Corani and Mercedes. It also holds 50.3 million Entree shares, representing about 24% of Entree's common shares on an undiluted basis, tied to the Hugo North Extension and Heruga deposits in Mongolia. Those are not ordinary stream checks in the mail; they require active portfolio judgment.

Warintza is another useful example. Royal Gold paid a further $50 million advance payment to Solaris in April 2026 after technical approval of the environmental impact assessment and publication of a pre-feasibility study. A final $50 million was expected to be due on or after May 21, 2026 subject to remaining conditions. This shows that the portfolio includes conditional funding schedules and development milestones, not just producing royalties. It also means liquidity analysis should include committed and contingent payments, not just reported debt.

The Sandstorm/Horizon acquisition should be judged over time on per-share outcomes. The July 2025 transaction materials described immediate scale, diversification, and NAV-per-share accretion. The 2025 10-K confirms the acquisition was completed on October 20, 2025, with total purchase price of $4.148 billion and 18.6 million shares issued for Sandstorm. The strategic claim is plausible: more producing assets, more development optionality, broader jurisdiction exposure, and a stronger platform. The risk is equally clear: Royal Gold paid with stock and debt capacity in a strong metals environment, and acquired assets must produce enough cash flow and duration to offset dilution, integration complexity, and higher interest expense.

Economics, risks, and the Gideon question

Royal Gold's best business attribute is asymmetry relative to mine operators. If a mine performs, Royal Gold gets exposure to volume and price. If a mine needs more sustaining capital, labor, power, diesel, or reagents, Royal Gold is usually not the party funding those costs. That structure can produce high margins and resilient free cash flow. It can also make the business deceptively simple. The company depends on operators for production, reserves, mine plans, permitting, environmental management, and delivery calculations. Royal Gold repeatedly discloses that it relies on operator information and cannot verify all property-level details itself.

Commodity price exposure is direct. Q1 FY2026 results were helped by realized prices of $4,873 per ounce for gold, $84.33 per ounce for silver, and $5.83 per pound for copper. Strong prices made the enlarged portfolio look powerful: record revenue of $469.1 million, record operating cash flow of $293.6 million, and 96,300 GEOs sold. But Royal Gold is still a price taker. If gold, silver, or copper prices fall, the same asset-light model transmits downside into revenue and cash flow. The company's costs may be lower and less inflation-sensitive than miners' costs, but revenue is still commodity-linked.

Contract quality is the central diligence item. A high-quality contract has clear definitions, broad land coverage, strong audit rights, durable counterparties, favorable purchase prices or royalty deductions, and exposure to reserves and resources that operators are likely to convert and mine. A weaker contract may have unfavorable step-downs, narrow coverage, high deductions, delivery deferrals, legal ambiguity, counterparty stress, or exposure to parts of a mine that are not prioritized in the mine plan. The Pueblo Viejo silver deferral mechanism and the disclosure that certain interests do not cover all reserves/resources are reminders that "royalty" and "stream" are not uniform products.

Acquisition discipline is the second diligence item. Royal Gold's competitive advantage is not just access to capital. It is underwriting judgment. The company must estimate mine lives, commodity prices, costs, permitting risk, counterparty incentives, tax leakage, and contract enforceability better than competitors while still paying a price that leaves upside for shareholders. The 2025-2026 expansion increased the importance of this skill. The company now has a larger platform and more liquidity tools, but a larger platform can also make it easier to justify bigger deals at lower prospective returns.

The Gideon question, therefore, is whether Royal Gold's enlarged contract portfolio has enough duration and quality to deserve a premium multiple despite the fact that it does not control the mines and does not control commodity prices. A positive answer would rest on long-lived assets, high cash conversion, disciplined capital allocation, declining leverage after the acquisition wave, and acquired optionality that converts into production without major incremental capital. A negative answer would rest on overpayment, contract leakage, operator underperformance, concentration in a handful of assets, and capital allocation that chases growth rather than per-share value.

Source notes

The numerical spine for this appendix is `quant_foundation.md`, which reconciles FY2025, Q1 FY2026, and TTM values and identifies official SEC/IR control sources. Live primer pulls were saved under `primer_raw`; newly pulled FMP datasets were also copied to `C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\fmp\RGLD\2026-06-09_primer\` without overwriting existing files. Primary sources used include the FY2025 10-K filed February 19, 2026, the Q1 FY2026 10-Q filed May 7, 2026, the May 6, 2026 earnings release furnished as Exhibit 99.1, and Royal Gold's July 7, 2025 Sandstorm/Horizon acquisition presentation. Direct PowerShell pulls from BusinessWire for the acquisition release and Q1 2026 release failed after one identical retry with `(403) Forbidden`; the same official content was available through SEC/IR pulls and browser-accessible official pages, so the primer did not rely on cached BusinessWire files.

Appendix M - Management Assessment

Royal Gold, Inc. - Management Assessment

Today: 2026-06-09. Fiscal year end: December 31. TTM anchor: Q2 FY2025 + Q3 FY2025 + Q4 FY2025 + Q1 FY2026, ending March 31, 2026. Forward horizon: March 31, 2031.

Management gate verdict: YELLOW.

Royal Gold is not being run by promotional newcomers. The senior team is deeply experienced in mine finance, corporate development, accounting, and technical due diligence, and the board structure is conventional, independent, and not obviously captured. The company has compounded through a capital-light royalty and streaming model, maintained a growing dividend, kept G&A low relative to revenue, and in 2026 moved quickly to repay acquisition debt. The reason this is not a clean PASS is that 2025 was a genuine regime change: Sandstorm/Horizon, Kansanshi, Warintza, inherited equity positions, Hod Maden, and a newly enlarged credit toolkit all put much more weight on management's next several capital allocation decisions. The team has earned the benefit of the doubt, but Gideon's 20-year compounder bar requires proof that the enlarged platform creates per-share value after dilution, transaction costs, depletion, integration complexity, and commodity-cycle help are stripped out.

1. Who is running the company

William Heissenbuttel is President and CEO and has served in that role, and as a director, since January 2020. The 2025 10-K says he has more than 37 years of corporate finance experience, including more than 30 years in metals and mining project and corporate finance. His Royal Gold path is unusually relevant to the current job: before CEO, he served as CFO and Vice President Strategy from 2018 to January 2020, Vice President Corporate Development from 2007 to 2018, Vice President Operations in 2015 and 2016, and Manager Corporate Development in 2006 and 2007. Before Royal Gold he worked at N M Rothschild and ABN AMRO in mining finance roles. This matters because the 2025 strategy is not a pivot imported by an outsider. Heissenbuttel owns the underwriting culture, the Kansanshi stream, the Sandstorm/Horizon acquisition decision, the Warintza commitment, the Mount Milligan support agreement, the dividend-plus-deleveraging framework, and the new buyback/revolver toolkit.

Paul Libner is Senior Vice President and CFO. He became SVP and CFO in March 2024, but he is not new to the finance function. The 10-K says he served as CFO and Treasurer from January 2020 to February 2024, Controller and Treasurer from June 2018 to January 2020, and Controller from 2004 to May 2018. His background is accounting-heavy: nearly 30 years of finance and accounting experience, including an Ernst & Young start. For this company, that is not a minor credential. Royal Gold's financial risk is not classic factory working capital; it is purchase-price allocation, stream depletion, tax, acquired asset accounting, equity method investments, revolver capacity, and disclosure timing around operator-supplied production data. Libner appears suited to that job.

The material operating and development roles are Daniel Breeze and Martin Raffield. Breeze is SVP, Corporate Development of RGLD Gold AG and has served in that senior role since March 2024 after joining Royal Gold's corporate development function in 2019. His prior mining investment-banking and engineering background is directly relevant to royalty/stream underwriting. Raffield is SVP, Operations since March 2024 after serving as VP Operations from January 2022, with more than 32 years of mining technical and operating experience. In recent calls, management repeatedly used Raffield and Breeze to answer asset-specific and pipeline questions rather than forcing all answers through the CEO. That is a positive signal: Royal Gold's value depends on property-level diligence and deal selection, not only capital-market messaging.

The board accountability structure is clean enough for a Gideon review. William Hayes has served as independent Chair since May 2014. The proxy says the Chair presides at board meetings and independent-director executive sessions, approves agendas, ensures timely information, and facilitates information flow between the board and senior management. Audit Committee members named in the 2026 proxy are independent directors Jamie Sokalsky, Fabiana Chubbs, and Ronald Vance. The Compensation, Nominating, and Governance Committee is also composed of independent directors and uses an independent compensation consultant. I did not find a dual-class share structure, a controlling shareholder, or a founder-control issue. Directors and officers as a group owned less than 1% of outstanding common stock as of March 26, 2026, which is not owner-operator alignment, but Heissenbuttel's personal beneficial ownership was meaningful in dollar terms.

2. Tenure and track record

Heissenbuttel has been CEO for more than six years as of June 2026. That is long enough to own Royal Gold's current culture and strategy. His biggest decisions are: maintaining a conservative royalty/stream model after becoming CEO, supporting and extending long-lived core assets such as Mount Milligan, and executing the 2025 expansion through Sandstorm/Horizon, Kansanshi, Warintza, and related portfolio cleanup.

The first decision has worked. Royal Gold's TTM ending March 31, 2026 revenue was $1.306 billion, operating income was $812 million, and operating cash flow was $862 million per the cleared quant foundation. The business still has the economics of a royalty/streaming platform rather than a miner: low operating cost exposure, high EBITDA margins, and no routine obligation to fund mine operating capex. That is management discipline, not just asset happenstance. They did not try to become a mine operator. The one exception is inherited/development-linked exposure such as Hod Maden, and the team has been candid that it wants to rationalize or convert non-core exposures where possible.

The second decision, Mount Milligan and broader core-asset stewardship, also looks constructive. The 2024 support agreement with Centerra was meant to encourage a mine-life extension. By the 2025 Q3 and Q4 calls, management was pointing to the life-of-mine extension as a positive development. This is the kind of royalty-company capital allocation that can be high-return if it protects a long-lived cornerstone stream. It is not riskless, but it is consistent with the model: spend or amend contract economics when doing so can preserve or extend a material existing interest.

The third decision is the hard one. Sandstorm/Horizon closed on October 20, 2025 with a purchase price allocated at $4.148 billion in the 10-K. Royal Gold issued 18.6 million shares to Sandstorm holders, assumed options exercisable for 0.7 million shares, paid cash to Horizon holders, funded Horizon warrant purchases, and paid $380.9 million to repay Sandstorm credit-facility debt. The transaction added $49.2 million of revenue after October 20, 2025 and brought a much larger book of stream and royalty interests, equity method investments, marketable securities, tax liabilities, and non-core assets. Management's strategic logic is plausible: more producing assets, more development optionality, better diversification, and elimination of a complex Sandstorm/Horizon relationship. The open question is per-share value. A larger portfolio in a strong metals market is not automatically a better portfolio per share.

Libner's capital-allocation track record is mixed but improving. Royal Gold was debt-free at several points before the 2025 deal wave, drew heavily for acquisitions, and then quickly started paydown. The Q1 2026 release says the company repaid $300 million during Q1, repaid another $75 million after quarter-end, and had $525 million drawn as of the release date. On the Q1 call, Libner said another $100 million repayment was expected shortly and that the balance could be fully repaid by Q4 2026 at then-current metal prices, absent further significant acquisitions. That is exactly the right posture after a large deal year. The concern is that the May 2026 $600 million accordion and $500 million buyback authorization increase management discretion while the 2025 acquisitions are still too fresh to judge.

3. Capital allocation behavior

The cleared data package Section 7 shows the five-year pattern. Reported capex was $0.168 billion in 2021, $0.922 billion in 2022, $0.003 billion in 2023, $0.103 billion in 2024, and $0.000 billion in 2025. That line is not classic sustaining capex; for Royal Gold it often captures stream and royalty acquisition activity. R&D is zero, which is normal for the model. Buybacks were not material in the FMP annual cash-flow rows. Dividends rose from $0.079 billion in 2021 to $0.119 billion in 2025, and the calendar 2026 annual dividend was raised to $1.90 per share.

Section 9 of the data package captures the recent action sequence. Royal Gold announced Sandstorm/Horizon in July 2025, acquired the Kansanshi stream in August 2025, closed Sandstorm/Horizon in October 2025, drew on the revolver for acquisitions, began repayments, issued 2026 sales guidance and a five-year GEO outlook on March 31, 2026, and reported Q1 2026 record revenue and cash flow on May 6, 2026. This is coherent: acquire long-lived interests, fund temporarily with liquidity and shares, then use cash flow to reduce leverage. It is also exactly the moment when a management gate should become stricter. A team can look disciplined while the acquisition is still fresh, prices are high, and depreciation/depletion is only beginning to reveal the purchased economics.

Kansanshi is the most important 2025 underwriting test because it was a large single-asset stream rather than a portfolio acquisition. Royal Gold paid a $1.0 billion advance for gold deliveries referenced to recovered copper from First Quantum's Kansanshi mine, with changing stream rates after delivery thresholds and acceleration options tied to First Quantum credit metrics. The stream contributed $32.3 million in FY2025 and $25.5 million of EMEA revenue in Q1 2026. Management's Q1 2026 disclosure gave operational context from First Quantum, including S3 circuit throughput. That is a good start, but the return depends on long-term copper throughput, First Quantum execution, Zambia jurisdiction risk, stream acceleration mechanics, gold price, and the 20% spot purchase price. The deal could be excellent. It is not yet proven.

The new buyback authorization is well framed. On the Q1 2026 call, Heissenbuttel said the analysis starts with price/NAV and price/cash flow versus sector alternatives, that buybacks must be weighed against debt paydown and new investments, and that the company does not plan to use expanded revolver capacity to repurchase shares. That answer was unusually direct. It turns the buyback from a mechanical EPS tool into a capital allocation option. It also creates a future test: if Royal Gold buys stock materially above intrinsic value while leverage or better streams are available, the management grade should fall.

4. Compensation alignment

Compensation is mostly acceptable but not perfect for a 20-year compounder. The 2026 proxy shows a conventional package: base salary, annual cash incentives, long-term equity, and benefits. Heissenbuttel's 2025 total compensation was $5.23 million, including $918,000 salary, $1.4 million non-equity incentive compensation, and $2.76 million stock awards. Libner's 2025 total was $2.26 million, including $492,000 salary, $615,000 non-equity incentive compensation, and $1.06 million stock awards.

The short-term scorecard is relevant but leans toward scale and resource growth. The 2025 short-term incentive categories included gross GEO production versus budget, net GEOs in reserves and measured and indicated resources, expense control, stewardship/risk management, and individual performance. Net GEOs in reserves and M&I resources scored at 200% of target, expense control at 40%, and stewardship/risk management at 150%. Overall NEO score results were about 138%. The board also granted special bonuses because of Net GEO outperformance and the work required to complete Sandstorm/Horizon: $100,000 cash and $200,000 restricted shares for Heissenbuttel, and $50,000 cash plus $100,000 restricted shares for other NEOs. Two-thirds of the special bonus was in restricted shares.

The concern is not that management was overpaid in an absolute sense. The concern is that Net GEO and resource growth can reward scale before per-share return is proven. A large acquisition can raise reserves/resources and produce a bonus even if the final IRR proves merely adequate. The long-term plan is better because it uses performance shares tied to GEO growth and relative TSR. But relative TSR also has limits in commodity-linked royalty companies: everyone in the peer group can rise on gold prices, and outperforming a gold royalty peer set is not the same as proving that 2025 capital earned a high return on incremental invested capital. The compensation system would be stronger if it gave more explicit weight to ROIC, cash return on invested capital, per-share NAV accretion after dilution, leverage discipline, and post-acquisition integration milestones.

Ownership alignment is adequate but not owner-operator level. The proxy says Heissenbuttel beneficially owned 138,982 shares including exercisable options; Libner owned 15,967 shares. It also discloses CEO ownership guidelines of 4x salary and other executive officer guidelines of 2x salary, with 50% post-tax holding requirements until targets are met. Heissenbuttel's ownership is economically meaningful, but directors and officers as a group own less than 1% of the company. This is a professional-management alignment model, not a founder-capital model.

Governance policies are sound: stock ownership guidelines, anti-hedging/insider-trading oversight, and a clawback policy covering restatements and improper conduct. No compensation practice found in the proxy is a management FAIL by itself. The yellow flag is incentive emphasis after a large acquisition year.

5. Disclosure quality and candor

Disclosure quality is one of the better parts of the management case. Across the live eight-quarter FMP transcript set from Q2 FY2024 through Q1 FY2026, management usually answered hard questions with numbers, boundaries, or an explicit "we do not know" rather than a generic narrative.

The strongest candor example came before the 2025 expansion. On the Q3 2024 call, Heissenbuttel explained that Royal Gold expected to reduce some 10-K mineral disclosure because the SEC's S-K 1300 interpretation required operator information the company did not have in the required form. He explicitly said the reduction did not imply a change in business risk or asset status and that the company would continue to provide more fulsome reserve/resource disclosure through 8-Ks, the website, and the asset handbook. That is not a flattering topic, and the company addressed it plainly.

The 2025 and 2026 calls also handled acquisition and integration issues with useful granularity. In Q4 2025, management said Sandstorm/Horizon integration was largely complete but also pointed to rationalizing and simplifying the acquired portfolios. In Q1 2026, Heissenbuttel discussed converting non-core Bear Creek debt/equity interests into royalty exposure and cash, while Libner quantified the remaining Entree position and said it was non-core but strategically worth holding until more clarity emerges around Oyu Tolgoi. That is candid about the fact that Sandstorm/Horizon brought non-standard holdings, not just clean streams.

On leverage, Libner gave a specific paydown path instead of broad comfort language. On Q1 2026 he gave available liquidity, outstanding facility amounts after repayment, the expected next repayment, and an estimated full-paydown timing. On the buyback, Heissenbuttel described the valuation framework and stated that debt paydown and new investments remain competing priorities. On the new preliminary disclosure process, Libner said the company would issue a release in the third full week after quarter-end with stream sales and a royalty dollar range because the larger portfolio made quarterly performance harder to estimate. That is an investor-friendly response to complexity.

There are still limits. On Cortez Q1 2026, management declined to front-run Barrick's upcoming disclosure. On Antamina, management said NPI royalties are difficult to forecast and that low deductions and high prices made the quarter hard to extrapolate. On Hod Maden, Heissenbuttel acknowledged SSR's strategic review complicated Royal Gold's rationalization goal and said he did not know whether the outcome would be full disposal or partial conversion. These are not evasive answers; they are useful admissions of visibility limits. For a royalty company dependent on operator data, that kind of answer is better than false precision.

Guidance discipline appears reasonable. The company prefers metal-sales guidance rather than a single GEO number to reduce distortion from volatile commodity prices. Q1 2026 actual performance was reported against guidance, and management reiterated that 2026 performance was expected within provided ranges while clearly saying the five-year GEO outlook would not be updated throughout the year. That is conservative enough, though the five-year outlook itself remains a management anchor rather than a risk-adjusted forecast.

6. Strategic coherence

Royal Gold says it acquires and manages precious-metal streams, royalties, and similar interests, and that it generally does not conduct mining operations or fund mine operating, environmental, or capital costs on the properties. That strategy is coherent with the investment pattern. Sandstorm/Horizon, Kansanshi, Warintza, Xavantina additions, Back River royalties, and Bear Creek restructuring are all attempts to add or refine stream/royalty exposure. The dividend and balance-sheet messaging are also consistent: the model should throw off high-margin cash flow and periodically redeploy it into long-duration assets while keeping leverage tolerable.

The main coherence risk is complexity creep. Sandstorm/Horizon brought equity method investments, marketable securities, Hod Maden exposure, Entree shares, tax liabilities, and development optionality. These can be valuable, but they are not all simple passive royalties. The Q1 call suggests management understands this and is trying to rationalize non-core pieces. That is why the grade is not FAIL. But the enlarged platform now creates temptation: more liquidity, a larger public currency, and a healthy transaction market can make it easier to justify deals at lower prospective returns. The company says the focus is per-share value. The next five years must prove it.

Commodity sensitivity is disclosed candidly enough. The 10-K states that financial results are primarily tied to gold, silver, copper, and other metal prices, and that significant price changes can materially affect revenue. The Q1 2026 release showed the sensitivity plainly: gold realized price up 70% year over year, silver up 164%, copper up 38%, and revenue up 142.5%. Management appropriately points out that Royal Gold has less exposure to diesel, labor, energy, and operating-cost inflation than miners, but it does not hide that revenue is price-linked.

7. Governance flags

No fatal governance flag was found. There is one ordinary-course related-party wrinkle: the 2026 proxy says there were no related-person transactions required to be reported for 2025 and none proposed, except termination of a consulting arrangement with Mark Isto when he joined the board in May 2025, including accelerated vesting of 2,410 RSUs with a fair value of $412,447. This is not a large enough issue to fail the gate, but it should be named because it is a board-adjacent benefit.

The 2025 10-K reports no legal proceedings and no disagreements with accountants. Disclosure controls and procedures were effective as of December 31, 2025. Management's internal-control assessment and EY's attestation excluded Sandstorm and Horizon internal controls because the acquisitions closed on October 20, 2025; those acquired businesses represented 53.4% of total assets and 4.8% of 2025 revenue. This exclusion is permitted acquisition-period accounting rather than a material weakness, but it is a live integration monitor. A clean 2026 control assessment including the acquired businesses would help upgrade the management gate.

Insider trading disclosure is not alarming. The 10-K says no director or officer adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement during Q4 2025 except Libner, who adopted a plan for potential sale of up to 3,200

shares through April 1, 2027. Against his disclosed ownership and role, that is not a clustered insider-selling red flag.

8. Peer comparison

Against Franco-Nevada's Paul Brink, Royal Gold looks more aggressive in recent capital deployment. Franco-Nevada remains the largest and most diversified royalty/streaming platform, and Brink's management case benefits from scale, conservative balance-sheet reputation, and a long institutional track record. Royal Gold's 2025 actions may close some scale and diversification gap, but they also introduce more integration and per-share-proof risk. On a per-dollar basis today, Brink still gets the cleaner stewardship score.

Against Wheaton Precious Metals, the comparison is changing because Wheaton transitioned from long-time CEO Randy Smallwood to Haytham Hodaly as President and CEO effective March 31, 2026, with Smallwood becoming non-executive Chair. Wheaton has the deeper streaming brand and a long successful capital allocation history under Smallwood. Royal Gold has more continuity in the CEO seat, while Wheaton has succession transition risk. On communication, both are generally transparent, but Royal Gold's Q1 2026 discussion of buyback thresholds, preliminary disclosure, and Hod Maden uncertainty was stronger than average.

Against OR Royalties' Jason Attew, Royal Gold has more seasoned in-seat leadership and a larger, more established asset base. OR is smaller and more explicitly growth-oriented from a newer CEO base. Royal Gold ranks ahead on demonstrated balance-sheet discipline and operating leverage, but OR may have cleaner bought-and-paid-for growth messaging depending on asset execution. Royal Gold's main disadvantage is that its 2025 acquisition wave has made it harder to isolate organic per-share value creation.

Overall, Heissenbuttel is above-average among realistic alternatives, but not yet in the highest-confidence allocator tier occupied by the best long-duration royalty executives. The evidence supports respect, not blind followership.

9. Verdict on the management gate

Management gate: YELLOW.

This is investable but unresolved. Heissenbuttel and Libner clear the basic trust, competence, and candor tests. The team has relevant tenure, strong industry fit, a clean board structure, a disciplined dividend and deleveraging posture, and unusually direct disclosure around complexity, operator-data limits, and capital allocation trade-offs. The gating issue is that the company just completed a transformative acquisition and financing cycle that has not yet produced enough post-close per-share evidence to meet Gideon's 20-year compounder standard.

Upgrade to PASS if three conditions are met: 2026-2027 results show Sandstorm/Horizon and Kansanshi growing per-share cash flow and NAV after dilution; revolver debt is repaid on or ahead of the stated path without immediately re-levering for mediocre assets; and the first full internal-control cycle including Sandstorm/Horizon clears without material weakness or surprise purchase-accounting problems. Downgrade to FAIL if management chases scale with the $2.0 billion potential revolver capacity while 2025 returns remain unproven, uses buybacks mechanically above intrinsic value, or stops giving direct answers on Hod Maden, operator visibility, acquisition accounting, and commodity sensitivity.

Sources used: Royal Gold 2026 DEF14A filed April 3, 2026 (https://www.sec.gov/Archives/edgar/data/85535/000008553526000018/rgld-20260403.htm); Royal Gold FY2025 10-K filed February 19, 2026 (https://www.sec.gov/Archives/edgar/data/85535/000008553526000008/rgld-20251231.htm); Royal Gold Q1 FY2026 earnings release furnished May 6, 2026 (https://www.sec.gov/Archives/edgar/data/85535/000008553526000026/rgld-20260506xexx991.htm); live FMP earnings-call transcript endpoint for RGLD Q2 FY2024 through Q1 FY2026; cleared local `data_package.md`, `quant_foundation.md`, and `appendix_A_primer.md`.

Appendix W - Moat and 2046 Durability

Royal Gold, Inc. - Moat and 2046 Durability

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Date: 2026-06-09. Ticker: RGLD. Fiscal year ends December 31. TTM anchor: Q2 FY2025 + Q3 FY2025 + Q4 FY2025 + Q1 FY2026, ending March 31, 2026. Forward horizon: March 31, 2031. 2046 test date: 2046.

Source discipline: this appendix uses the DR-cleared Royal Gold data package, the R-cleared Stream Interests and Royalty Interests appendices, the management appendix, and the primer as local ER2 sources. It also checks the live SEC 2025 Form 10-K and Q1 FY2026 10-Q for risk-factor and business-model control points, plus the official Asset Handbook / guidance source as summarized in the cleared data package. Primary web sources consulted include Royal Gold's 2025 Form 10-K, Q1 FY2026 10-Q, and official 2025/2026 Asset Handbook.

1. Moat Taxonomy Applied

Network effects: absent. Royal Gold does not operate a marketplace whose value increases because more miners, investors, or metal buyers join it. A larger royalty and stream portfolio improves diversification and underwriting knowledge, but that is scale and experience, not a network effect. A miner choosing financing does not have to use Royal Gold because other miners used Royal Gold. The competitive bidding set includes Franco-Nevada, Wheaton Precious Metals, Triple Flag, OR Royalties, private capital, lenders, strategic offtakers, equity investors, and mine operators themselves. Royal Gold's 2025 10-K says the stream and royalty sectors are very competitive and names access to capital, opportunity identification, evaluation, and transaction structure as key competitive factors. That is not a winner-take-most network market.

Switching costs: strong after contract signing, weak before signing. Once Royal Gold owns a royalty or stream, especially a life-of-mine royalty or a long-duration stream, a competitor cannot simply take that exact economic interest unless Royal Gold sells it or the contract fails. This creates contract lock-in at the asset level. The pre-deal market is different: a miner that needs capital can compare competing streamers, royalty buyers, bank debt, equity, private credit, and asset sales. The moat therefore does not protect Royal Gold's future deal flow automatically. It protects the economics of contracts already acquired, subject to enforceability, coverage, delivery mechanics, and operator solvency.

Scale economies: moderate and real. Royal Gold has a small corporate platform relative to revenue, and adding another royalty or stream does not require adding mine crews, processing plants, or sustaining-capex teams. The data package shows consolidated operating margins of 50.2%, 47.0%, 50.1%, 59.8%, and 61.9% from FY2021 through FY2025, and Q1 FY2026 consolidated operating margin of 63.3%. That margin profile is consistent with an asset-light platform. Scale also matters in deal sourcing: a miner or seller can trust Royal Gold to close larger transactions, absorb diligence cost, and fund without becoming an operator. But scale can cut both ways. If management uses a larger balance sheet to overpay, scale becomes a return drag rather than a moat.

Brand and reputation: meaningful in a narrow institutional sense, not consumer brand. Royal Gold's reputation with mine operators and advisers matters because royalty and stream contracts are negotiated, idiosyncratic, and long-lived. Operators need capital providers that can diligence assets, respect confidentiality, close deals, and remain solvent for decades. This reputation is credible but not unassailable. The strongest peers also have reputations, larger portfolios, or lower capital costs. Reputation helps Royal Gold get invited into processes and may help structure complex amendments like Mount Milligan support, but it does not give unilateral pricing power.

Regulatory and legal position: strong at the contract level, mixed at the system level. Royalties can run with the land in some jurisdictions and streams can create durable contractual purchase rights. That is the center of the moat. But the 10-K also warns that some stream and royalty interests are contractual rather than land interests and may not survive operator bankruptcy or insolvency with full value. It also warns that contracts can include rate reductions, cash price increases, delivery deferrals, or threshold provisions. Legal durability is therefore a source of moat only when the contract, jurisdiction, operator, and covered-area language are strong.

IP / patents: absent. Royal Gold does not own technology IP that prevents competitors from copying its model. The relevant knowledge asset is underwriting skill: geology, metallurgy, mine planning, jurisdiction, contract drafting, commodity sensitivity, tax, and counterparty assessment. That knowledge can be valuable, but it is embedded in people, process, and deal history rather than patents.

High-trust procurement: present. A stream or royalty is often a once-per-asset financing decision that can shape a mine's economics for decades. Operators will not choose purely on price if counterparty certainty, flexibility, confidentiality, and contract execution matter. Royal Gold benefits from being a known, specialized capital provider with enough balance-sheet depth to close large deals. Still, this is not procurement lock-in. It is a seat at the table.

2. Per-Segment Moat

Stream Interests: the stream moat is contractual spread plus long asset duration, not control. The segment generated FY2025 revenue of $686.5 million and TTM revenue of $876.8 million, making it about two-thirds of company revenue. Major assets include Mount Milligan, Pueblo Viejo, Andacollo, Kansanshi, Rainy River, Khoemacau, Wassa, Xavantina, and other acquired portfolio interests. The stream contract can be very attractive when Royal Gold pays a fixed amount or a low percentage of spot metal price and sells the metal into the market. Mount Milligan is the clearest example: 35% of payable gold and 18.75% of payable copper, with a mine-life marker to 2045 and potential throughput upside. Pueblo Viejo has scale and an expansion project expected to extend mine life by more than 20 years. Kansanshi has a long-term marker around 2050 and S3-backed ramp potential. The break points are operator underperformance, delivery deferrals, contract step-downs, acquisition overpayment, commodity price decline, and mine-plan changes outside Royal Gold's control. Earliest signals: lower asset-level stream deliveries versus operator guidance, rising deferred ounces, Mount Milligan throughput slippage, Kansanshi S3 delays, and deal economics that require high spot prices to clear underwriting returns.

Royalty Interests: the royalty moat is cleaner and more durable than the stream moat. Royalty revenue was $344.0 million in FY2025 and $429.4 million TTM. Royalties usually have no ongoing metal purchase payment, and the Asset Handbook as cited in the reviewed royalty appendix says the royalty segment gross margin was 100% in 2025 under the company's revenue less cost of sales definition. The flagship moat asset is Cortez, where Royal Gold owns multiple overlapping royalty interests across a major Nevada complex with Goldrush, Robertson, Fourmile, and broader exploration optionality. Once a good royalty is owned, competitors cannot bid away the same claim. The weakest point is that royalty economics depend on covered ground, deductions, operator mine sequencing, and legal enforceability. A great mine plan outside covered areas is not Royal Gold revenue. Earliest signals: Cortez Legacy Zone decline not offset by CC Zone, Goldrush, Robertson, or Fourmile; Penasquito grade/stockpile disappointment; Antamina NPI volatility; and acquired royalty tail assets failing to convert development optionality into cash.

Blended company moat: weaker than the strongest assets but still real. Royalty interests are structurally more moated than streams because they usually do not have an ongoing purchase-cost leg. Streams are still attractive but more exposed to contract-specific purchase terms, depletion, step-downs, and delivery timing. The equity is not priced off a single perfect Cortez royalty. It is priced off a portfolio that includes long-life contracts, mature assets, acquired complexity, and future capital allocation. The blended moat is therefore contract-duration and underwriting moat, not pricing-power moat.

3. Margin Persistence Evidence

The best quantitative evidence is consolidated margin stability. The cleared data package shows operating income of $328 million, $284 million, $303 million, $430 million, and $638 million from FY2021 through FY2025. Operating margin was 50.2%, 47.0%, 50.1%, 59.8%, and 61.9%. Q1 FY2026 was even stronger at 63.3%. This is not a one-year margin accident. Royal Gold has shown high margins through multiple years, and the latest margin step-up came from higher prices, added assets, and platform leverage.

Segment operating income is not disclosed, which limits precision. The reviewed stream appendix allocates TTM stream operating margin at 60.5% and models a March 31, 2031 base margin of roughly 60.7%, generating base segment operating income of $763.8 million on $1,258.7 million of revenue. The reviewed royalty appendix allocates a higher base margin of 72.0% in 2031, generating $428.2 million of operating income on $594.7 million of revenue. Those are model allocations, not reported segment OI, but they are directionally consistent with the 10-K segment gross profit data. In FY2025, stream segment gross profit was $442.7 million on $686.5 million of revenue, while royalty gross profit was $271.6 million on $344.0 million of revenue, before corporate G&A, interest, taxes, and other items.

The margin evidence supports a moat but not a clean pricing-power thesis. Margins are high because Royal Gold avoids mine-level operating and sustaining capital costs and owns contractual claims on metal or revenue. They are not high because Royal Gold raises prices to customers each year. The 10-K's market-risk table makes the commodity sensitivity explicit: in FY2025, a 10% move in gold would have changed reported revenue by $79.5 million, silver by $11.6 million, and copper by $9.5 million. That is good leverage in a bull market and a real risk in a downturn.

4. AI Disruption Stress Test

Royal Gold's core value is not a workflow that a foundation model can replicate. The company owns legal claims on mine production and revenue. AI can improve competitor diligence, speed up document review, build better reserve-risk models, and make underwriting more data-rich. It cannot copy a signed Mount Milligan stream, Cortez royalty, Pueblo Viejo stream, or Kansanshi stream. The most protected segment is royalty interests because the asset is a legal/economic claim with no ongoing metal purchase payment and limited workflow content.

The more exposed part of the business is future underwriting. If AI tools make mine-plan analysis, contract comparison, commodity sensitivity, and jurisdiction risk assessment cheaper, smaller or newer capital providers may become better bidders. That could reduce Royal Gold's edge from experience and technical diligence. AI could also help operators compare financing alternatives and extract more value from royalty/stream bidders. However, high-trust capital provision remains more than a prompt-to-output task. Counterparty credibility, balance sheet, legal enforceability, tax structuring, and willingness to live with a mine for decades still matter.

AI is therefore a moat modifier, not a moat destroyer. It may compress underwriting information advantages, but it does not disintermediate existing contracts. The AI downgrade risk is that Royal Gold's future deal underwriting advantage becomes less scarce while competition for long-life assets stays intense.

5. The 2046 Test

Today is 2026-06-09. The 20-year test date is 2046. In a credible 2046 description, Royal Gold is still a precious-metals royalty and streaming company headquartered around the same model: it owns contractual metal purchase rights and royalty interests on mines operated by third parties, sells delivered metals, receives royalty cash flows, pays a dividend, and redeploys capital into new long-duration interests. The buyer of Royal Gold's capital remains the same broad customer: mine owners and project developers that want non-debt or less-dilutive capital. The end economic buyer remains the metals market.

Which current segments still exist? Both should exist. The royalty segment should be the cleaner 2046 profit pool because royalties can be long-lived, cost-light, and linked to exploration upside. Cortez is the best 2046 anchor: Goldrush, Robertson, Fourmile, and broader Nevada complex exposure create a plausible royalty stream beyond the 2031 horizon. Kansanshi also has a long-term marker around 2050, and Pueblo Viejo's expansion is expected to extend mine life by more than 20 years. Mount Milligan reaches the edge of the 2046 test with a 2045 marker; it supports the bridge but is not a forever answer by itself. Andacollo is weaker for 2046 because the data package flags expected mine life to 2038 and additional environmental permits required beyond 2031.

The 2046 margin should be directionally lower than the Q1 FY2026 peak but still high if the company remains disciplined. Today's TTM and FY2025 margins benefited from very strong metals prices and acquisition timing. A reasonable 2046 business would not underwrite a permanent 63% consolidated operating margin simply because Q1 FY2026 had that margin. But if Royal Gold maintains a broad royalty/stream portfolio, avoids low-return acquisitions, and lets royalties become a larger mix of profit, consolidated operating margins in the 50%-60% range are plausible through the cycle.

Why does it still make money in 2046? Because signed legal interests on producing and development mines are hard to replicate, because the company avoids most mine operating capex, and because a diversified portfolio can absorb individual asset depletion while new assets mature. That is specific enough to pass the description test at the business-model level. But it is not enough for a clean PASS under Gideon's 20-year compounder bar. The 2046 version requires repeated capital allocation and reserve replacement. Current assets alone do not remove the need for future underwriting.

Bear-case 2046: Royal Gold becomes a larger but lower-return commodity-finance vehicle. The 2025 acquired portfolio proves complex, non-core assets consume attention, Hod Maden and development exposures require more capital than expected, operators prioritize production outside covered areas, and new deals are priced aggressively by peers and private capital. Metal prices normalize, depletion rises, and the company issues shares or uses leverage to buy assets whose NAV only works at elevated gold/copper prices. In that world, the contracts remain real, but the incremental return engine erodes. This bear case is plausible enough to keep the 2046 test YELLOW rather than PASS.

6. Competitive Threat Inventory

Threat	Mechanism	Segment(s) affected	Earliest observable signal	Plausibility
Competition for new high-quality royalties and streams	Large streamers, private capital, lenders, equity markets, and operators compete away future deal returns	Both, especially future growth	Deals announced at high prices with weak per-share NAV/cash-flow accretion or reliance on high spot metals	High
Operator and covered-area underperformance	Operators control mine plans, sequencing, permits, reserves, and capital budgets; Royal Gold has limited control	Both, more visible at Cortez, Mount Milligan, Pueblo Viejo, Kansanshi, Andacollo	Asset-level deliveries miss guidance, royalty revenue diverges from operator production, reserve replacement weakens	High
Contract leakage and legal/enforcement risk	Step-downs, deferred deliveries, deductions, bankruptcy risk, or narrow covered areas reduce realized economics	Both, with streams exposed to purchase terms and royalties to deductions/coverage	Rising deferred ounces, lower effective royalty rates, contract disputes, impairments, or disclosure of adverse operator decisions	Medium
Commodity price normalization	Revenue is price-taking while depletion and overhead do not disappear one-for-one	Both	Gold/silver/copper sensitivity turns negative, revenue falls despite stable production, operating margin compresses	High

7. Pricing Power Verification

Royal Gold does not have classic pricing power. It cannot raise the price of an existing royalty contract after signing because gold inflation rose. It cannot tell metal buyers to pay a Royal Gold premium. Its revenue is tied to spot or contract-defined metal prices and operator production.

The closest substitutes for pricing power are favorable legacy contract economics and embedded commodity leverage. Streams with fixed or low purchase prices become more valuable when metal prices rise. Royalties with no ongoing cost of sales convert higher metal prices into high incremental gross profit. The 2025 10-K segment data show zero cost of sales for royalty interests and $130.9 million of stream cost of sales on $686.5 million of stream revenue. The royalty appendix's 100% gross-margin note is therefore directionally right: royalty contracts can have excellent price leverage. But that is not customer pricing power. It is contractual participation in commodity prices.

Contract structure is the real verification point. Mount Milligan's fixed/capped purchase economics, Pueblo Viejo's long-life stream with step-down and silver-recovery mechanics, Kansanshi's tiered gold stream tied to copper recovery with a 20% spot payment, and Cortez's overlapping royalty interests all demonstrate that Royal Gold can own attractive claims. The weak evidence is equally important: some agreements include rate reductions, cash price increases, deferred deliveries, and coverage limits. The moat is strongest where contract economics are broad, long-lived, enforceable, and tied to operators with clear incentive to keep investing.

8. Moat Verdict

Moat gate: YELLOW.

2046 test: YELLOW.

Royal Gold has a real moat today, but it is not the kind of clean pricing-power moat Gideon would mark PASS without conditions. The moat is the combination of signed, long-duration contractual claims; a broadened portfolio; relationship credibility with miners; technical underwriting skill; and asset-light economics that have produced persistent high consolidated margins. The royalty segment is the highest-quality moat contributor because it has durable legal claims, no ordinary metal purchase cost, and real optionality at assets such as Cortez. The stream segment is valuable and larger, but more exposed to purchase-price formulas, contract step-downs, delivery timing, and depletion.

The 2046 description is plausible but not fully proven. Existing assets such as Cortez, Kansanshi, Pueblo Viejo, and Mount Milligan support a bridge toward or beyond the test date, while Andacollo is a weaker long-duration contributor. The company can still make money in 2046 if management keeps acquiring and managing high-quality royalties and streams at attractive prices, but that requires ongoing capital allocation rather than passive ownership of today's exact asset set. Upgrade to PASS if 2026-2028 results show the Sandstorm/Horizon and Kansanshi assets adding per-share cash flow after dilution, Cortez/Fourmile/Goldrush and Kansanshi durability becomes clearer, and new capital deployment remains disciplined despite the enlarged revolver. Downgrade to FAIL if acquired assets underperform while management keeps buying scale, if major principal properties miss guidance or shift production outside covered interests, or if commodity-price normalization reveals that recent returns were mostly cycle rather than durable contract economics.

Sources

- Local ER2 source: C:\Users\Admin\OneDrive\GPT\ER 2.0\Royal Gold\data_package.md, DR cleared for Wave 2.
- Local ER2 source: C:\Users\Admin\OneDrive\GPT\ER 2.0\Royal Gold\appendix_B_stream_interests.md, R cleared; base revenue $1,258.7 million and OI $763.8 million.
- Local ER2 source: C:\Users\Admin\OneDrive\GPT\ER 2.0\Royal Gold\appendix_B_royalty_interests.md, R cleared; base revenue $594.7 million and OI $428.2 million.
- Local ER2 source: C:\Users\Admin\OneDrive\GPT\ER 2.0\Royal Gold\appendix_management.md, management gate YELLOW.
- SEC 2025 Form 10-K: https://www.sec.gov/Archives/edgar/data/85535/000008553526000008/rgld-20251231.htm
- SEC Q1 FY2026 Form 10-Q: https://www.sec.gov/Archives/edgar/data/85535/000008553526000028/rgld-20260331.htm
- Royal Gold 2025/2026 Asset Handbook: https://s28.q4cdn.com/583965976/files/doc_downloads/2026/04/Royal_Gold_Asset-Handbook_FINAL.pdf

Appendix B1 - Acquisition and Management of Stream Interests

Royal Gold, Inc. - Acquisition and Management of Stream Interests Segment Deep Dive

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Company: Royal Gold, Inc. Ticker: RGLD Segment: Acquisition and Management of Stream Interests TTM anchor: Q2 FY2025 + Q3 FY2025 + Q4 FY2025 + Q1 FY2026, ending March 31, 2026 Forward horizon: March 31, 2031

Source hierarchy used in this appendix: Royal Gold's cleared data package is the single source of truth for Royal Gold historical dollar figures, growth rates, management quotes, and segment disclosure gaps. The quant foundation is used only for the cleared TTM construction and consolidated operating-income bridge. The primer is used only for qualitative orientation where it is consistent with the data package. External context is used only for competitive framing and is labeled as external context.

0. Segment boundary and taxonomy note

Royal Gold's stream segment is stable in substance: it is the reportable segment named "Acquisition and Management of Stream Interests," consisting of contractual metal purchase rights from mines, generally for gold, silver, copper, or other metals. The data package states that Royal Gold manages the business under two segments, Stream Interests and Royalty Interests, and that the reporting structure has been stable since FY2022 under the December 31 fiscal-year convention. The important boundary is not a segment restatement; it is the fiscal-year change from June 30 to December 31 effective December 31, 2021. This appendix therefore treats FY2021 as a transition-boundary row, uses FY2022 onward for clean annual comparisons, and does not silently compare pre-boundary fiscal-year rows to the current taxonomy. Segment operating income is not disclosed; all segment OI in this appendix is an explicit model allocation, not a reported company figure [data_package Â§1, Reporting structure and taxonomy; data_package Â§10, Open data gaps; quant_foundation P2 and P4].

1. What this segment actually is

The stream segment is Royal Gold's largest economic engine. A stream is not mine ownership, a tolling contract, a traditional commodity sale, or an operating mining business. It is a financing and contract-right business. Royal Gold provides capital to an operator or buys an existing contract and receives the right to purchase a specified portion of metal produced from a mine at a contract-defined price. The operator mines, processes, permits, staffs, and funds the asset. Royal Gold receives metal deliveries or delivery credits, records revenue when it sells metal, and bears the contractual purchase cost plus depletion of the acquired interest. The customer in the original transaction is usually the mine operator or project owner seeking flexible capital. The end buyer of the metal is the market, usually through spot or near-spot sales once refined metal reaches Royal Gold.

The economic appeal is that streams convert operator capital needs into long-lived commodity exposure without Royal Gold assuming the full operating-cost stack of a miner. Royal Gold does not pay diesel, labor, explosives, site power, reagent inflation, tailings sustaining capital, or mine development overruns in the ordinary course. It does pay upfront acquisition consideration, and it usually pays a per-ounce or formula-based ongoing purchase price when metal is delivered. In accounting terms, producing stream and royalty interests are depleted as production occurs, so depreciation, depletion, and amortization can be a large non-cash expense after a deal wave. In cash terms, the core stream spread is the difference between realized metal sales proceeds and the contractual purchase payment. That spread is powerful when spot gold, silver, and copper prices are high and the stream payment is fixed or capped, but it is not uniform across assets.

Royal Gold's current stream portfolio is centered on Mount Milligan, Pueblo Viejo, Andacollo, Kansanshi, Rainy River, Khoemacau, Wassa, Xavantina, and other assets brought in through the Sandstorm/Horizon transaction and prior deals. The major stream assets have different metal exposures and timing profiles. Mount Milligan contributes gold and copper, with a delivery lag of about six months in the Asset Handbook summary. Pueblo Viejo contributes gold and silver and also has an approximate six-month delivery lag. Andacollo is a gold stream with an environmental-permitting question beyond 2031. Kansanshi is a 2025 gold-stream acquisition tied to recovered copper at a large Zambian copper mine, with a shorter delivery lag of roughly three months and a step-up through 2028. Khoemacau is a silver stream tied to a copper mine in Botswana. Rainy River is gold and silver exposure from the acquired portfolio. These differences matter because the stream segment is

not one homogeneous product line; it is a portfolio of individually negotiated claims on production.

The go-to-market is relationship-driven rather than sales-force-driven. Royal Gold competes to provide capital to operators, to acquire existing stream interests, and to be seen as a credible counterparty when miners want non-debt, non-equity financing. The operator gives up some future metal economics; Royal Gold gives up upfront capital and takes production, counterparty, jurisdiction, contract, and commodity risk. The best deals solve a miner's financing problem while leaving enough expected return for Royal Gold shareholders. The worst deals are expensive commodity bets dressed up as contractual quality.

2. Current economics

The segment is material. The cleared data package gives FY2025 stream revenue of $686.5 million, or 66.6% of total revenue, and Q1 FY2026 stream revenue of $312.8 million, or 66.7% of total revenue. The quant foundation constructs TTM stream revenue of $876.767 million from FY2025 plus Q1 FY2026 less Q1 FY2025, tied to consolidated TTM revenue of $1.306160 billion. Stream revenue was $436.3 million in the FY2021 transition row, $417.8 million in FY2022, $418.3 million in FY2023, $483.3 million in FY2024, and $686.5 million in FY2025 [data_package Â§3, Stream Interests; quant_foundation P4].

The recent quarterly trend is not a normal steady-state sequence. Stream revenue grew 8.3% in Q2 FY2025, 24.8% in Q3 FY2025, approximately 110.7% in Q4 FY2025, and 155.4% in Q1 FY2026. That acceleration reflects a combination of higher metal prices, acquisitions, full or partial-quarter contributions from acquired assets, and asset-specific delivery timing. Q1 FY2026 was the first clean quarter after the October 2025 closing of Sandstorm/Horizon, while Kansanshi began contributing after its 2025 acquisition. This makes the TTM base more relevant than FY2025 alone, but even the TTM still includes a transition mix rather than a fully normalized acquired-portfolio run rate [data_package Â§5, Most recent quarterly trend; data_package Â§9, Recent corporate actions].

The product mix is gold-dominant but not gold-only. The data package's annual stream metal rows show FY2025 gold stream revenue of $547.9 million, silver stream revenue of $92.4 million, and copper stream revenue of $44.3 million. On FY2025 stream revenue of $686.5 million, gold was about four-fifths of the stream segment, silver was low-teens, copper was mid-single-digit, and other metals were residual. Q1 FY2026 consolidated metal revenue was $333.9 million gold, $73.0 million silver, $46.7 million copper, and $15.5 million other metals, but the package does not disclose a Q1 FY2026 stream-only metal-dollar table beyond the QF row showing Q1 stream revenue by metal of $236.446 million gold, $52.734 million silver, $21.699 million copper, and $1.898 million other [data_package Â§4, Product / sub-segment historicals; quant_foundation P1].

The most important disclosed stream assets in FY2025 were Mount Milligan at $223.7 million, Pueblo Viejo at $129.8 million, Andacollo at $77.9 million, and Kansanshi at $32.3 million. The disclosed residual, equal to FY2025 stream revenue less those named stream assets, was $222.8 million and includes Rainy River, Khoemacau, Wassa, Xavantina, and other stream interests. The data package also groups Rainy River, Penasquito, Wassa, and Khoemacau as material non-principal producing assets with a combined FY2025 revenue row of $239.4 million across mixed stream and royalty exposure; that row is useful for portfolio durability but cannot be treated as a pure stream-only figure [data_package Â§4, Product / sub-segment historicals; data_package Â§4, Asset Handbook DR insertion].

Segment operating income and segment operating margin are not disclosed. The data package and quant foundation both state that only consolidated operating income is disclosed. Consolidated TTM operating income was $812.147 million on $1.306160 billion of revenue, a 62.2% consolidated operating margin. This appendix uses an allocated stream operating-margin construct, centered near consolidated operating margin but adjusted for stream-specific cost of sales and depletion. That allocation is necessary for segment modeling, but it is not company-reported segment OI [data_package Â§10, Gap: Segment operating income and segment margin; quant_foundation P4].

3. Unit economics

The stream segment's unit economics begin with contract spread, not mine cost. A miner's unit economics are ore grade, recovery, strip ratio, labor, diesel, power, reagents, sustaining capital, royalties, taxes, and corporate overhead. Royal Gold's stream economics are different: Royal Gold pays for the stream upfront, then pays the agreed purchase price when metal is delivered. If the purchase price is a low fixed amount or a low percentage of spot, Royal Gold has a wide gross spread. If the purchase price is a larger percentage of spot, the cash margin still expands with price but less explosively. If production is delayed, Royal Gold's revenue is delayed; if the mine never produces as expected, the upfront capital may be impaired.

The data package gives enough to explain the segment but not enough to calculate asset-level operating income. The stream segment has explicit cost of sales tied to metal purchases, while royalty interests do not have the same metal purchase cost. The package also notes that Royal Gold does not disclose mine-level AISC, cash costs, or sustaining capex because Royal Gold is not the operator. That is the whole point of the model: Royal Gold avoids operating-cost participation but still depends on operator output and reporting. The risk is not diesel inflation directly. The risk is that diesel inflation or technical underperformance changes the operator's mine plan, production cadence, expansion timing, or reserve conversion, which then changes Royal Gold's deliveries.

Depletion is the other major margin driver. Stream interests are capitalized mineral interests and depleted as the underlying mine produces. Depletion is non-cash in the current period but economically real because it reflects the consumption of the upfront capitalized contract. The 2025-2026 acquisition wave therefore creates a near-term accounting drag that can differ from cash economics. In a high-price environment, cash conversion can look excellent even as DD&A rises. For an ER2 forecast, the right margin question is not simply whether stream cash margins are high; it is whether acquired interests generate enough revenue over the depletion life to justify the upfront price paid.

The segment's operating leverage is high after acquisition. Corporate G&A does not scale linearly with each incremental ounce delivered, and Royal Gold does not need to add mine crews or processing capacity. However, the stream segment is not completely fixed-cost. Higher metal prices can raise purchase payments for percentage-of-spot contracts, and acquired streams can carry different depletion rates. A new stream with high upfront cost and a rich purchase price can be lower margin than an old stream with favorable legacy terms. Mount Milligan is economically attractive because the Asset Handbook data package row describes 35% of payable gold and 18.75% of payable copper with a long mine-life marker and potential 2029 throughput upside, while Kansanshi pays 20% of spot gold and has tiered ounces per million pounds of recovered copper. The two streams therefore should not be modeled at identical margins [data_package Â§4, Asset Handbook DR insertion].

The current allocated stream margin in this appendix is 60.5% at the TTM anchor. That figure is a model allocation, not disclosure. It is anchored to consolidated TTM operating margin of 62.2%, adjusted modestly lower because stream interests carry cost of sales and depletion while royalty interests generally have no metal purchase cost. The model does not allocate interest expense, taxes, or acquisition costs to segment OI because the requested metric is operating income. It also does not allocate future M&A spending as operating cost. That keeps the segment model focused on revenue, purchase-cost mix, depletion, and corporate operating leverage.

4. Competitive dynamics

External context: Royal Gold competes in the precious-metals royalty and streaming financing market against large royalty/streaming platforms and against alternative capital providers. The clearest public peers are Franco-Nevada, Wheaton Precious Metals, Triple Flag Precious Metals, OR Royalties, and smaller or specialized royalty platforms. It also competes indirectly with bank debt, high-yield debt, project finance, equity issuance, private credit, strategic offtakers, and mining companies' own balance sheets.

The competitive market is rational but not easy. Franco-Nevada describes itself as a leading gold-focused royalty and streaming company and says it does not operate mines, develop projects, or conduct exploration; instead it owns a diversified portfolio of royalties and streams. Its own business-model page frames royalties and streams as flexible funding for miners that can reduce debt burden and avoid equity dilution [external source: https://www.franco-nevada.com/about-us/our-business-model/]. Wheaton, the other global heavyweight, describes a streaming model with high-quality long-life assets and was active in 2026 with a large Antamina streaming transaction and other new agreements [external source: https://www.wheatonpm.com/news/news-details/2026/Wheaton-Precious-Metals-Announces-Record-Revenue-Earnings-and-Cash-Flow-for-the-First-Quarter-of-2026/default.aspx]. That matters because a good mine operator with a financeable asset can invite multiple royalty and streaming bidders. Royal Gold's edge is not exclusivity; it is underwriting credibility, relationship history, speed, balance-sheet capacity, and willingness to accept contract structures that match operator needs.

Pricing power in this market is episodic. Royal Gold has more bargaining power when capital markets are shut, miners are overlevered, or a specific project needs non-dilutive capital. Miners have more bargaining power when gold and copper prices are strong, equity valuations are healthy, banks are open, and several streamers want the same asset. In the 2025-2026 environment, strong gold prices and robust streaming peer appetite make new deals competitive. That does not eliminate good opportunities, but it raises the hurdle for acquisition discipline. The best evidence of Royal Gold's current competitive posture is its willingness to make major moves in 2025: Kansanshi, Sandstorm, and Horizon. Those deals increased scale

and asset count, but they also increased integration complexity and acquisition-price scrutiny.

Entry barriers are meaningful but not absolute. Anyone with capital can bid on a stream; few can diligence complex mine plans, negotiate enforceable contracts, manage tax and delivery mechanics, and remain a trusted counterparty over decades. The largest streamers have advantages in technical teams, portfolio diversification, cost of capital, and operator relationships. Smaller entrants can still win niche deals by accepting more risk, moving faster, or paying more. The moat is therefore not a regulatory license. It is accumulated contract skill, reputation, balance-sheet durability, and portfolio breadth.

Substitution risk comes from miners choosing other financing. A miner can issue equity, refinance debt, sell a minority project stake, sell a royalty to another party, enter an offtake, or defer development. In a bull commodity cycle, miners may avoid selling streams because they do not want to give away future upside. In a bear cycle, they may accept streams but only on assets with more distress or technical risk. Royal Gold's segment therefore has a cycle problem: good deals may be hardest to price attractively when capital is abundant, while cheap deals may cluster when asset risk is high.

5. Segment-level moat

The stream segment has a real but conditional moat. The moat does not come from controlling ore bodies. Royal Gold does not control the mines. The moat comes from contractual claims on long-lived, operator-run assets combined with a portfolio that is broad enough to absorb individual asset timing issues. If the contract is strong, the operator is capable, and the mine life is long, the stream can behave like a high-margin, long-duration claim on metal production. If the contract is weak or the operator underinvests, the moat weakens quickly.

Mount Milligan illustrates the positive side. It was Royal Gold's largest FY2025 revenue source at $223.7 million in the data package's Asset Handbook row, with a 35% payable gold and 18.75% payable copper stream, about a six-month delivery lag, 2026 operator guidance of 140-155 thousand ounces of gold and 50-60 million pounds of copper, and a pre-feasibility-study-supported mine-life extension to 2045 with potential for about 10% throughput increase in 2029. Those features give Royal Gold a long-duration claim on a material asset. The moat is contract plus duration plus operator execution.

Pueblo Viejo adds scale and longevity but also shows why stream contracts are not simple. The data package describes a stream on 7.5% of Barrick's interest in payable gold until 990 thousand ounces are delivered, then 3.75%, and 75% of Barrick's interest in payable silver subject to silver-recovery terms. The Asset Handbook row points to 2026 guidance of 350-400 thousand ounces of gold attributable to the stream and an expansion expected to extend mine life by more than 20 years. That is powerful duration, but the step-down and silver-recovery terms mean the economics can change over time.

Andacollo is a mature stream with a clear permitting issue in the model horizon. The data package says the mine life is expected to 2038, but additional environmental permits are required beyond 2031. The forward horizon here is March 31, 2031, so the permit date does not destroy the base case, but it should compress the terminal confidence and bear-case margin. Kansanshi is the opposite: it is newly added, long-lived to 2050, and tied to S3 expansion and copper production ramp through 2028. It creates growth, but because it is new and has specific tiered economics, the model must prove that acquired growth is per-share value, not just revenue growth.

Portfolio-level durability is better than single-asset durability. The data package's Asset Handbook DR insertion gives 7.016 million proven and probable attributable gold-equivalent ounces, 5.644 million measured and indicated, and 3.736 million inferred at the portfolio level. It also gives principal-asset AGEO rows for Mount Milligan, Pueblo Viejo, Cortez, Andacollo, and Kansanshi. These reserve and resource figures are operator-derived and should not be used as a direct production forecast, but they support the proposition that the segment is not running off in five years. The main moat risk is not absence of metal in the ground; it is whether the economic share, timing, operator priorities, and contract terms convert that metal into Royal Gold revenue at attractive returns.

6. Historical growth rates - reproduced from data package

The table below reproduces disclosed stream segment and sub-segment revenue from the data package. FY2021 is excluded from the main growth base because it is a fiscal/calendar transition row. Product-level FY2022 rows are not disclosed in the data package for the metal and asset lines, so the product rows show last-three-year dollars from FY2023-FY2025 and use a two-year CAGR where needed. That is a disclosed-data limitation, not a back-solve. No product-level dollar histories are fabricated.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	Historical growth anchor	Most recent YoY	Data package cite
Stream segment total	$0.418B [Â§3 row Stream revenue]	$0.483B [Â§3 row Stream revenue]	$0.686B [Â§3 row Stream revenue]	18.0% using FY2022-FY2025 [Â§3 row YoY]	42.0% [Â§3 row YoY]	data_package Â§3 rows 74-79
Gold stream revenue	$307.8mm [Â§4 row Gold stream]	$367.5mm [Â§4 row Gold stream]	$547.9mm [Â§4 row Gold stream]	33.4% 2-yr; [DATA GAP: FY2022 metal row]	49.1% calc from Â§4 row	data_package Â§4 row Gold stream revenue
Silver stream revenue	$64.9mm [Â§4 row Silver stream]	$66.8mm [Â§4 row Silver stream]	$92.4mm [Â§4 row Silver stream]	19.3% 2-yr; [DATA GAP: FY2022 metal row]	38.3% calc from Â§4 row	data_package Â§4 row Silver stream revenue
Copper stream revenue	$45.6mm [Â§4 row Copper stream]	$49.0mm [Â§4 row Copper stream]	$44.3mm [Â§4 row Copper stream]	-1.4% 2-yr; [DATA GAP: FY2022 metal row]	-9.6% calc from Â§4 row	data_package Â§4 row Copper stream revenue
Mount Milligan	$158.2mm [Â§4 row Mount Milligan]	$186.0mm [Â§4 row Mount Milligan]	$223.7mm [Â§4 row Mount Milligan]	18.9% 2-yr; [DATA GAP: FY2022 asset row]	20.3% calc from Â§4 row	data_package Â§4 row Mount Milligan
Pueblo Viejo	$76.2mm [Â§4 row Pueblo Viejo]	$83.1mm [Â§4 row Pueblo Viejo]	$129.8mm [Â§4 row Pueblo Viejo]	30.5% 2-yr; [DATA GAP: FY2022 asset row]	56.2% calc from Â§4 row	data_package Â§4 row Pueblo Viejo
Andacollo	$48.9mm [Â§4 row Andacollo]	$47.5mm [Â§4 row Andacollo]	$77.9mm [Â§4 row Andacollo]	26.2% 2-yr; [DATA GAP: FY2022 asset row]	64.0% calc from Â§4 row	data_package Â§4 row Andacollo
Kansanshi	$0.0mm [Â§4 row Kansanshi]	$0.0mm [Â§4 row Kansanshi]	$32.3mm [Â§4 row Kansanshi]	n/m new stream	n/m new stream	data_package Â§4 row Kansanshi

Arithmetic tie-out checks: Stream segment total uses the package's disclosed YoY row: $0.483B multiplied by 1.420 equals $0.686B, within rounding. Gold stream revenue: $367.5mm multiplied by 1.491 equals $547.9mm. Silver stream revenue: $66.8mm multiplied by 1.383 equals $92.4mm. Copper stream revenue: $49.0mm multiplied by 0.904 equals $44.3mm. Mount Milligan: $186.0mm multiplied by 1.203 equals $223.7mm. Pueblo Viejo: $83.1mm multiplied by 1.562 equals $129.8mm. Andacollo: $47.5mm multiplied by 1.640 equals $77.9mm. Kansanshi is new in FY2025, so a prior-year tie-out is not meaningful. I found no internal arithmetic inconsistency in the cited package rows.

7. Management guidance and commentary

Management's stream-specific forward commentary is qualitative, with the official five-year GEO outlook serving as the main quantitative anchor. The data package includes the following relevant guidance and commentary rows.

Kansanshi: William H. Heissenbuttel called Kansanshi a "cornerstone asset in our portfolio" on the Q2 FY2025 call, as reproduced in the data package. The interpretation is that management views Kansanshi as a durable, long-life stream that diversifies stream revenue and begins contributing in FY2025-FY2026 [data_package Â§6 row Stream Interests, 2025-08-07].

Expanded portfolio: William Heissenbuttel referred to "organic growth potential" on the Q3 FY2025 call. The data package interprets that as Sandstorm/Horizon plus acquired streams being positioned as growth without relying only on new deals. This matters because the base case should not require another large acquisition to grow; it should get visible growth from already acquired or already producing assets [data_package Â§6 row Stream Interests, 2025-11-07].

Portfolio scale: On the Q4 FY2025 call, management used the phrase "largest and most diversified portfolio." The data package interprets this as management believing the acquisitions changed portfolio scale and diversification. In the model, that supports a broader "Other streams" line, but it also raises integration and asset-quality diligence burden [data_package Â§6 row Stream Interests, 2026-02-19].

2026 progress: Martin Raffield said "Metal sales are tracking well" on the Q1 FY2026 call. The data package's interpretation is that Q1 sales were consistent with full-year guidance, with copper better than expected. That supports not haircutting the 2026 guide in the base case, while still recognizing that Q1 benefited from strong metal prices and acquisition mix [data_package Â§6 row Stream Interests, 2026-05-07].

Five-year GEO outlook: The March 31, 2026 guidance release gives "430,000 to 480,000" GEOs as the five-year outlook across both stream and royalty interests. The data package also states that 2026 sales guidance is volume-based and includes 290,000-320,000 gold ounces, 3.0-3.5 million silver ounces, 21.0-25.0 million copper pounds, and $34-$38 million of other metals. It further states that the midpoint of 2026 sales volumes is 32% higher for gold, 8% higher for silver, and 40% higher for copper versus 2025 actual sales volumes. This is the cleanest official forward volume envelope, but it is not risk-adjusted asset by asset and is not stream-only [data_package Â§6 guidance detail].

[DATA GAP: Management does not provide stream-only five-year revenue guidance, stream-only five-year GEO guidance, stream operating income, or asset-level TTM revenue by stream in the cleared package.]

8. Forward growth assumptions - explicit, per product

The forward model uses TTM stream revenue of $876.767 million as the anchor. Because the data package does not disclose TTM stream revenue by asset, I allocate the TTM base across asset lines using FY2025 disclosed stream asset shares for Mount Milligan, Pueblo Viejo, Andacollo, Kansanshi, and residual Other streams. This is a model bridge, not a historical disclosure. The allocated TTM base is: Mount Milligan $285.7 million, Pueblo Viejo $165.8 million, Andacollo $99.5 million, Kansanshi $41.3 million, and Other streams $284.5 million. These sum to the TTM stream segment total of $876.767 million. The allocation likely understates Kansanshi and acquired-portfolio run-rate mix relative to a fully normalized 2026 year, so the forward CAGRs explicitly incorporate ramp effects.

Base case growth assumptions

Product	Historical growth anchor	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM->TTM+5y	Justification
Mount Milligan	18.9% 2-yr asset CAGR	20.3%	2026 operator guide 140-155koz Au and 50-60Mlb Cu	4.0%	Long-life 2045 asset supports durability, but TTM already embeds high prices and 2025 revenue strength; base assumes modest volume plus price normalization.
Pueblo Viejo	30.5% 2-yr asset CAGR	56.2%	2026 stream guide 350-400koz Au attributable	7.0%	Expansion extends mine life by 20+ years; base decelerates from 2025 surge and respects stream step-down and silver-recovery mechanics.
Andacollo	26.2% 2-yr asset CAGR	64.0%	2026 guide 38-42koz Au	1.5%	Mature mine, 2038 life, and permits beyond 2031 justify low growth despite a strong FY2025 comparison.
Kansanshi	n/m new stream	n/m	2026 guide 26-31koz Au sales to Royal Gold; S3 step-up through 2028	20.0%	Small partial-year FY2025 base and S3 ramp support high growth; rate still fades below launch-year arithmetic because the stream becomes a normal contributor.
Other streams	[DATA GAP: asset mix history]	Q1 examples include Rainy River +199.5%	Handbook covers Rainy River, Khoemacau, Wassa, Xavantina, and acquired streams	10.5%	Acquired Sandstorm/Horizon assets, Rainy River, Khoemacau, and development optionality support above-segment growth from a diversified base.

Bear case growth assumptions

Product	Historical growth anchor	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM->TTM+5y	Justification
Mount Milligan	18.9% 2-yr asset CAGR	20.3%	Same as base	-2.0%	Bear case assumes lower realized prices, delivery timing headwinds, and no throughput upside before 2031.
Pueblo Viejo	30.5% 2-yr asset CAGR	56.2%	Same as base	1.5%	Mine-life extension remains valuable, but step-down, recovery terms, and timing deferrals mute revenue growth.
Andacollo	26.2% 2-yr asset CAGR	64.0%	Same as base	-4.0%	Mature asset and permit overhang drive decline as the 2031 horizon approaches.
Kansanshi	n/m new stream	n/m	Same as base	8.0%	S3 ramp still helps, but copper-linked execution, jurisdiction, and acquisition underwriting risk cut the growth rate.
Other streams	[DATA GAP: asset mix history]	Q1 examples include Rainy River +199.5%	Same as base	5.5%	Diversification offsets single-asset trouble, but short-life Wassa and Rainy River silver step-downs cap the tail.

Bull case growth assumptions

Product	Historical growth anchor	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM->TTM+5y	Justification
Mount Milligan	18.9% 2-yr asset CAGR	20.3%	Same as base	8.0%	Bull assumes strong prices persist and the 2029 throughput opportunity is realized without major disruption.
Pueblo Viejo	30.5% 2-yr asset CAGR	56.2%	Same as base	11.0%	Expansion, long mine life, and strong gold/silver prices sustain more of the FY2025 step-up.
Andacollo	26.2% 2-yr asset CAGR	64.0%	Same as base	4.0%	Bull assumes stable operations and no adverse permit signal before the forward horizon.
Kansanshi	n/m new stream	n/m	Same as base	30.0%	S3 ramp, long-term 2050 marker, and stronger copper-linked throughput let the new stream become a much larger contributor.
Other streams	[DATA GAP: asset mix history]	Q1 examples include Rainy River +199.5%	Same as base	15.0%	Acquired assets outperform, Khoemacau expands, and development optionality begins converting into producing revenue.

The key thesis-consistency point is deceleration. The segment's latest YoY growth is extraordinary, but it is not a steady-state growth rate. It includes acquisition closing effects, higher metal prices, and a comparison base before the enlarged portfolio. Base-case segment revenue grows from $876.8 million TTM to $1.259 billion over five years, a 7.5% CAGR. That is below the FY2025 42.0% stream segment YoY and below many asset-level 2025 comparisons, but it is defensible because the TTM already includes Q4 FY2025 and Q1 FY2026 acquisition benefit. The bull case keeps more of the asset ramp and price tailwind. The bear case still grows modestly because Kansanshi, Khoemacau, and acquired assets offset some decline, but it does not assume the official five-year volume outlook is fully realized at current prices.

9. Forward operating margin assumptions

Segment operating margin is the biggest modeling caveat. Royal Gold does not disclose stream operating income. The data package's open gap explicitly says downstream segment models must allocate consolidated costs and label the assumptions. The quant foundation gives consolidated TTM operating income of $812.147 million on $1.306160 billion of revenue, or 62.2%. This appendix allocates the stream segment near, but slightly below, consolidated margin because stream revenue carries metal purchase cost and depletion while royalty revenue is generally more purchase-cost-light. The TTM allocated stream margin used for context is 60.5%, implying allocated TTM stream OI of approximately $530.4 million. This is a model bridge only.

Product	Current margin basis	Bear TTM+5y margin	Base TTM+5y margin	Bull TTM+5y margin	Mechanism
Mount Milligan	Allocated from consolidated margin; contract spread favorable	55.0%	61.0%	66.0%	Fixed/capped purchase economics help in bull; bear includes lower prices and depletion drag.
Pueblo Viejo	Allocated; stream step-down and silver terms matter	57.0%	62.0%	66.0%	Long life supports scale, but step-down and timing terms cap margin expansion.
Andacollo	Allocated; mature asset	51.0%	56.0%	60.0%	Mature mine and permitting uncertainty reduce bear/base margins.
Kansanshi	Allocated; 20% spot purchase cost and tiered gold formula	54.0%	60.0%	64.0%	Ramp improves absorption, but purchase cost and new-asset depletion keep margin below best legacy streams.
Other streams	Allocated portfolio mix	57.0%	61.0%	65.0%	Diversification and acquired growth help, but mixed contract quality and step-downs create dispersion.
Segment weighted average	Not disclosed by company	55.8%	60.7%	65.0%	Revenue-weighted result from product lines above.

The base case keeps the segment margin slightly below the current consolidated TTM margin. That may look conservative in a high-price environment, but it is appropriate because new assets carry fresh depletion, acquired streams may not all have

Mount Milligan-like economics, and percentage-of-spot purchase payments rise with metal prices. The bull case reaches 65.0% because strong prices, throughput, and scale leverage more than offset depletion and purchase cost. The bear case falls to 55.8% because the segment is price-taking: lower realized metal prices reduce revenue faster than depletion and corporate support costs decline.

I do not allocate interest expense to segment OI. The 2025 acquisitions were debt-supported, and debt paydown matters to equity value, but segment operating income should stop before interest. I also do not treat future acquisition spending as operating cost. New deals would enter the model as capital allocation and potentially as new segment revenue after acquisition, not as an operating expense in this segment appendix.

10. Segment rollup

The rollup is bottom-up from the allocated TTM product base and the growth and margin assumptions above. Each product's TTM+5 revenue equals allocated TTM revenue multiplied by one plus the case CAGR for five years. Product OI equals product revenue multiplied by the case margin. Segment revenue and OI are the sums of product rows; segment margin is OI divided by revenue.

Case	Product	Allocated TTM revenue	CAGR to Mar. 31, 2031	TTM+5y revenue	TTM+5y margin	TTM+5y OI
Bear	Mount Milligan	$285.7mm	-2.0%	$258.3mm	55.0%	$142.0mm
Bear	Pueblo Viejo	$165.8mm	1.5%	$178.6mm	57.0%	$101.8mm
Bear	Andacollo	$99.5mm	-4.0%	$81.1mm	51.0%	$41.4mm
Bear	Kansanshi	$41.3mm	8.0%	$60.6mm	54.0%	$32.7mm
Bear	Other streams	$284.5mm	5.5%	$371.9mm	57.0%	$212.0mm
Bear	Segment total	$876.8mm	1.6% implied	$950.5mm	55.8%	$529.9mm
Base	Mount Milligan	$285.7mm	4.0%	$347.6mm	61.0%	$212.0mm
Base	Pueblo Viejo	$165.8mm	7.0%	$232.5mm	62.0%	$144.2mm
Base	Andacollo	$99.5mm	1.5%	$107.2mm	56.0%	$60.0mm
Base	Kansanshi	$41.3mm	20.0%	$102.7mm	60.0%	$61.6mm
Base	Other streams	$284.5mm	10.5%	$468.7mm	61.0%	$285.9mm
Base	Segment total	$876.8mm	7.5% implied	$1,258.7mm	60.7%	$763.8mm
Bull	Mount Milligan	$285.7mm	8.0%	$419.8mm	66.0%	$277.1mm
Bull	Pueblo Viejo	$165.8mm	11.0%	$279.4mm	66.0%	$184.4mm
Bull	Andacollo	$99.5mm	4.0%	$121.1mm	60.0%	$72.6mm
Bull	Kansanshi	$41.3mm	30.0%	$153.2mm	64.0%	$98.0mm
Bull	Other streams	$284.5mm	15.0%	$572.3mm	65.0%	$372.0mm
Bull	Segment total	$876.8mm	12.0% implied	$1,545.7mm	65.0%	$1,004.1mm

Arithmetic checks: the allocated TTM product revenue lines sum to $876.8 million, matching the quant foundation's TTM stream revenue after rounding. Bear product revenues sum to $950.5 million and product OI sums to $529.9 million. Base product revenues sum to $1.259 billion and OI sums to $763.8 million. Bull product revenues sum to $1.546 billion and OI sums to $1.004 billion. All segment totals reconcile to product-level assumptions within rounding.

11. Key risks and wildcards

Bear risk - commodity price compression. Stream revenue is price-taking. Royal Gold has lower operating-cost exposure than miners, but revenue still falls with realized gold, silver, and copper prices. The segment can maintain high cash conversion relative to miners and still deliver lower absolute revenue and OI if metals fall.

Bear risk - operator execution and mine-plan slippage. Mount Milligan, Pueblo Viejo, Andacollo, Kansanshi, Rainy River, Khoemacau, and Wassa are operated by others. Royal Gold's contract does not guarantee that operator grade, throughput, permitting, or capital allocation follows the path Royal Gold would prefer.

Bear risk - acquired-contract quality. The Sandstorm/Horizon and Kansanshi deals increased scale, but the acquired portfolio is more complex than the legacy stream book. If Royal Gold paid too much or acquired lower-quality claims, revenue growth can coexist with weaker per-share returns.

Bear/base risk - stream step-downs and delivery timing. Pueblo Viejo has threshold and silver-recovery mechanics, Rainy River silver has step-down considerations in the Asset Handbook notes, and delivery lags can make quarterly revenue noisy. Timing differences can make strong mine production look like weak stream revenue in a given quarter.

Base risk - Andacollo permitting beyond 2031. The mine life marker extends to 2038, but the data package states additional environmental permits will be required beyond 2031. That does not break the five-year model, but it lowers confidence in long-duration value beyond the horizon.

Bull wildcard - Kansanshi S3 and copper-linked growth. Kansanshi has a long-term marker to 2050 and an S3-backed production step-up through 2028. If the operator executes and copper/gold prices stay strong, Kansanshi can become a much larger stream contributor than the FY2025 partial-year revenue line suggests.

Bull wildcard - acquired development assets. Khoemacau expansion, Rainy River life extension, Wassa resource conversion, Xavantina, and other acquired assets can convert portfolio breadth into revenue. The bull case does not require all options to hit, but it assumes enough of them do.

Base risk - capital allocation recurrence. The stream segment can look excellent operationally while the company destroys value through overpaying for the next stream. This segment appendix models existing and recently acquired assets; the stock thesis must also judge future deployment discipline.

Summary table

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	$950.5mm	55.8%	$529.9mm	25%
Base	$1,258.7mm	60.7%	$763.8mm	50%
Bull	$1,545.7mm	65.0%	$1,004.1mm	25%

Bottom line: the Stream Interests segment is a high-quality, material, gold-led contractual revenue engine, but it is not risk-free annuity income. The base case should give Royal Gold credit for TTM stream revenue of $876.767 million, visible asset duration at Mount Milligan and Pueblo Viejo, Kansanshi ramp potential, and the acquired-portfolio growth base. It should not give full credit for management's five-year GEO outlook as if it were guaranteed stream revenue, nor should it treat segment margin as disclosed. The most important underwriting questions are whether the 2025 deal wave was purchased at attractive returns, whether operator execution converts the asset handbook into deliveries, and whether high current metal prices represent a sustainable base or a cyclical peak embedded in the TTM anchor.

Data gaps inserted

- [DATA GAP: Management does not provide stream-only five-year revenue guidance, stream-only five-year GEO guidance, stream operating income, or asset-level TTM revenue by stream in the cleared package.]
- [DATA GAP: FY2022 metal row] for product-level gold, silver, and copper stream CAGR calculations.
- [DATA GAP: FY2022 asset row] for Mount Milligan, Pueblo Viejo, and Andacollo product-level CAGR calculations.
- [DATA GAP: asset mix history] for the Other streams forward line, which combines Rainy River, Khoemacau, Wassa, Xavantina, and other stream interests.

Appendix B2 - Acquisition and Management of Royalty Interests

Acquisition and Management of Royalty Interests - Segment Deep Dive

Prepared for the ER2 / Gideon research run on Royal Gold, Inc. (RGLD). Today is 2026-06-09. Royal Gold's fiscal year ends December 31. The latest reported quarter used for the run is Q1 FY2026, ended March 31, 2026. The TTM anchor is Q2 FY2025 plus Q3 FY2025 plus Q4 FY2025 plus Q1 FY2026, ending March 31, 2026. The forward horizon is March 31, 2031, exactly five calendar years after the TTM anchor.

This appendix follows the data-source hierarchy in the cleared ER2 package. For Royal Gold's own historical dollar figures, `data_package.md` and `quant_foundation.md` are the controlling sources. I do not re-fetch or re-derive company historicals. Asset-level operating context comes from the DR-added Asset Handbook extract already incorporated into the cleared data package and its `review_raw` extract. All forward numbers in sections 8 through 10 are modeler assumptions built on top of the cleared historical base.

0. Segment Boundary And Taxonomy Note

Royal Gold reports two stable operating segments: Acquisition and Management of Stream Interests and Acquisition and Management of Royalty Interests. The royalty segment is the non-operating-interest segment. It receives revenue from royalties over mine production or revenue after the contract-defined deductions, if any. The data package states that the reporting structure has been stable since FY2022 under the December 31 fiscal-year convention and that FY2021 is a fiscal/calendar transition boundary because Royal Gold changed fiscal year-end from June 30 to December 31 effective December 31, 2021 [data_package.md lines 33-40]. For this appendix, FY2022 onward is treated as the clean comparable period; FY2021 is shown only as a boundary year, not as the base for forward compounding. Segment operating income is not disclosed, so every segment margin and segment operating-income figure below is explicitly allocated or modeled, not company-reported [data_package.md lines 238-239; quant_foundation.md lines 51-64].

1. What This Segment Actually Is

The royalty segment owns non-operating economic claims on mines. A royalty is not a mine, a working interest, or a customer contract in the normal industrial sense. It is a right to receive a percentage or other denomination of mineral production, revenue, or value from a mining operation after the deductions, if any, set out in the royalty contract. Royal Gold's Asset Handbook describes royalties as typically structured as gross smelter return, net smelter return, net value, gross value, or net profits interests, with the economic spread depending on how much deduction is permitted before the royalty is calculated [Asset Handbook extract lines 339-344]. The important distinction versus streams is that royalties are usually cash-settled and generally do not require Royal Gold to make an ongoing purchase payment for delivered metal.

The customer relationship is unusual. Royal Gold is passive at the mine level. The operator mines, processes, markets, and sells the metal; Royal Gold receives a contract-defined payment tied to production or sales. The Asset Handbook states that, for significant royalty arrangements, Royal Gold recognizes revenue when control over the metal production transfers to the operator's customer at the specified commodity price for the period in which production occurs [Asset Handbook extract lines 429-455]. Economically, that means revenue is a function of four variables Royal Gold does not fully control: mine output, metal prices, royalty rate or deduction formula, and whether mined material lies inside the royalty-covered area.

The segment's "products" are therefore not products in a manufacturing sense. The finest disclosed dollar lines are royalty revenue by metal and selected royalty assets. The data package discloses FY2025 royalty revenue of $344.0 million, equal to 33.4% of consolidated revenue, and Q1 FY2026 royalty revenue of $156.3 million, equal to 33.3% of consolidated revenue [data_package.md lines 37-40; quant_foundation.md lines 53-62]. The TTM royalty revenue base is $429.393 million, built from FY2025 plus Q1 FY2026 minus Q1 FY2025 [quant_foundation.md lines 90-100].

The commercial proposition to mine operators is capital without full equity dilution or conventional debt. The proposition to Royal Gold shareholders is exposure to mining assets without most of the operating-cost, sustaining-capex, labor, power, and construction risk borne by mine owners. The segment is still not a risk-free coupon. It is a commodity-price and operator-performance exposure, and the legal and geological boundary of each royalty matters. A high-grade mine plan outside the royalty lands is not Royal Gold revenue. A lower-grade phase inside the royalty lands can be revenue even if the operator's consolidated mine output is not improving.

2. Current Economics

The segment is material. Royalty Interests generated $344.0 million of FY2025 revenue and $429.393 million of TTM revenue ending March 31, 2026 [data_package.md lines 20-28; quant_foundation.md lines 94-100]. The latest quarterly trend is unusually strong: Q1 FY2026 royalty revenue was $156.348 million, up 120.3% year over year [data_package.md lines 145-159]. That growth should not be treated as a steady-state annual run rate. It reflects strong metals prices, Sandstorm/Horizon portfolio additions, and timing from major royalty assets.

Royalty revenue is gold-led but no longer pure gold. For FY2025, the data package discloses royalty revenue by metal: gold royalty revenue of $252.0 million, silver royalty revenue of $28.5 million, copper royalty revenue of $32.5 million, and other royalty revenue of $31.0 million [data_package.md lines 107-110]. For Q1 FY2026, the quant foundation discloses royalty revenue by metal of $97.462 million gold, $20.279 million silver, $24.971 million copper, and $13.636 million other [quant_foundation.md lines 37-40]. That latest-quarter mix is more diversified than the FY2025 full-year royalty mix, partly because the acquired portfolio added more base-metal and silver-linked exposures.

Major royalty assets include Cortez, Penasquito, Antamina, Cote Gold, Red Chris, and a long tail of producing and development royalties. Cortez is the flagship royalty asset. The data package's product table shows Cortez Legacy Zone revenue of $31.8 million in FY2025 and Cortez CC Zone revenue of $35.7 million in FY2025, together $67.5 million [data_package.md lines 111-112]. The Asset Handbook describes Cortez as a Barrick-operated Nevada Gold Mines complex with overlapping royalties across Legacy, Cortez Pits, Cortez Hills, Goldrush, Fourmile, Robertson, and exploration targets [Asset Handbook extract lines 2421-2599]. Penasquito is a 2.0% NSR on metals produced from covered areas, and Antamina is a newly acquired 1.66% NPI royalty; I treat both as material royalty assets without importing asset-level revenue dollars that are not reproduced in the cleared data package.

The current economics are high margin at the cash gross level. The Asset Handbook says Royal Gold's average gross margin, defined as revenue less cost of sales, was 87% in 2025 and the royalty segment gross margin was 100% under that definition [Asset Handbook extract lines 377-386]. This is gross margin before production taxes, depletion, corporate G&A, acquisition-related costs, interest, and taxes. The cleared data package does not disclose royalty-segment operating income, royalty-segment operating margin, or a source-truth royalty depletion bridge [data_package.md lines 238-244]. Segment operating income is still not disclosed. For forward modeling, I treat royalty economics as structurally above consolidated operating margin, but I allocate corporate cost and depletion explicitly rather than calling the 100% gross margin an operating margin.

3. Unit Economics

The royalty unit economic chain is simple in form and complex in legal detail:

- The operator mines and sells metal or concentrate.
- The royalty formula defines the metal, revenue, value, or profit base.
- The contract defines what deductions, if any, are permitted.
- Royal Gold recognizes royalty revenue when the underlying production sale triggers the obligation.
- Royal Gold bears production taxes, depletion of the capitalized royalty asset, corporate overhead, and funding or acquisition costs at the parent level.

At the gross level, royalties can be better than streams because there is no ongoing purchase price. The main modeled cost distinction is depletion, not mine operating cost. Depletion is a real accounting cost attached to acquired mineral interests, but it is not the same as an operator's cash cost per ounce. A royalty can have high reported operating cash flow even while accounting depletion is high. Conversely, a royalty can report strong near-term margin while the economic asset is depleting faster than expected if mine plans pull forward high-grade zones without extending the resource base.

The cost driver that can break royalty economics is not diesel, labor, or reagent inflation directly. It is operator behavior and contract geography. If an operator shifts mining away from covered ground, delays a project, underinvests in exploration, suffers permitting problems, or high-grades the royalty-covered area without reserve replacement, Royal Gold's revenue can fall while the mine itself remains strategically sound. The Asset Handbook warns that mine-life estimates are point-in-time measures and can change with exploration, resource conversion, metal prices, costs, and operating performance [Asset Handbook extract lines 1997-2007]. That is a useful warning for Cortez, where Fourmile and Goldrush upside is large but

timing and royalty coverage drive Royal Gold's realized economics.

Margin drivers are therefore different from a traditional mining segment:

- Commodity prices: higher gold, silver, copper, zinc, lead, and other prices generally lift royalty revenue with little direct cost offset.
- Covered production: production inside Royal Gold's royalty areas matters more than operator consolidated production.
- Deduction structure: GSR-style royalties have fewer deductions; NSR, NV, and NPI royalties can have more leakage.
- Asset mix: a higher share from gross royalties such as Cortez can lift segment economics; a higher share from NPI or development royalties can add volatility.
- Depletion: acquired portfolios increase book value and depletion expense as production occurs.
- Corporate allocation: shared G&A and acquisition infrastructure must be allocated to the segment because segment OI is not disclosed.

For this appendix's operating-income bridge, I use "allocated segment operating income" as a modeled metric. Current TTM consolidated operating income is $812.147 million on $1.306160 billion of revenue, or a 62.2% consolidated operating margin [quant_foundation.md lines 80-88]. A pure revenue-share allocation would assign about $267 million of TTM operating income to royalty interests. That is conservative for the segment's cash gross profile because royalties have no stream cost of sales, but it avoids overstating profitability by treating 100% gross margin as operating margin. The forward base case uses a 72.0% allocated segment operating margin at March 31, 2031, reflecting 100% royalty gross margin before taxes/depletion, partly offset by depletion and a fair share of corporate overhead.

4. Competitive Dynamics

Royal Gold competes for royalty assets and streaming opportunities against specialized royalty/streaming companies, precious-metals investors, miners with strategic balance sheets, private funds, and occasionally sellers who can finance projects through debt or equity instead. The most relevant public royalty and streaming peers include Franco-Nevada, Wheaton Precious Metals, Triple Flag Precious Metals, Osisko Gold Royalties, and the former Sandstorm platform now folded into Royal Gold. The competition is not a normal product-market share contest. It is a capital-allocation and underwriting market. The best buyer wins by recognizing asset quality before the market does, offering capital when operators need it, and structuring a contract that survives mine-plan changes.

Royal Gold has three competitive advantages in the segment. First, it has credibility with operators because it can finance large transactions without becoming the mine operator. Second, it has a long operating history in royalties, including the Cortez royalty position accumulated over decades. Third, the enlarged 2025 portfolio gives it more diversification and more internal knowledge across operators, jurisdictions, and contract types. The Asset Handbook CEO quote says the company has 81 assets currently producing revenue, which management frames as the most diversified and least concentrated portfolio in the sector [Asset Handbook extract lines 3483-3490]. That breadth reduces single-asset fragility, although it also makes diligence harder for outside investors.

The competitive pressure is that high-quality royalties are scarce and priced as scarce assets. Royalty buyers like long mine lives, low cost curves, strong operators, stable jurisdictions, exploration upside, and gross or NSR structures with limited deductions. Everyone can see those features. The risk in a hot commodity environment is that returns are competed away at acquisition. The 2025 Sandstorm/Horizon transaction added scale and optionality, but it also moved Royal Gold into a larger, more complex portfolio at strong metals prices. If that portfolio underwrites to NAV accretion only under high spot prices, the segment's moat is less durable than headline revenue growth implies.

The segment also competes indirectly with operator financing alternatives. When credit is cheap and equity markets are open, operators can fund development without selling attractive royalties. Royalty financing becomes especially valuable when conventional markets are closed, a project is not yet bankable, or an operator wants non-debt capital. That gives well-capitalized royalty firms countercyclical opportunities, but only if they preserve liquidity. The data package notes management's emphasis on maintaining a strong balance sheet after the acquisition year and the intention to repay acquisition debt from cash flow [data_package.md lines 186-190].

5. Moat At The Segment Level

The royalty segment has a real but bounded moat. The strongest moat element is contractual duration. Once Royal Gold owns a life-of-mine royalty over covered lands, a competitor cannot simply bid away the same economics unless Royal Gold sells the interest. Some royalties run with the land in certain jurisdictions, as the Asset Handbook notes [Asset Handbook extract lines 349-353]. That is more durable than a mining company's cost advantage, because the royalty holder is not trying to defend an operating process. It owns a legal claim on output or revenue.

The second moat element is geological optionality. Cortez is the clearest case. Royal Gold has royalty coverage across a large Nevada complex with producing mines, development projects, and exploration targets. The handbook states that Cortez has 2026 operator guidance of 700,000 to 780,000 ounces of gold on a 100% basis, longer-term outlook of roughly 800,000 to 900,000 ounces per year over the next five years, Goldrush underground ramping toward more than 400,000 ounces per year by 2028, Robertson first production expected in 2027, and Fourmile potential of 600,000 to 750,000 ounces per year over a mine life exceeding 25 years [Asset Handbook extract lines 2489-2498 and 2521-2535]. Royal Gold does not fund that operating capex, yet the royalty can benefit if covered production expands.

The third moat element is data and underwriting repetition. A royalty company that has seen many contracts, operators, jurisdictions, and mine-plan revisions can price risk better than a generalist capital provider. That moat is hard to prove from the outside, and it can be destroyed by one or two large overpayments. The 2025 expansion is therefore a test of the moat, not just evidence of it.

The moat's limits are equally important. Royal Gold does not control operators. It cannot force Newmont to mine the most favorable Penasquito zones, Barrick to advance Fourmile on a specific cadence, or Teck to optimize Antamina for Royal Gold's NPI. It is a price taker in metals. It is exposed to legal enforceability, fiscal regimes, permitting, community relations, and operator technical execution. The segment's moat is best described as "contractual and portfolio-duration moat," not customer lock-in, brand, network effect, or cost leadership.

6. Historical Growth Rates

The historical table below reproduces the royalty segment and royalty product disclosures from the cleared data package. FY2021 is excluded from CAGR calculations because the data package flags it as a fiscal/calendar transition boundary. Product-level rows use FY2023-FY2025 where official dollar rows are available; the CAGR column is therefore the CAGR across the three-year disclosure window, not a claim that a fourth product-dollar year was disclosed. No back-solved product dollars are used.

Product / sub-segment	FY-3 rev	FY-2 rev	FY-1 rev	3-yr CAGR	Most recent YoY	Data package cite
Royalty Interests total	$187.4mm	$236.1mm	$344.0mm	+35.5%	+45.7%	data_package.md lines 82-89
Gold royalty revenue	$154.3mm	$176.9mm	$252.0mm	+27.8%	+42.5%	data_package.md line 107
Silver royalty revenue	$8.6mm	$18.7mm	$28.5mm	+82.0%	+52.4%	data_package.md line 108
Copper royalty revenue	$11.8mm	$17.8mm	$32.5mm	+66.0%	+82.6%	data_package.md line 109
Other royalty revenue	$12.8mm	$22.7mm	$31.0mm	+55.6%	+36.6%	data_package.md line 110
Cortez Legacy Zone	$79.9mm	$58.2mm	$31.8mm	-36.9%	-45.3%	data_package.md line 111
Cortez CC Zone	$14.6mm	$11.6mm	$35.7mm	+56.3%	+207.8%	data_package.md line 112

Arithmetic tie-out notes: the gold, silver, copper, and other royalty rows sum to $344.0 million in FY2025, matching total Royalty Interests revenue in the data package within rounding. The four product rows also sum to $236.1 million in FY2024 and $187.5 million in FY2023, matching segment totals within rounding. The product-level CAGR is only a two-period CAGR from FY2023 to FY2025 because the data package provides three years of product-level dollars. The segment's broader clean-period CAGR from FY2022 revenue of $185.4 million to FY2025 revenue of $344.0 million is approximately 22.9% over three years, but that includes acquisition and commodity-price effects and is not a normalized organic growth rate.

The historical read-through is not "royalties grow 20% forever." It is that the segment has recently been lifted by high metal prices, asset additions, Penasquito recovery, new and acquired royalties, and Cortez zone mix. Cortez itself is a good example of why a royalty model must not extrapolate one line. Legacy Zone revenue fell from $79.9 million in FY2023 to $31.8 million in FY2025, while CC Zone revenue rose from $14.6 million to $35.7 million over the same period [data_package.md

lines 111-112]. The asset is still strong, but the royalty-covered zone mix is moving.

7. Management Guidance

The data package contains only two items directly tagged to Royalty Interests. I use both and do not add transcript quotes outside the cleared package.

Segment	Source date / fiscal period	Speaker	Verbatim excerpt	Topic	Interpretation
Royalty Interests	2026-03-31 guidance release	Company release	"430,000 to 480,000"	Five-year GEO outlook	This is the official volume envelope for the enlarged stream and royalty portfolio, but it is not risk-adjusted asset by asset [data_package.md lines 186 and 193].
Royalty Interests	2026-05-07 / Q1 FY2026	Paul Libner, SVP and CFO	"maintain a strong balance sheet"	Capital allocation	The segment should not be modeled as unconstrained acquisition growth; balance-sheet repair remains a stated discipline after the 2025 transaction year [data_package.md lines 187 and 190].

The broader guidance release gives 2026 total sales ranges of 290,000 to 320,000 gold ounces, 3.0 million to 3.5 million silver ounces, 21.0 million to 25.0 million copper pounds, and $34 million to $38 million of Other Metals, plus a five-year outlook of 430,000 to 480,000 GEOs at specified metal prices [data_package.md line 193]. This is a consolidated portfolio guide, not a royalty-only guide. It is useful for direction of travel: the enlarged portfolio is expected to grow in volume terms from FY2025 levels. It is not sufficient to assign each royalty asset a five-year revenue path.

The Asset Handbook adds operator-level outlook around major royalty assets. Penasquito's operator guidance includes 185,000 ounces of gold, 32 million ounces of silver, 198 million pounds of lead, and 485 million pounds of zinc for 2026, with an average 2027-2029 outlook of roughly 300,000 ounces of gold, 27 million ounces of silver, 197 million pounds of lead, and 392 million pounds of zinc [Asset Handbook extract lines 4727-4738]. Cortez guidance is 700,000 to 780,000 ounces of gold for 2026 on a 100% basis and roughly 800,000 to 900,000 ounces per year over the next five years [Asset Handbook extract lines 2489-2498]. Antamina guidance is 422,000 to 467,000 tonnes of copper, 156,000 to 200,000 tonnes of zinc, and 3,100 to 4,400 tonnes of molybdenum in 2026, with mine life expected through 2036 [Asset Handbook extract lines 6534-6554 and 6570-6577]. These are asset/operator anchors; they are not Royal Gold historical dollars beyond the numbers already in the data package.

8. Forward Growth Assumptions

The model compounds from the TTM royalty revenue base of $429.393 million to March 31, 2031. Because the data package discloses total royalty TTM revenue but not exact TTM royalty revenue by metal, the starting product pools in the forecast are modeling allocations, not re-stated historicals. I allocate the $429.393 million TTM base as follows: gold royalties $294.8 million, silver royalties $43.0 million, copper/base-metal royalties $51.5 million, and other/acquired-portfolio royalties $40.1 million. This allocation is informed by FY2025 royalty metal disclosure and Q1 FY2026 royalty metal disclosure, but it is a model bridge rather than a company-disclosed TTM metal table. [DATA GAP: exact TTM royalty revenue by metal is not separately disclosed in the data package.]

Base case: the segment grows 6.7% per year from TTM to TTM+5. This is materially below the recent 22.9% clean-period segment CAGR and below the FY2025 product growth rates because it normalizes commodity price tailwinds and acquisition catch-up. It still gives credit for Cortez CC Zone and Goldrush/Robertson/Fourmile exposure, Penasquito grade recovery after 2026 stripping, and a full contribution from acquired royalty assets such as Antamina.

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Gold royalties	+27.8%	+42.5%	Consolidated 2026 gold sales 290-320koz	+6.2%	Gold royalty growth normalizes from a high-price and acquisition year, but Cortez and Penasquito support mid-single-digit plus growth.
Silver royalties	+82.0%	+52.4%	Consolidated 2026 silver sales 3.0-3.5Moz	+7.5%	Silver has a small base and Penasquito recovery, but the model haircut reflects volatile by-product timing.

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Base CAGR TTM to TTM+5y	Justification
Copper/base-metal royalties	+66.0%	+82.6%	Consolidated 2026 copper sales 21-25Mlb	+9.5%	Antamina and base-metal royalties get a full-period benefit, but NPI structure and commodity cyclicality cap the base case.
Other/acquired royalties	+55.6%	+36.6%	Other Metals guide $34-$38mm consolidated	+6.0%	Acquired tail assets and development optionality grow, but many are small, operator-dependent, and not individually guided.

Bull case: the segment grows 11.2% per year from TTM to TTM+5. This requires the official five-year GEO outlook to be met or exceeded, gold prices to stay favorable, Penasquito grades to improve after 2026, Cortez development zones to contribute inside Royal Gold's royalty areas, and acquired royalties to prove higher quality than the market initially assumes.

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bull CAGR TTM to TTM+5y	Justification
Gold royalties	+27.8%	+42.5%	Consolidated 2026 gold sales 290-320koz	+10.5%	Bull case assumes Cortez complex production and covered-zone mix improve while gold prices remain supportive.
Silver royalties	+82.0%	+52.4%	Consolidated 2026 silver sales 3.0-3.5Moz	+12.0%	Penasquito and other polymetallic royalties recover faster, with silver price and volume both helping.
Copper/base-metal royalties	+66.0%	+82.6%	Consolidated 2026 copper sales 21-25Mlb	+15.0%	Antamina, Red Chris, and broader acquired base-metal royalties deliver stronger full-period contributions.
Other/acquired royalties	+55.6%	+36.6%	Other Metals guide $34-$38mm consolidated	+10.0%	The acquired portfolio converts more optionality into paying revenue and fewer small assets disappoint.

Bear case: the segment declines 1.3% per year from TTM to TTM+5. This is not a bankruptcy case. It is a normalization case in which the TTM base captured unusually strong metal prices and acquisition timing, while Penasquito, Cortez zone mix, and acquired NPI royalties underperform the base assumptions.

Product	3-yr historical CAGR	Latest YoY	Mgmt FY+1 guide	Bear CAGR TTM to TTM+5y	Justification
Gold royalties	+27.8%	+42.5%	Consolidated 2026 gold sales 290-320koz	-2.0%	Gold prices and covered production normalize, while Legacy Zone declines offset CC Zone gains.
Silver royalties	+82.0%	+52.4%	Consolidated 2026 silver sales 3.0-3.5Moz	0.0%	Penasquito silver helps, but grade volatility and metal-price pullback keep revenue flat.
Copper/base-metal royalties	+66.0%	+82.6%	Consolidated 2026 copper sales 21-25Mlb	+1.0%	Antamina contributes, but NPI deductions, copper volatility, and slower base-metal development limit growth.
Other/acquired royalties	+55.6%	+36.6%	Other Metals guide $34-$38mm consolidated	-1.0%	Tail royalties prove less reliable, and some acquired development optionality slips beyond the 2031 horizon.

The year-by-year base case below shows the deceleration explicitly. It starts from a TTM base inflated by recent acquisitions and strong prices, so the first modeled years are not allowed to repeat the latest-quarter 120.3% royalty segment growth.

Product	TTM base	2027E	2028E	2029E	2030E	2031E
Gold royalties	$294.8mm	$313.1mm	$332.6mm	$353.2mm	$375.1mm	$398.2mm
Silver royalties	$43.0mm	$46.2mm	$49.7mm	$53.5mm	$57.4mm	$61.7mm
Copper/base-metal royalties	$51.5mm	$56.4mm	$61.7mm	$67.6mm	$74.0mm	$81.1mm
Other/acquired royalties	$40.1mm	$42.5mm	$45.1mm	$47.8mm	$50.6mm	$53.7mm
Royalty Interests total	$429.4mm	$458.3mm	$489.1mm	$522.0mm	$557.1mm	$594.7mm

9. Forward Operating Margin Assumptions

Segment operating income is not disclosed. This is the key modeling caveat. The data package classifies segment OI and segment margin as a true non-disclosure and instructs downstream models to allocate consolidated costs explicitly [data_package.md lines 234-244]. I therefore present two layers: disclosed gross economics and modeled allocated operating margin.

Disclosed gross economics support a high royalty margin. The Asset Handbook says royalty segment gross margin was 100% in 2025, where gross margin is revenue less cost of sales [Asset Handbook extract lines 377-386]. The cleared data package and quant foundation do not disclose royalty-segment operating income, royalty-segment operating margin, or an authoritative royalty depletion bridge; the modeled margin therefore starts from consolidated TTM operating margin of 62.2% and then applies an explicit royalty mix premium rather than treating 100% gross margin as operating margin [data_package.md lines 238-244; quant_foundation.md lines 80-88].

For forward operating income, I use an allocated operating margin below disclosed royalty gross margin but above consolidated margin in the base and bull cases. The base margin is 72.0%, the bear margin is 65.0%, and the bull margin is 76.0%.

Case	Current reference	TTM+5y op margin	Change vs consolidated TTM	Mechanism
Bear	62.2% consolidated TTM allocation	65.0%	+280 bps	Royalty cost of sales remains zero, but depletion, NPI leakage, lower metal prices, and corporate cost allocation absorb most of the gross-margin advantage.
Base	62.2% consolidated TTM allocation	72.0%	+980 bps	Royalty mix is structurally higher margin than streams, with acquired royalties scaling over a fixed corporate platform.
Bull	62.2% consolidated TTM allocation	76.0%	+1380 bps	Higher revenue from gross and NSR-style royalties creates operating leverage, while depletion and G&A grow slower than revenue.

The model avoids using 100% as operating margin because that would ignore production taxes, depletion, G&A, acquisition infrastructure, and the fact that some royalties, especially NPI royalties, have deductions. It also avoids a pure consolidated-margin allocation in the base case because that would ignore the structural benefit of royalties versus streams. The best interpretation is that base-case allocated OI is a segment-economic contribution measure suitable for synthesis, not a reported GAAP segment metric.

Product-level margin differs by royalty structure. GSR and broad NSR royalties should be highest. NPI royalties can be lower and more volatile because deductions matter. The table below assigns product-level economic margins used to sense-check the blended segment margin. The final rollup in section 10 uses the case-level margins above to avoid false precision.

Product	Bear op margin	Base op margin	Bull op margin	Margin driver
Gold royalties	66.0%	73.0%	77.0%	Cortez and other gold royalties have strong gross economics but depletion is meaningful.
Silver royalties	64.0%	71.0%	75.0%	Penasquito and silver-linked royalties are high margin but more by-product and grade sensitive.
Copper/base-metal royalties	60.0%	68.0%	73.0%	Antamina NPI and base-metal exposure include more deduction and cyclicality risk.
Other/acquired royalties	62.0%	70.0%	74.0%	The acquired tail is diversified but less transparent, so margin discount remains.

10. Segment Rollup

The rollup below is built from the TTM segment revenue base, the product pool allocations, and the case-level growth and margin assumptions described above. Product-level revenue sums to segment revenue by case. Operating income is modeled using the explicit case-level allocated operating margins, not company-disclosed segment OI.

Case	Gold royalties	Silver royalties	Copper/base-metal royalties	Other/acquired royalties	Segment TTM+5y revenue
Bear	$266.5mm	$43.0mm	$54.1mm	$38.1mm	$401.7mm
Base	$398.2mm	$61.7mm	$81.1mm	$53.7mm	$594.7mm
Bull	$485.7mm	$75.8mm	$103.6mm	$64.6mm	$729.6mm

Case	Segment TTM+5y revenue	Segment TTM+5y op margin	Segment TTM+5y op income	Revenue CAGR	Arithmetic check
Bear	$401.7mm	65.0%	$261.1mm	-1.3%	Product rows sum to segment revenue
Base	$594.7mm	72.0%	$428.2mm	+6.7%	Product rows sum to segment revenue
Bull	$729.6mm	76.0%	$554.5mm	+11.2%	Product rows sum to segment revenue

Base case interpretation: royalty revenue reaches $594.7 million by March 31, 2031, up from $429.4 million TTM. This is a moderate case relative to the recent acquisition-assisted growth rate. It assumes that the 2025 acquired royalty portfolio contributes for a full period, Penasquito stabilizes after 2026, Cortez CC Zone and Goldrush/Robertson/Fourmile coverage partially offset Legacy Zone decline, and Antamina contributes but does not become a dominant segment driver. Base allocated segment operating income is $428.2 million.

Bull case interpretation: royalty revenue reaches $729.6 million and allocated OI reaches $554.5 million. This requires metals to remain favorable, the official five-year GEO outlook to be met at attractive realized prices, Cortez royalty coverage to monetize more of the complex's development growth, and acquired royalties to show real breadth rather than just more asset count. The bull case is plausible because the assets exist, but it should not be the underwriting case unless the synthesis work has independent confidence in commodity prices and operator delivery.

Bear case interpretation: royalty revenue falls to $401.7 million and allocated OI to $261.1 million. This is primarily a reset from an unusually strong TTM base. It assumes lower metal prices, less favorable royalty-covered production at Cortez, slower Penasquito grade improvement, and acquired royalty complexity. The bear case still has strong margin because royalties remain capital-light after acquisition.

11. Key Risks And Wildcards

The biggest risk is false precision around asset coverage. Royal Gold's revenue is not equal to operator mine production multiplied by a headline royalty rate. It depends on covered ground, royalty type, deductions, payability, settlement timing, and overlapping royalty interests. This is particularly important at Cortez. The handbook states that Royal Gold's average blended royalty rate over 2026 Cortez complex production is expected to range between 3.5% and 4.0%, but also shows multiple rates by zone and project [Asset Handbook extract lines 2489-2493 and 2536-2568]. The wrong zone mix can make a good mine plan a weaker Royal Gold revenue plan.

The second risk is commodity price normalization. Q1 FY2026 benefited from very strong realized prices, and the data package shows record revenue and GEOs in the latest quarter [data_package.md lines 145-173]. The five-year model does not forecast metal prices independently; it embeds moderate price and volume assumptions. If gold, silver, copper, zinc, or lead prices revert sharply, revenue falls quickly while depletion and overhead do not vanish.

The third risk is acquired-portfolio opacity. Sandstorm/Horizon increased diversification, added Antamina, Platreef, Hod Maden, and many tail assets, and gave Royal Gold more optionality. It also added development risk, NPI complexity, joint-venture exposure, and assets with timing beyond the March 31, 2031 horizon. Hod Maden is a good example: the handbook describes a 30% non-operating JV interest plus a 2.0% NSR royalty, a 10-year expected mine life, a 2026 construction-decision expectation, and Royal Gold's obligation to fund 30% of project costs [Asset Handbook extract lines 10633-10690]. That is not a simple passive royalty coupon.

The fourth risk is operator dependency. Newmont, Barrick, Teck, Ivanhoe, SSR, and other operators control mine plans, budgets, permitting, and technical execution. Royal Gold can underwrite and monitor, but it cannot operate. The risk is not just underproduction. It is underproduction inside covered royalty areas, delayed project approvals, changed sequencing, tailings

or environmental constraints, and jurisdictional actions.

The main wildcard is Fourmile/Goldrush/Robertson at Cortez. The handbook describes Fourmile as having potential for 600,000 to 750,000 ounces per year over more than 25 years, a PFS expected in 2028, and decline development beginning in late 2026 [Asset Handbook extract lines 2521-2535]. If Fourmile and adjacent targets advance in covered areas with favorable effective royalty rates, the segment's long-duration quality is better than the base case. If development is delayed, outside royalty coverage, or lower grade than expected, the market may have overcapitalized Cortez optionality.

Risk / wildcard	Primary case affected	Revenue effect	Margin effect	Monitoring signal
Cortez zone mix disappoints	Bear	High	Medium	Legacy Zone decline is not offset by CC Zone, Goldrush, Robertson, or Fourmile revenue.
Penasquito grade and stockpile timing slip	Bear	Medium	Medium	Newmont outlook shows lower gold/silver output or covered-area production.
Antamina NPI under-earns headline production	Bear	Medium	Medium	Higher deductions or lower profitability reduce Royal Gold NPI cash conversion.
Fourmile and Goldrush outperform	Bull	High	High	Barrick advances PFS, decline, and exploration with royalty-covered production visibility.
Metal prices remain above guide assumptions	Bull	High	High	Royalty revenue expands without matching cost of sales.
Acquired tail proves lower quality	Bear	Medium	Medium	Small assets miss guidance, require funding, or shift meaningful revenue beyond 2031.

Ending probability summary:

Case	Segment TTM+5y Revenue	Segment TTM+5y Op Margin	Segment TTM+5y Op Income	Probability
Bear	$401.7mm	65.0%	$261.1mm	25%
Base	$594.7mm	72.0%	$428.2mm	55%
Bull	$729.6mm	76.0%	$554.5mm	20%

Segment Conclusion

The Acquisition and Management of Royalty Interests segment is the cleaner half of Royal Gold's business model but not the simpler half analytically. It has no stream cost of sales, durable legal claims, broad operator exposure, and genuine optionality at assets such as Cortez, Penasquito, Antamina, and the acquired portfolio. The TTM base of $429.393 million is already much larger than FY2025's $343.999 million because Q1 FY2026 captured both strong metals and a larger portfolio. The key underwriting question is whether that TTM base is a new platform or a cyclical high-water mark.

My base case treats it as a new platform with normalization. Revenue compounds at 6.7% to $594.7 million by March 31, 2031, and allocated segment operating income reaches $428.2 million at a 72.0% modeled operating margin. The bull case is attractive, but it requires asset-level delivery and supportive metals. The bear case is still profitable because royalties remain high margin, but it would damage any premium multiple that assumes acquisition-led growth and Cortez optionality are already de-risked.

The most important data gap is unchanged from the cleared package: Royal Gold does not disclose segment operating income. The synthesis model should carry that caveat forward and avoid presenting allocated royalty OI as a reported company metric.

Appendix S - Synthesis (Combined Earnings Model)

Royal Gold, Inc. - Synthesis Combined Earnings Model

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Date: 2026-06-09. Ticker: RGLD. Currency: USD. Fiscal year ends December 31. The current price used for the P/E 15 test is $205.70, supplied by the orchestrator from the QF live FMP quote in `quant_foundation.md`. I did not re-fetch the quote or replace any reviewed segment assumptions.

This synthesis builds the March 31, 2031 combined earnings model from the cleared local ER2 artifacts: `quant_foundation.md`, `data_package.md`, the R-cleared Stream Interests and Royalty Interests appendices, `appendix_management.md`, and `appendix_moat.md`. The segment appendices are treated as the source of the forward segment revenue and operating-income cases. The data package and quant foundation are treated as the source of the TTM anchor, historical consolidated financials, share count, balance sheet, and capital allocation record.

The result is arithmetically coherent but not a clean valuation pass. The base case produces $1.853 billion of revenue, $1.192 billion of modeled operating income, $934 million of net income, and $10.89 of EPS at the March 31, 2031 horizon. At $205.70, the required horizon EPS for a 15x P/E is $13.71. The base case is therefore short by $2.82 of EPS and has a negative 20.6% cushion on the P/E 15 value line. The bull case clears the price at 15x, but the Gideon rule is not "bull case can work." The investable case must clear on the confident base case, and this one does not.

The most important confidence caveat is segment operating income. Royal Gold discloses segment revenue but not segment OI. Both R-cleared segment appendices therefore use modeled allocated operating margins. This synthesis preserves those reviewed modeled OI outputs and does not relabel them as company-disclosed segment profitability. Because management is YELLOW, moat is YELLOW, and the 2046 test is YELLOW, the consolidated layer also uses conservative assumptions: no base-case buyback credit, a slightly rising diluted share count, no recurring other income, and a tax rate near the high end of management's 2026 guidance range.

1. Anchors

- Today: 2026-06-09.
- FY end: December 31.
- TTM anchor end date: March 31, 2026.
- TTM quarters: Q2 FY2025 plus Q3 FY2025 plus Q4 FY2025 plus Q1 FY2026.
- Latest completed FY label for historical tie-out only: FY2025.
- Horizon date: March 31, 2031.
- Compounding span: exactly 5.0 calendar years from TTM end to horizon.
- Current price: $205.70.
- TTM diluted share count: 85.018 million from Q1 FY2026 in the quant foundation.

The model compounds from the TTM base, not from FY2025. This matters because Royal Gold's FY2025 and Q1 FY2026 numbers were affected by the Sandstorm/Horizon and Kansanshi acquisition cycle, strong metal prices, and rapidly changing debt and share-count inputs. FY2025 remains useful as a historical tie-out, but it is not the forward base.

2. Segment-Level Forward Assumptions

The table below reproduces the reviewed segment outputs. Stream Interests and Royalty Interests are the two reportable segments. Segment OI is modeled in the appendices because Royal Gold does not disclose segment operating income.

Segment	TTM revenue ($B)	Bear TTM+5y rev	Base TTM+5y rev	Bull TTM+5y rev	Bear OI margin	Base OI margin	Bull OI margin	Source
Stream Interests	0.877	0.951	1.259	1.546	55.8%	60.7%	65.0%	`appendix_B_stream_interests.md` sections 8, 9, 10

Segment	TTM revenue ($B)	Bear TTM+5y rev	Base TTM+5y rev	Bull TTM+5y rev	Bear OI margin	Base OI margin	Bull OI margin	Source
Royalty Interests	0.429	0.402	0.595	0.730	65.0%	72.0%	76.0%	`appendix_B_royalty_interests.md` sections 8, 9, 10
Total / weighted	1.306	1.352	1.853	2.275	58.5%	64.3%	68.5%	Segment appendices plus QF TTM revenue

The segment growth profile is not a simple extrapolation of Q1 FY2026. Stream revenue grew very rapidly in the latest four-quarter sequence, including Q1 FY2026 stream growth of 155.4% year over year, while royalty revenue also had a 120.3% latest-quarter comparison. The segment appendices explicitly decelerate those growth rates because Q1 included acquisition timing, elevated metals, and a low comparison base. That deceleration is essential. Without it, the synthesis would simply capitalize a transition quarter as a permanent trend.

The stream segment base case grows from $876.8 million of TTM revenue to $1.259 billion at the horizon, or about 7.5% per year. The royalty segment base case grows from $429.4 million to $594.7 million, or about 6.7% per year. Both bases are plausible relative to the official five-year GEO outlook, the acquired asset base, and asset-specific ramps, but neither is a high-confidence contractual guarantee. The segment appendices also make clear that the 2025 acquisition wave introduced more asset breadth and more underwriting complexity.

3. Combined Revenue Build

There are no corporate revenue eliminations. The quant foundation ties Stream Interests plus Royalty Interests directly to consolidated TTM revenue, and the data package identifies these as the reportable revenue segments. Therefore the combined revenue model is the sum of the segment appendices.

Line	Bear	Base	Bull
Sum of segment TTM+5y revenue	$1.352B	$1.853B	$2.275B
Corporate eliminations	$0.000B	$0.000B	$0.000B
Combined TTM+5y revenue	$1.352B	$1.853B	$2.275B
Implied TTM to TTM+5y CAGR	0.7%	7.3%	11.8%

The base revenue CAGR is below the segment-level latest-quarter growth evidence and below the most dramatic asset-level growth rates in the stream and royalty appendices. That is deliberate. The TTM base already includes Q4 FY2025 and Q1 FY2026, so the forward case is not allowed to double-count a post-acquisition reset as if the first year of the model begins before the reset.

The bear case is close to flat at the consolidated level. It still gives some credit to Kansanshi, acquired stream assets, and high-quality royalties, but it assumes metal price normalization and operator or covered-area friction offset most of the volume and portfolio benefits. The bull case is the continuation of a favorable metals and execution environment, with more of the official five-year volume outlook monetized at good realized prices.

4. Combined Operating Income Build

The segment appendices present operating income after modeled segment cost allocation. Because those segment operating margins already include a fair share of relevant corporate operating burden and depletion assumptions, this synthesis does not subtract a second unallocated corporate expense line. Doing so would double-count the same allocation. The right caveat is disclosure confidence, not an extra synthetic cost charge.

Line	Bear	Base	Bull
Sum of segment TTM+5y OI	$0.791B	$1.192B	$1.559B
Unallocated corporate expense	$0.000B	$0.000B	$0.000B
Combined TTM+5y OI	$0.791B	$1.192B	$1.559B
Implied OI margin	58.5%	64.3%	68.5%

The base margin is above the TTM consolidated operating margin of 62.2%, but not by an extreme amount. It reflects two things. First, the royalty mix is structurally higher margin than streams because royalties usually have no ongoing metal

purchase cost. Second, the platform should have some scale leverage if the acquired portfolio contributes revenue without proportional corporate cost growth. The conservatism is that this model does not use the royalty segment's 100% gross margin as operating margin, and it keeps the stream segment only slightly below the current consolidated margin because new streams have depletion and purchase-cost drag.

The main risk is false precision. Royal Gold does not disclose Stream Interests OI or Royalty Interests OI. The segment appendices were peer reviewed and arithmetically tied, but the OI split remains an analytical allocation. For the final ER2 verdict, that should reduce confidence around the exact EPS value even when the combined model passes the arithmetic checks.

5. Net Income and EPS Build

The non-operating layer is conservative. Management expects rapid debt repayment, and the management appendix says debt could be fully repaid by Q4 2026 at then-current metal prices absent significant acquisitions. However, the current balance sheet still includes revolver debt and the 2025 acquisition cycle is recent. The model therefore uses modest net interest expense in bear and base rather than giving immediate credit for a debt-free net cash position. Other income is set to zero in all cases because recent other income included noisy acquisition and marketable-security effects that should not be capitalized.

The tax rate uses a case range anchored to management's 2026 effective tax guidance of 17% to 22%. Bear uses 22%, base uses 21%, and bull uses 20%. This is deliberately above FY2025's 17.8% tax-rate example in the data package for the base case.

Line	Bear	Base	Bull
Combined TTM+5y OI	$791.0mm	$1,192.0mm	$1,558.6mm
Net interest expense / income	-$25.0mm	-$10.0mm	$0.0mm
Other income	$0.0mm	$0.0mm	$0.0mm
Pre-tax income	$766.0mm	$1,182.0mm	$1,558.6mm
Tax rate assumed	22.0%	21.0%	20.0%
Net income	$597.5mm	$933.8mm	$1,246.9mm
Diluted share count at TTM+5y	85.768mm	85.768mm	85.768mm
EPS at TTM+5y	$6.97	$10.89	$14.54

The base case is strong in absolute earnings growth. TTM net income was $633.9 million, and base horizon net income is $933.8 million. The issue is not that Royal Gold cannot grow. The issue is that the stock price requires considerably more per-share earnings under Gideon's valuation discipline.

6. Share Count Path

The share count path starts with the Q1 FY2026 diluted share count of 85.018 million. That is the conservative per-share base because it captures the post-acquisition diluted share count in the quant foundation. The data package shows that buybacks were not material in the annual cash-flow rows. The management appendix says the new buyback authorization is framed as an option competing with debt paydown and new investments, and management does not plan to use expanded revolver capacity to repurchase shares. Therefore base-case buybacks are set to zero.

For issuance, the model uses 0.150 million shares per year. That is higher than the simple FY2025 stock-based compensation dollar amount divided by $205.70, but it is meant to reserve for option/SBC friction after the Sandstorm/Horizon transaction without making dilution the whole thesis. This is conservative without being punitive.

Year	Starting share count (M)	Buyback $ ($B)	Avg price assumed	Shares retired (M)	SBC / option issuance (M)	Ending share count (M)
TTM base	85.018	n/a	n/a	n/a	n/a	85.018
Year 1	85.018	0.000	$205.70	0.000	0.150	85.168
Year 2	85.168	0.000	$205.70	0.000	0.150	85.318
Year 3	85.318	0.000	$205.70	0.000	0.150	85.468
Year 4	85.468	0.000	$205.70	0.000	0.150	85.618
Year 5	85.618	0.000	$205.70	0.000	0.150	85.768

This is a five-year path, not a six-year path. The ending share count is starting shares plus five years of 0.150 million issuance, or 85.768 million. If management proves the 2025 deals, pays down debt, and uses buybacks below intrinsic value, this could become conservative. As of this synthesis, using repurchases to rescue the P/E 15 test would be premature because management and moat are both YELLOW.

7. P/E 15 Test

Required horizon EPS at the current price is $205.70 divided by 15, or $13.71. The base case does not clear. The bull case clears by a modest amount, but that does not upgrade the P/E gate because the base case is the case Gideon requires for a confident entry.

Case	EPS at TTM+5y	EPS x 15	Current price	Cushion %	Pass?
Bear	$6.97	$104.49	$205.70	-49.2%	No
Base	$10.89	$163.31	$205.70	-20.6%	No
Bull	$14.54	$218.07	$205.70	6.0%	Yes, but not the underwriting case

The P/E 15 gate is FAIL. A YELLOW valuation would require a near-miss in the base case or a small, evidenced sensitivity change that pushes base EPS above $13.71 without changing the reviewed segment assumptions. This model is not a near-miss. Base EPS would need to be 25.9% higher, or the current price would need to be roughly $163, to clear the P/E 15 discipline on the base case.

8. Reflexivity Check

The TTM revenue reflexivity check passes exactly. The quant foundation gives TTM Stream Interests revenue of $876.767 million and TTM Royalty Interests revenue of $429.393 million. Their sum is $1,306.160 million, matching consolidated TTM revenue.

The TTM OI reflexivity check passes by calibration, with a disclosure caveat. Segment OI is not disclosed, so the synthesis uses the stream appendix's allocated TTM margin of 60.5% for stream revenue, or about $530.4 million of stream OI. Royalty TTM allocated OI is set to the residual needed to tie consolidated TTM operating income, or about $281.7 million. That implies a 65.6% royalty TTM operating margin, which is consistent with the royalty appendix's statement that royalty economics should be above consolidated margin but below 100% gross margin after depletion and overhead.

Check	Stream	Royalty	Combined	Consolidated	Variance
TTM revenue	$876.8mm	$429.4mm	$1,306.2mm	$1,306.2mm	0.0%
TTM OI, modeled allocation	$530.4mm	$281.7mm	$812.1mm	$812.1mm	0.0%
FY2025 revenue	$686.5mm	$344.0mm	$1,030.5mm	$1,030.5mm	0.0%
FY2025 OI, modeled allocation	$415.3mm	$222.9mm	$638.2mm	$638.2mm	0.0%

This check does not prove the segment OI allocation is disclosed. It proves that the combined model is not compounding from a broken consolidated anchor. That is the right level of confidence for a synthesis appendix.

9. In-Progress FY Reconciliation

No in-progress FY was treated as effectively complete. The anchor is TTM ending March 31, 2026. The latest completed fiscal year, FY2025, is used only for a historical sanity check. Q1 FY2026 is included in the TTM construction, not annualized as a full-year substitute.

The useful recency point is that Q1 FY2026 revenue of $469.1 million annualizes to $1.876 billion, almost identical to the base horizon revenue of $1.853 billion five years later. That is not because the model assumes no growth. It is because Q1 2026 was unusually strong, and the model intentionally does not annualize one record quarter as a clean forward base. Royal Gold's 2026 volume guidance and five-year GEO outlook matter, but the data package warns that the five-year outlook is not asset-by-asset risk adjusted and uses specified metal prices. The synthesis therefore treats Q1 as proof that the base case is not mechanically above the current run rate, while still recognizing that Q1 may be a high-water quarter.

10. Sensitivity

The sensitivity table holds all else at base case except the named variable. The objective is not to produce a full valuation range. It is to identify which assumptions can move the P/E 15 gate.

Sensitivity	Downside EPS	Base EPS	Upside EPS	EPS impact
Stream revenue CAGR -/+ 200 bps	$9.86	$10.89	$12.06	-$1.03 / +$1.17
Royalty OI margin -/+ 200 bps	$10.75	$10.89	$11.02	-$0.14 / +$0.14
Share count -/+ 5%	$10.37	$10.89	$11.46	-$0.52 / +$0.57
Tax rate +300 bps / -300 bps	$10.47	$10.89	$11.30	-$0.42 / +$0.41

The variable that matters most is stream revenue growth. That is intuitive because streams are roughly two-thirds of TTM revenue and the stream base case includes the biggest dollar increase from the March 2026 anchor. A 200 bp change in stream revenue CAGR moves EPS by roughly $1.00 to $1.20, which is meaningful but still not enough by itself to rescue the base case. Royalty margin variation is less powerful in this table because royalty revenue is smaller than stream revenue and the base margin is already high. Share count and tax are second-tier variables. They matter for the cushion, but neither converts a base fail into a pass without a bigger change in segment revenue or OI.

The cleanest trigger for upgrade would be evidence that the base segment revenue and margin assumptions are too conservative because 2026-2027 results show durable post-acquisition per-share growth, not just high metal prices. The cleanest trigger for downgrade would be a stream delivery miss at Mount Milligan, Pueblo Viejo, Kansanshi, or the acquired stream tail, because that would hit the largest EPS driver.

11. Combined Earnings Summary Table

I use 30% bear, 50% base, and 20% bull weights. The base gets the highest probability because the business model is real, cash conversion is strong, and the reviewed segment appendices support a moderate growth path. The bear weight is higher than the bull weight because management and moat are both YELLOW, segment OI is modeled rather than disclosed, and current metal prices plus recent acquisitions make the TTM anchor hard to normalize. The bull remains possible, but it requires favorable metals, strong operator execution, and capital discipline after a large acquisition cycle.

Case	Revenue ($B)	OI ($B)	OI margin (%)	NI ($B)	EPS ($)	Probability	EPS x 15	vs. $205.70
Bear	1.352	0.791	58.5%	0.598	6.97	30%	$104.49	-49.2%
Base	1.853	1.192	64.3%	0.934	10.89	50%	$163.31	-20.6%
Bull	2.275	1.559	68.5%	1.247	14.54	20%	$218.07	6.0%
Probability-weighted	1.787	1.145	64.1%	0.895	10.44	100%	$156.60	-23.9%

The probability-weighted result is below the base case because the downside case has a higher probability than the bull case. That is consistent with the framework's default stance. Royal Gold is not a failed business, but the stock requires enough future EPS that a conservative probability mix does not justify today's price under a 15x hurdle.

Tie-Out Checks

- Reported-financial tie-out: PASSED WITH DISCLOSURE CAVEAT. TTM segment revenue of $876.767 million plus $429.393 million equals consolidated TTM revenue of $1,306.160 million. Latest completed FY2025 segment revenue of $686.472 million plus $343.999 million equals $1,030.471 million. TTM and FY2025 OI tie by explicit modeled allocation to the consolidated operating income anchors of $812.147 million and $638.167 million. The caveat is that segment OI is not disclosed by the company.

- NI / shares = EPS: PASSED. Bear net income of $597.5 million divided by 85.768 million shares equals $6.97. Base net income of $933.8 million divided by 85.768 million shares equals $10.89. Bull net income of $1,246.9 million divided by 85.768 million shares equals $14.54. Differences are rounding only.

- Segment sum tie-out at horizon: PASSED. Bear revenue is $950.5 million plus $401.7 million, or $1.352 billion. Base revenue is $1.2587 billion plus $594.7 million, or $1.853 billion. Bull revenue is $1.5457 billion plus $729.6 million, or $2.275 billion. Corporate eliminations are zero because the quant foundation ties segment revenue directly to consolidated revenue.

- Product-to-segment rollup: PASSED. The stream appendix shows product rows summing to $950.5 million, $1.2587 billion, and $1.5457 billion in bear, base, and bull. The royalty appendix shows product rows summing to $401.7 million, $594.7 million, and $729.6 million. Both peer-reviewed appendices explicitly state that the product rows sum to segment revenue.

- Weighted margin check: PASSED WITH ROYALTY METHOD CAVEAT. The stream appendix uses product-level margins and produces weighted segment margins of 55.8%, 60.7%, and 65.0%. The royalty appendix provides product-level margin sense checks but uses case-level allocated margins of 65.0%, 72.0%, and 76.0% in the final rollup to avoid false precision. That is acceptable because the royalty appendix states the method and does not pretend product OI is disclosed.

- Share count path: PASSED. The ending share count is derived from starting diluted shares of 85.018 million plus five years of 0.150 million annual SBC / option issuance and no buyback retirements, equaling 85.768 million. The path is exactly five years.

- Growth plausibility: PASSED. Stream base revenue CAGR of 7.5% is far below the latest reported stream growth and below the FY2025 step-up, and the appendix justifies high-growth lines such as Kansanshi and Other streams with specific asset ramps. Royalty base revenue CAGR of 6.7% is below the segment's recent acquisition-assisted growth and is supported by Cortez, Penasquito, Antamina, and acquired-portfolio logic. The model does not use Q1 FY2026 growth rates as steady-state assumptions.

- Historical arithmetic: PASSED. Stream product rows in the reviewed appendix use TTM revenue multiplied by one plus the case CAGR for five years and tie to segment totals within rounding. Royalty product rows likewise move from the TTM product base to the 2031 product totals and sum to the segment total. Consolidated revenue CAGR calculations use $1.306 billion as the TTM base and the segment-summed horizon revenue as the endpoint.

- Recency anchor: PASSED. Base first-forward-year revenue implied by the base segment CAGRs is about $1.407 billion, or 7.7% above TTM revenue of $1.306 billion. That is within the 10% tolerance. Q1 FY2026 annualized revenue is much higher at $1.876 billion, but the model does not capitalize one record quarter as a clean run rate.

- Capital allocation and capex consistency: PASSED. The model does not use buybacks to manufacture EPS. It gives zero base-case buyback credit because historical buybacks were not material and management is prioritizing debt paydown and capital discipline after the 2025 acquisition wave. It also does not treat future stream and royalty acquisitions as free operating growth; the segment appendices model existing and recently acquired assets.

- P/E 15 gate arithmetic: PASSED AS ARITHMETIC, FAILED AS GATE. Required EPS is $205.70 divided by 15, or $13.71. Base EPS is $10.89, producing $163.31 of value at 15x and a negative 20.6% cushion. Bull EPS clears at $14.54, but the base case fails. The P/E 15 gate is therefore FAIL.

Final tie-out status: 11/11 arithmetic checks passed, with explicit disclosure caveats around modeled segment OI and royalty product margin methodology. The table contract has been checked for sections 2, 3, 4, 5, 6, 7, 10, and 11. The synthesis conclusion is that Royal Gold has a real, high-margin royalty and streaming model, but at $205.70 the base-case March 31, 2031 EPS does not meet Gideon's P/E 15 requirement.

Appendix CS - Compounder Score

Royal Gold, Inc. - Compounder Score

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Date: 2026-06-09. Company: Royal Gold, Inc. Ticker: RGLD. Currency: USD. Current price: $205.70. TTM end: March 31, 2026. Horizon date: March 31, 2031. This appendix is a diagnostic scoring appendix only. It does not mechanically override the ER2 verdict, the management gate, the moat gate, or the P/E 15 gate. The score is meant to describe what kind of compounder Royal Gold looks like at the current price under a skeptical 20% return underwriting rubric.

1. Executive Verdict

Royal Gold is a high-quality royalty and streaming business, but it is not an obviously buyable 20% compounder at $205.70. The evidence supports real business quality: TTM revenue of $1.306 billion, TTM operating income of $812 million, TTM operating cash flow of $862 million, high consolidated margins, long-duration contracts, low direct mine-operating-cost exposure, strong cash conversion, and a broadened portfolio after Sandstorm/Horizon and Kansanshi. The royalty segment is especially attractive because it generally has no ongoing metal purchase cost and owns legal claims on mine production or revenue.

The evidence does not support an "investable now" score. Management is YELLOW, not PASS, because the 2025 deal wave materially changed the company and has not yet produced enough post-close per-share proof. The moat is YELLOW and the 2046 test is YELLOW because signed contracts are durable, but the company still depends on operator execution, covered-area exposure, commodity prices, and repeated future capital allocation. The valuation evidence is worse: the synthesis base case produces March 31, 2031 EPS of $10.89 against a required $13.71 for a 15x P/E at today's price. The base case is short by 20.6%, and the bull case is the only case that clears the P/E 15 price line.

The diagnostic score is 65 / 100. Business quality is 61 / 80. Valuation and 20% return underwriting is 4 / 20. The score-implied classification is Watchlist. That is deliberately between "great business, wrong price" and "reject as a business." Royal Gold deserves ongoing monitoring because the asset base and cash-flow profile are real. It does not deserve a current-price compounder classification because the 20% return case requires either a much lower entry price, a much higher terminal multiple, or evidence that the base-case EPS path is materially too conservative.

2. Data Source Map

The score uses the cleared ER2 local source chain first. Live web verification was limited to confirming the latest Q1 FY2026 official release and 10-Q anchors; the scoring arithmetic is built from the local cleared artifacts.

Evidence family	Source used	Scoring use
Price, share count, market value	User supplied price of $205.70; quant foundation Q1 FY2026 diluted shares of 85.018 million	Current equity value and valuation underwriting
Income statement and TTM bridge	`quant_foundation.md`, P3 and P4	TTM revenue, operating income, net income, operating cash flow, EPS
Segment data	`quant_foundation.md`, `data_package.md`, stream and royalty appendices	Stream / royalty revenue base and forward assumptions
Balance sheet	`quant_foundation.md`, P6; `data_package.md`, Section 8; Q1 FY2026 release	Net debt, liquidity, debt paydown context
Cash conversion	`quant_foundation.md`, P4 and P6; Q1 FY2026 release	CFO / net income, FCF conversion, dividend support
Management quality	`appendix_management.md`	YELLOW gate, capital allocation, incentives, governance
Moat and 2046 durability	`appendix_moat.md`	YELLOW moat and YELLOW 2046 test
Forward model	`appendix_synthesis.md`	Base, bear, bull revenue, OI, EPS, P/E 15 result
Official live verification	Royal Gold Q1 FY2026 release, SEC Q1 FY2026 10-Q	Recency and official-source cross-check

One important data point is the market-cap treatment. The quant foundation records an FMP quote market cap of about $14.281 billion, but the current price supplied for this run multiplied by the Q1 FY2026 diluted share count of 85.018 million

implies about $17.488 billion of equity value. Because Sandstorm/Horizon changed the share count materially, this appendix uses the price times current diluted share count for per-share underwriting and flags the market-cap mismatch as a data caveat rather than silently using the stale-looking quote market cap.

3. Key Financial and Quality Metrics

The TTM anchor is strong. Royal Gold generated $1.306 billion of TTM revenue, $812 million of TTM operating income, $634 million of TTM net income, and $862 million of TTM operating cash flow. TTM operating margin was about 62.2%. TTM CFO / net income was about 1.36x, which supports the claim that reported earnings are cash-backed. TTM FCF is close to operating cash flow because Royal Gold is not a mine operator with routine sustaining capex. That cash profile is central to the business-quality score.

The five-year historical record is more mixed than the current margin snapshot. The data package shows revenue of $0.654 billion in 2021, $0.603 billion in 2022, $0.606 billion in 2023, $0.719 billion in 2024, and $1.030 billion in 2025. Operating margin moved from 50.2% in 2021 to 61.9% in 2025. Net income moved from $274 million in 2021 to $466 million in 2025. FCF was uneven because royalty and stream acquisitions are lumpy: $239 million in 2021, negative $505 million in 2022, $413 million in 2023, $427 million in 2024, and $705 million in 2025.

Standard ROIC is not elite. The data package calculates ROIC of 11.7%, 8.8%, 8.3%, 11.3%, and 9.7% from 2021 through 2025, with a five-year median around 9.7%. That would be too low for a classic capital-light software compounder. Royal Gold deserves some adjustment because newly acquired stream and royalty capital can depress reported ROIC before the acquired assets contribute a full run-rate year, and because mineral interests have unusual depletion economics. Still, the score cannot pretend the evidence shows 30% plus normalized ROIC. The right answer is to credit cash conversion and unit economics while capping the incremental-return category until acquisition-inclusive ROIIC is proven.

The balance sheet is not a hard veto. At March 31, 2026, Royal Gold had about $600 million of revolver debt, $234 million of cash, and about $366 million of net debt by the release's adjusted definition. Net debt / TTM adjusted EBITDA was about 0.34x. The company repaid debt in Q1 2026 and after quarter-end, and management expects further paydown from cash flow if metal prices and acquisition behavior cooperate. Leverage is therefore low today, but the enlarged credit toolkit creates future capital allocation risk.

4. Rubric Scorecard

Category	Score	Max	Diagnosis
Incremental returns on capital	17	25	High margins and cash conversion, but standard ROIC is only high-single-digit to low-teens and acquisition-inclusive ROIIC is not proven.
Reinvestment runway	16	20	Long-duration assets and a real deal market, offset by competition, scarce top-tier royalties, and reliance on future underwriting.
Durability of moat	12	15	Signed contracts and asset-light economics are real; classic pricing power is absent and moat gate is YELLOW.
Accounting and financial quality	9	10	Cash flow supports earnings and leverage is low; segment OI non-disclosure and acquisition accounting reduce precision.
Capital allocation discipline	7	10	Positive evidence from debt paydown and buyback framing, capped because the 2025 deal wave is not yet proven.

Royal Gold has earned credit for debt paydown, dividend consistency, and clear buyback framing, but not a near-perfect grade after issuing shares, increasing complexity, and absorbing a large acquired portfolio that still needs per-share proof.

Final business quality score:

Category	Final score	Max
Incremental returns on capital	17	25
Reinvestment runway	16	20

Category	Final score	Max
Durability of moat	12	15
Accounting and financial quality	9	10
Capital allocation discipline	7	10
Business quality total	61	80

The 61 / 80 business quality score says "good, not elite." The main positive is that Royal Gold has a real asset-light royalty and streaming model with excellent cash conversion and long-duration contract claims. The main cap is that the framework is looking for a >20% long-term compounder, not simply a high-margin commodity-finance company. Management and moat both being YELLOW matters. So does the low reported ROIC history.

5. ROIIC and Reinvestment Analysis

Royal Gold's reinvestment pattern is lumpy because the business buys or originates long-duration royalty and stream assets rather than funding regular internal capex. That makes standard ROIIC harder to interpret than for a factory, retailer, or software company. The company can show low annual capex in a year when no large deal closes, then very high reinvestment in an acquisition year. The right scoring approach is to separate current cash-return quality from acquisition-inclusive incremental returns.

The current cash-return quality is strong. TTM operating cash flow of $862 million against TTM net income of $634 million is excellent. Royalty and streaming economics also explain why cash conversion should usually be better than a miner's: Royal Gold is not paying site labor, diesel, sustaining mine capex, processing plant maintenance, or mine-construction overruns in the ordinary course. Its costs are upfront deal capital, contractual metal purchase payments on streams, depletion, G&A, taxes, interest, and monitoring.

The acquisition-inclusive ROIIC evidence is unresolved. The 2025 Sandstorm/Horizon transaction had a purchase price allocation of about $4.148 billion and issued 18.6 million shares to Sandstorm holders. Kansanshi required a $1.0 billion advance. These assets may prove excellent, but a compounder score cannot award full incremental-return credit before the post-close per-share cash flow, NAV accretion, debt paydown, and depletion profile are visible. The first Q1 2026 numbers are encouraging, but they also benefited from strong metal prices and partial-cycle acquisition timing.

This score therefore gives 17 / 25 in incremental returns. The sub-score is not low because the unit economics are poor. It is capped because the evidence does not yet prove that the enlarged Royal Gold platform reinvests incremental capital at 25% to 35% plus returns after dilution and acquisition cost. If 2026-2028 results show the acquisitions growing cash flow per share while debt falls and share count stabilizes, this category can move materially higher.

6. Runway Analysis

Royal Gold has a real runway. The official five-year outlook of 430,000 to 480,000 GEOs creates a volume envelope for 2026-2031 modeling, and the portfolio now includes long-life assets such as Cortez, Pueblo Viejo, Mount Milligan, Kansanshi, and a larger acquired royalty and stream tail. The stream segment base case grows from $876.8 million of TTM revenue to $1.259 billion at the horizon, or about 7.5% annually. The royalty segment base case grows from $429.4 million to $594.7 million, or about 6.7% annually. Those growth rates are not heroic relative to the latest acquisition-assisted growth, but they are also not guaranteed.

The runway is not a clean internally controlled expansion runway. Royal Gold depends on other companies' mines, permits, capital budgets, sequencing decisions, technical execution, and covered-area economics. A great mine plan can still disappoint Royal Gold if production shifts outside the royalty area or if stream delivery timing changes. Future growth also requires capital allocation. The company can only compound for 20 years if it keeps replacing depletion and buying or originating attractive new interests without overpaying.

The market structure is both good and hard. Miners will keep needing capital, and streams / royalties remain attractive financing tools when operators want alternatives to debt or equity. But high-quality royalties and streams are scarce. Franco-Nevada, Wheaton Precious Metals, Triple Flag, OR Royalties, private capital, lenders, strategic offtakers, and operators themselves compete for the same assets. Competition can bid away prospective returns precisely when metal prices are high and capital markets are open.

The runway score is 16 / 20. Royal Gold has enough asset duration and deal-market relevance to deserve a good score. It does not deserve a near-perfect score because the runway is not self-funded organic expansion inside a controlled platform; it

is repeated underwriting in a competitive, commodity-linked asset market.

7. Moat Analysis

Royal Gold's moat is real but conditional. The strongest moat source is existing contract ownership. Once Royal Gold owns a royalty or stream, a competitor cannot simply bid away that exact interest. The company also benefits from technical underwriting skill, operator relationships, deal reputation, a broadened asset base, and a low-cost corporate platform. The royalty segment is the highest-quality moat contributor because royalty interests generally do not require ongoing metal purchase payments and can have broad legal claims on production or revenue.

The moat is not classic pricing power. Royal Gold cannot raise the price of an existing contract because inflation is high. It cannot charge metal buyers a premium. Revenue is driven by metal prices, operator production, contract terms, covered areas, and delivery mechanics. The company's "pricing power" is better described as favorable contract structure plus commodity participation. That is valuable, but it is different from a brand or software platform with recurring price increases.

The 2046 test stays YELLOW. It is plausible that Royal Gold still makes money in 2046 as a precious-metals royalty and streaming company, and assets such as Cortez, Kansanshi, Pueblo Viejo, and Mount Milligan help bridge the business toward or beyond that date. But the current asset set alone does not remove the need for future underwriting. The 2046 business must keep replacing depletion, defending contract value, and deploying capital at attractive returns. The score therefore gives 12 / 15 for durability: strong enough to monitor closely, not strong enough for unconditional compounder status.

8. Accounting and Capital Allocation Analysis

Accounting quality is mostly good. Revenue and cash flow are understandable, the TTM bridge reconciles, official SEC values control where FMP mismatches occur, and the QF reconciliation passed 8 / 8 checks. Cash conversion is strong. SBC is not a dominant economic cost. Leverage is manageable. No fatal governance, auditor, related-party, or restatement issue was found in the cleared management appendix.

The important caveats are disclosure precision and acquisition accounting. Royal Gold does not disclose segment operating income, so both segment appendices and the synthesis use modeled segment operating margins. That is acceptable if labeled, but it lowers confidence in exact EPS sensitivity. The 2025 acquisitions also created internal-control and purchase-accounting monitoring needs. The management appendix notes that acquired Sandstorm/Horizon internal controls were excluded from the 2025 assessment under permitted acquisition-period treatment, not as a material weakness, but the first full control cycle remains a live monitor.

Capital allocation is the decisive unresolved item. The good evidence is that management is experienced, stayed inside the royalty/streaming model, raised dividends, repaid debt quickly, framed buybacks as a valuation-sensitive option, and avoided using revolver capacity for mechanical repurchases. The negative evidence is that 2025 was a regime change: Sandstorm/Horizon, Kansanshi, Warintza, Hod Maden, non-core assets, inherited equity positions, debt, and share issuance all increase the burden of proof. Incentives include GEO and resource growth, which can reward scale before per-share return is fully visible. That is why capital allocation receives 7 / 10 rather than a higher score.

9. 20% Return Underwriting

The return underwriting score is poor. Using the synthesis cases, the five-year horizon value at a 15x exit multiple plus five years of current annual dividend is not attractive:

Case	Horizon EPS	15x EPS value	Dividends assumed	Approx. five-year IRR from $205.70
Bear	$6.97	$104.55	$9.50	-11.1%
Base	$10.89	$163.35	$9.50	-3.4%
Bull	$14.54	$218.10	$9.50	2.0%

This is not close to a 20% annualized return case. The table is intentionally harsh because the rubric asks whether the 20% case works without terminal multiple expansion. It does not. Even the bull case barely produces a positive IRR under a 15x exit multiple plus a static dividend assumption. A current-multiple exit would produce a better answer, but relying on a high terminal multiple is exactly what this rubric refuses to do.

The reverse DCF is also unattractive. At an equity value of about $17.49 billion and enterprise value of about $17.85 billion, Royal Gold trades at roughly 22x TTM operating income, about 28x TTM net income, and roughly 20.7x TTM operating cash flow. The current TTM EPS P/E is about 24.5x. To earn 20% annually for five years under a conservative exit multiple, the company would need far more NOPAT and EPS growth than the reviewed base case supports. The base case is not a bad company outcome; it is a bad 20% return setup from the current price.

The valuation score is 4 / 20. Royal Gold gets two points for real cash returns and dividend support, one point for a bull case that can clear the ER2 P/E 15 price line, and one point for balance-sheet optionality that could create value if repurchases are made well below intrinsic value. It gets no credit for base-case 20% IRR, no credit for bear-case acceptability, and no credit for a conservative-multiple return case.

10. Hard Veto Checklist

Hard veto	Status	Evidence
ROIIC below cost of capital with no credible path	Watch	Current returns are not obviously below cost forever, but acquisition-inclusive ROIIC is unproven.
Reported ROIC high only because invested capital is tiny	Pass	Reported ROIC is not artificially high; if anything, the issue is low reported ROIC after acquisitions.
Growth requires persistent external financing	Watch	Current leverage is low, but future growth depends on deal capital and disciplined underwriting.
Share count rises without per-share value creation	Watch	Sandstorm share issuance may prove accretive, but proof is not yet visible across a full cycle.
Large acquisitions without disclosed returns	Watch	2025 deal wave is the key unresolved item.
FCF structurally lags earnings	Pass	TTM CFO and FCF conversion are strong.
Concentration / regulation / commodity exposure can impair equity	Watch	Commodity prices, operator execution, and contract coverage are real risks.
20% return case requires terminal multiple expansion	Fail	Base 20% case does not work at 15x; higher terminal multiple is needed for a respectable return.
Flawless execution needed to justify today's price	Fail	Current price requires more than the reviewed base case.
Moat cannot be explained	Pass	Contract ownership, underwriting, relationships, and asset-light economics explain the moat.
Accounting / governance issues impair trust	Pass / Watch	No fatal issue, but acquisition integration and segment OI non-disclosure are monitors.
Balance sheet could wipe out equity holders	Pass	Net debt / TTM adjusted EBITDA is low.

There are two valuation-related hard-veto failures under the compounder rubric: the 20% return case requires too much terminal multiple support, and today's price requires better-than-base execution. These do not mean Royal Gold is a bad company. They mean the diagnostic compounder score cannot call it investable now.

11. Final Decision

Compounder Score note: 65 / 100. Royal Gold is a real royalty and streaming compounder candidate, but the score is capped by YELLOW management, YELLOW moat, low reported ROIC, unproven acquisition-inclusive ROIIC, and a failed current-price return setup.

Business Quality Score note: 61 / 80. The business earns credit for high margins, strong cash conversion, long-duration contracts, low mine-operating-cost exposure, and a credible asset base; it loses points for commodity dependence, operator control, segment OI non-disclosure, and unresolved 2025 capital allocation proof.

20% Return UW Score note: 4 / 20. The base case does not clear the ER2 P/E 15 requirement, and the five-year 20% annualized return case does not work without a much lower price or terminal multiple support.

Score-implied classification: Watchlist. This is not "Investable now" because the valuation score is too weak. It is not a clean "Buy only at lower price" because business quality is good but not yet high-confidence enough after the 2025 acquisition cycle. The right diagnostic stance is to keep Royal Gold on the watchlist and demand either a materially lower entry price or 2026-2028 evidence that per-share cash flow and NAV are compounding faster than the reviewed base case.

12. Machine-Readable JSON

The companion file `compounder_score.json` contains the full parseable JSON. Key fields are: total score 65 / 100, business quality 61 / 80, valuation underwriting 4 / 20, classification Watchlist, clears_20pct_hurdle false, base-case IRR -3.4% under a 15x exit multiple plus static dividends, and source confidence Medium-High.

Appendix CSA - Scoring Audit

Royal Gold, Inc. - Scoring Audit

Date: 2026-06-09. Ticker: RGLD. Currency: USD. Current price: $205.70. TTM end: March 31, 2026. Horizon date: March 31, 2031.

This is a diagnostic scoring audit of the CompounderScorer output, not a new ER2 verdict. The audit checks whether the 65 / 100 original score is supported by the cleared ER2 source chain, whether the score is consistent with Management YELLOW, Moat YELLOW / 2046 YELLOW, and the P/E 15 gate FAIL, and whether the 20% return underwriting score gives any credit that the math does not earn.

1. Original vs Audited Scores

The original JSON and markdown agree on the headline numbers: Business Quality 61 / 80, Valuation / 20% Return Underwriting 4 / 20, Total 65 / 100, and score-implied classification Watchlist. They also agree that the base case does not clear the 20% hurdle: bear IRR -11.1%, base IRR -3.4%, bull IRR 2.0%, and maximum buy price for a 20% IRR of $69.46. The original report is correctly skeptical on the valuation gate. The audit issue is not that the original ignored the P/E 15 failure. The issue is that the business-quality score awarded too much credit to a company whose crucial incremental-return evidence is explicitly missing or not yet observable after a material acquisition cycle.

Item	Original	Audited	Notes
Business Quality Score / 80	61	49	Reduced for missing ROIIC, unproven acquisition-inclusive returns, modeled segment OI, and YELLOW management/moat gates.
Valuation / 20% Return UW Score / 20	4	2	Reduced because base, bear, and bull IRRs all fail the 20% case at a 15x exit multiple.
Total Score / 100	65	51	The diagnostic score should not sit near the Watchlist/quality boundary when both quality proof and valuation fail.
Classification	Watchlist	Reject under current-price 20% compounder rubric	This does not reject Royal Gold as a business; it rejects the current-price 20% compounder case.

2. Score Reductions and Reasons

The largest reduction is Category 1, Incremental Returns on Capital. The original score gave 17 / 25. That is too high under the rubric. Reported ROIC is only 11.7%, 8.8%, 8.3%, 11.3%, and 9.7% from 2021 through 2025, with a five-year median around 9.7%. That supports a low positive ROIC score, not a high one. More importantly, the original JSON lists three-year ROIIC, five-year ROIIC, acquisition-inclusive ROIIC, reinvestment rate, and FCF conversion as null. The CSA rule is explicit: if ROIIC is not calculated, Category 1B must be 0. Because Sandstorm/Horizon, Kansanshi, Warintza, and related assets materially changed the invested-capital base, acquisition-inclusive ROIIC is not optional. It is the central question. This score is reduced because the evidence says "high-margin and cash-generative," not "proven high-ROIIC compounder."

The audited Category 1 score is 10 / 25. Royal Gold earns credit for strong cash conversion, sensible asset-light unit economics, and the fact that reported ROIC is not an accounting artifact created by tiny invested capital. It does not earn full credit for incremental returns. The current cash engine is real, but the enlarged company has not yet shown that the 2025 capital deployed through equity issuance, debt, acquired portfolios, and stream advances creates high per-share incremental returns after depletion, purchase accounting, and commodity prices are normalized.

Reinvestment Runway is reduced from 16 / 20 to 14 / 20. The runway is real: long-duration streams and royalties, a large mining-finance opportunity set, and specific asset markers such as Cortez, Pueblo Viejo, Mount Milligan, and Kansanshi support monitoring. But the runway is not internally controlled organic expansion. Royal Gold depends on operators, mine plans, permits, covered areas, and repeat external underwriting. The source files repeatedly state that management's five-year GEO outlook is not risk-adjusted asset by asset and that future growth requires disciplined acquisition or origination in a competitive market. A good runway exists, but it is not proven enough for a near-elite score.

Moat is reduced from 12 / 15 to 11 / 15. The moat is real at the contract level. Once Royal Gold owns a good royalty or stream, a competitor cannot simply take that exact interest. The royalty segment is especially strong because it has no ordinary metal purchase cost. But the moat appendix itself gives Moat YELLOW and 2046 YELLOW. Royal Gold lacks classic pricing power, depends on operator execution, and must keep replacing depletion and finding new deals. The audited score preserves a strong but conditional moat score; it does not treat YELLOW as a hidden PASS.

Accounting and Financial Quality is reduced from 9 / 10 to 8 / 10. The earnings quality is good: TTM operating cash flow of $862 million versus TTM net income of $634 million supports the cash-backed earnings claim, leverage is low, and there is no fatal governance issue. The score is capped because segment operating income is not disclosed, segment margins are modeled allocations, FMP and official-source mismatches were logged in the data package, and the market-cap/share-count inconsistency required manual correction. These are not fatal defects, but they prevent a near-perfect financial-quality grade.

Capital Allocation is reduced from 7 / 10 to 6 / 10. Management has credible experience, a coherent royalty/streaming strategy, a dividend record, and a sensible post-deal deleveraging posture. The management appendix still concludes YELLOW. The 2025 deal wave is a regime change, not a completed proof point. Incentives include GEO and resource growth, which can reward scale before per-share value creation is proven. Buyback discipline is framed well, but not yet tested at this enlarged balance-sheet size. The right score is respectable, not high-confidence.

Valuation / 20% Return Underwriting is reduced from 4 / 20 to 2 / 20. The only remaining credit is for real cash generation and modest dividend support. The original extra credit for a bull case that clears the P/E 15 price line is not enough under the rubric because the underwriting case must work on the base case. The base case IRR is negative under a 15x exit multiple plus static dividends. The bull case is only about 2.0%. The 20% case requires a much lower entry price or terminal multiple support. That is a hard valuation failure.

3. Unsupported Claims

The evidence does not support any claim that Royal Gold has proven high acquisition-inclusive ROIIC. The original report does not explicitly claim that the proof is complete, but the 17 / 25 incremental-return score implies more proof than exists. The supporting files say the opposite: 2025 acquisitions are too fresh, Sandstorm/Horizon closed only in October 2025, Kansanshi has only partial-period evidence, and the enlarged platform needs 2026-2028 per-share cash-flow and NAV proof.

The evidence also does not fully support "near elite" business quality. Royal Gold is a good business with attractive contracts, high margins, and low direct mine operating exposure. But a dream compounder score requires durable incremental returns, not just high current cash conversion. The source chain contains many caveats: segment OI is modeled, acquired asset quality is unproven, operator execution is outside Royal Gold's control, and the 2046 case needs repeated underwriting.

The original Watchlist classification is softer than the diagnostic thresholds. The CompounderScorer threshold file says Reject can apply when the score is below 70, a hard veto exists, or the 20% case is not plausible. Royal Gold has a sub-70 original score, two valuation hard-veto failures, base-case IRR far below 20%, and no base-case P/E 15 pass. Calling the company a Watchlist may be reasonable in a portfolio-monitoring sense, but it is not the strict score-implied classification under the current-price 20% rubric.

4. Calculation Errors

I did not find a material arithmetic error in the synthesis EPS bridge, P/E 15 test, or IRR table. The base EPS of $10.89, required EPS of $13.71, and negative 20.6% cushion are internally consistent. The problem is scoring interpretation.

The calculation breaks at ROIIC. ROIIC is not calculated, and acquisition-inclusive ROIIC is not calculated. The original JSON explicitly leaves these fields null. Under the audit rules, that makes 1B a zero and caps confidence in Category 1 and Category 5. Lumpy royalty and stream accounting makes ROIIC harder to interpret, but harder is not the same as waived. The whole point of the audit is to avoid awarding high incremental-return points when the capital-allocation math has not been shown.

The valuation score also over-credits optionality. A bull case that clears $205.70 at 15x EPS by only 6.0% does not make a 20% annualized case. Even with dividends, the bull IRR is about 2.0%, while the base is -3.4% and the bear is -11.1%. Credit for cash returns should be limited because those cash returns are already overwhelmed by the starting multiple.

5. Missing Data

The most important missing evidence is acquisition-inclusive ROIIC for Sandstorm/Horizon, Kansanshi, and the broader 2025 deal wave. The audit needs post-close cash flow per share, NAV accretion after dilution, debt paydown, depletion, purchase

accounting, and asset-level performance through a full cycle. Without that, the enlarged Royal Gold platform is promising but unproven.

Segment operating income is a second major data gap. Royal Gold discloses segment revenue and useful gross economics, but not stream or royalty operating income. The segment appendices model allocated margins and clearly label them as model bridges. That is acceptable for synthesis, but it lowers confidence in exact segment EPS sensitivity and should cap financial-quality precision.

Other gaps include stream-only five-year guidance, stream-only GEO guidance, asset-level TTM revenue by stream, full asset mix history for acquired Other streams, exact mine-level AISC/sustaining capex from operators, and a resolved market-cap/share-count quote mismatch after acquisition-related share issuance.

6. Hard-Veto and Threshold Test Audit

Management YELLOW, Moat YELLOW, and 2046 YELLOW are not automatic rejection gates for the compounder score, but they should prevent the score from reading like a high-confidence quality pass. The P/E 15 gate is a direct valuation fail. The base case produces $10.89 of 2031 EPS versus $13.71 required at the current price. The score must reflect that the current-price return case fails even before asking whether the business quality is dream-level.

The hard-veto checklist contains two valuation failures: the 20% return case requires terminal multiple expansion or a much lower entry price, and today's price requires better-than-base execution. Those failures should control the score-implied classification. The diagnostic classification should be Reject under the current-price 20% compounder rubric, while the research process can still keep Royal Gold on a business-quality watchlist.

7. Final 20% Hurdle Pass/Fail

Final 20% hurdle: FAIL. The base case IRR is approximately -3.4%, the bear case is approximately -11.1%, and the bull case is approximately 2.0% using the synthesis cases, a 15x exit multiple, and static dividends. The maximum buy price for a 20% IRR is $69.46, far below $205.70. The current stock price does not offer a 20% return setup without a radical change in entry price, terminal multiple, or base-case earnings power.

8. Dream Business / Dream Investment Classification

Classification: neither. Royal Gold may become a dream business candidate if 2026-2028 proves that the enlarged royalty and streaming platform compounds per-share cash flow and NAV at high incremental returns. Today, it is not yet a dream business because management and moat are YELLOW, 2046 is YELLOW, reported ROIC is only high-single-digit to low-teens, and acquisition-inclusive ROIIC is missing. It is clearly not a dream investment at $205.70 because the valuation math fails the 20% hurdle.

The single biggest reason Royal Gold does not qualify is simple: the company has not yet proven high acquisition-inclusive ROIIC after a material deal wave, and the current price already demands more earnings power than the reviewed base case produces.

9. Stage 7 Scorecard Notes

Compounder Score note: Audited 51 / 100. Royal Gold is a real royalty and streaming business, but the current-price compounder case fails because ROIIC is unproven after the 2025 deal wave and the 20% return math does not work.

Business Quality Score note: Audited 49 / 80. High margins, cash conversion, and contract duration are real; quality is capped by missing ROIIC, modeled segment OI, YELLOW management/moat gates, and unproven per-share acquisition returns.

20% Return UW Score note: Audited 2 / 20. The base, bear, and bull IRRs all fail the 20% hurdle at a 15x exit multiple; only cash generation and dividend support deserve limited credit.

10. Auditor JSON

See `compounder_score_audit.json` for the parseable audit output.

Appendix RT - Red Team

Royal Gold, Inc. - Red Team

PATH_RECEIVED: C:\Users\Admin\OneDrive\GPT\ER 2.0\Royal Gold\appendix_red_team.md

Date: 2026-06-09. Ticker: RGLD. TTM end: March 31, 2026. Horizon date: March 31, 2031.

Red-Team Conclusion

Royal Gold is not a fake business. That makes the red-team job harder and more useful. The business has real contractual claims, high cash conversion, a cleaner royalty segment than most mining-linked vehicles, and management that has not behaved like promoters. The problem is that the current-price thesis is already broken before the red team adds pressure. The synthesis base case fails the P/E 15 test at $205.70, with March 31, 2031 EPS of $10.89 versus required EPS of $13.71. The audited score then confirms the same problem from another angle: 51 / 100 overall, 49 / 80 business quality, 2 / 20 return underwriting, and Reject under the current-price 20% compounder rubric.

The red team agrees with that rejection and would go further on the reason. The fragile point is not royalty gross margin. It is the assumption that the 2025 enlarged stream and acquired portfolio can convert a very strong Q1 FY2026 and management's five-year GEO envelope into durable per-share earnings growth. The model is intentionally not heroic, but even its moderate stream base requires enough execution from Mount Milligan, Pueblo Viejo, Kansanshi, and the acquired stream tail to produce a 7.5% stream revenue CAGR from a TTM base that already includes elevated metals, acquisition timing, and a record quarter. That is the wrong place to accept uncertainty when streams are roughly two-thirds of TTM revenue and the sensitivity table says a 200 bps miss in stream revenue CAGR reduces EPS by about $1.03.

The thesis does not survive as a BUY. It can survive only as an avoid/watch name whose upgrade burden is empirical: show 2026-2028 per-share cash flow and NAV growth after dilution, debt, depletion, and purchase accounting, without using more leverage to buy scale. Until then, the portfolio may be high quality, but the stock price is underwriting more certainty than the evidence supports.

1. The Most Fragile Assumption

The single most fragile Stage 5 assumption is Stream Interests base revenue growth: $876.8 million of TTM stream revenue compounding to $1.2587 billion by March 31, 2031, or about 7.5% per year. This is the line that matters most because the stream segment is the majority of the company, and the synthesis sensitivity table says a 200 bps miss in stream revenue CAGR cuts March 2031 EPS from $10.89 to $9.86. That is not an accounting rounding item. It would move the P/E 15 value from about $163 per share to about $148 per share, widening the already negative cushion.

The fragility is concentrated inside two product lines: Kansanshi and Other streams. Kansanshi is modeled from $41.3 million of allocated TTM revenue to $102.7 million at the horizon, a 20.0% CAGR, with a 60.0% modeled operating margin. Other streams are modeled from $284.5 million to $468.7 million, a 10.5% CAGR, with a 61.0% margin. Together, those two lines contribute roughly $571 million of base 2031 stream revenue and about $348 million of base stream operating income. They are also the least seasoned pieces of the model. Kansanshi is a new 2025 stream tied to recovered copper and S3 execution at First Quantum's mine in Zambia. Other streams contain the acquired Sandstorm/Horizon tail, Rainy River, Khoemacau, Wassa, Xavantina, and other assets with a disclosed asset-mix history gap.

The older flagship stream assets are not riskless, but they are easier to diligence. Mount Milligan has long-duration support and a 2045 marker. Pueblo Viejo has scale and expansion logic, but also step-down and silver-recovery mechanics. Andacollo is mature and already modeled with low growth. Kansanshi and Other streams are different: the model is necessarily giving credit to newly acquired or recently reset assets before the company has reported a full normalized post-close year. That is exactly where red-team pressure belongs.

If the Kansanshi and Other streams base CAGRs are each 500 bps too high, the lost 2031 revenue is roughly $113 million versus base, before margin effects. At a roughly 60%-61% stream margin, that is about $68 million of operating income, roughly $54 million after a 21% tax rate, or about $0.63 of EPS on 85.8 million shares. If the broader stream segment misses by the synthesis's 200 bps sensitivity, the hit is larger at $1.03 of EPS. That would put base EPS below $10 and make the current price look even less defensible. The point is not that the model is arithmetically wrong. The point is that the biggest value lever is attached to the least seasoned post-acquisition evidence.

2. Most-Likely Optimistic Stage 5 Number

The most-likely-to-be-optimistic Stage 5 number is the stream segment's $1.2587 billion of base revenue in March 2031, especially the $468.7 million assigned to Other streams. The $102.7 million Kansanshi number is aggressive in CAGR terms, but at least it has a named asset, operator, S3 ramp, and 2026 sales guide. The Other streams number has a broader problem: it is a large bucket with a data gap, yet it has to carry a 10.5% base CAGR and nearly $286 million of modeled operating income in 2031.

That is where a good business can still disappoint investors. A diversified acquired tail reduces single-asset blow-up risk, but it also makes underperformance harder to see until after the market has already capitalized the growth. The appendix says this bucket includes assets such as Rainy River, Khoemacau, Wassa, Xavantina, and other acquired stream interests. It also flags that management does not provide stream-only five-year revenue guidance, stream-only five-year GEO guidance, stream operating income, or asset-level TTM stream revenue in the cleared package. A 10.5% CAGR for a bucket with that opacity may be reasonable as a modeling midpoint, but it is the number most likely to come down once 2026 and 2027 reveal actual asset-level conversion.

The model leans on three supports that are not robust enough for a current-price compounder case: the official five-year 430,000-480,000 GEO outlook, the "largest and most diversified portfolio" framing, and Q1 sales tracking well against full-year guidance. All three can be true while the Stage 5 stream revenue number is too high. The GEO outlook is not risk-adjusted asset by asset and uses specified metal prices. Diversification can include mediocre acquired assets. A good first quarter can reflect metal prices, closing timing, and delivery lag rather than steady state.

3. Strongest Bear Case

The bear case is that Royal Gold has just used equity, debt capacity, and peak-cycle precious-metals enthusiasm to buy a more complex royalty and streaming platform whose per-share incremental return is unproven, while the stock already prices a clean execution path. The 2025 acquisitions lifted revenue, GEOs, and asset count, but the most important missing number is acquisition-inclusive ROIIC after dilution, depletion, purchase accounting, and normalized metals. In this case, the company remains profitable and high margin, but the share price de-rates because investors realize the enlarged portfolio is a commodity-finance vehicle with good contracts rather than a 20% compounder.

The mechanism shows up first in streams. Stream revenue is price-taking, two-thirds of the TTM revenue base, and exposed to purchase costs, depletion, step-downs, delivery timing, and operator decisions. If Q1 FY2026 annualization was a high-water mark rather than a new run rate, then a 7.5% stream CAGR is not conservative. It is a soft capitalized version of a very favorable transition period. The first numerical anchor is stream revenue and sales volumes, not headline portfolio count.

The timeline is short. This does not require waiting until 2031. By Q4 FY2026, Royal Gold should have enough post-close evidence to show whether the enlarged stream book is tracking the 2026 volume guide and whether the preliminary disclosure process is reducing opacity. By 2027, the market should also see whether Kansanshi's S3-linked ramp and the acquired stream tail are producing incremental per-share cash flow rather than merely replacing depletion and justifying the deal price.

4. Cross-Examination of Management Commentary

First, management's Kansanshi framing as a "cornerstone asset in our portfolio" is directionally plausible but dangerous if treated as proof. The stream cost includes a $1.0 billion advance, 20% spot purchase economics, tiered delivery mechanics, First Quantum execution, Zambia jurisdiction risk, and dependence on recovered copper. A cornerstone can still be purchased at a merely adequate return. If this commentary is wrong, it will show up as Kansanshi deliveries or revenue failing to compound toward the model's $102.7 million 2031 base, or as strong reported revenue that does not translate into acquisition-inclusive ROIIC.

Second, "organic growth potential" from the expanded portfolio is the phrase most vulnerable to overpromising. The acquired portfolio may have organic growth in the sense that assets can ramp without Royal Gold signing a new deal. But that is still operator-controlled and often development-dependent. The royalty appendix notes Hod Maden has a construction-decision expectation and a 30% non-operating JV funding obligation, which is not a simple passive royalty coupon. The stream appendix flags data gaps around asset mix history. If the acquired tail is lower quality than hoped, the first signs will be slipping asset-level revenue, more non-core rationalization language, and a gap between portfolio count and per-share cash-flow growth.

Third, "Metal sales are tracking well" is useful but narrow. It says Q1 2026 was consistent with full-year guidance, with copper better than expected. It does not prove that 2031 revenue should grow from the already elevated TTM base. Q1 FY2026

consolidated revenue was $469.1 million, and Q1 annualized revenue of about $1.876 billion is almost the same as the synthesis base horizon revenue of $1.853 billion. That comparison cuts both ways. The bull will say the base is conservative because the current run rate is already there. The bear says one record quarter with strong prices and acquisition timing is precisely the wrong anchor to capitalize.

5. Stage 5 Tie-Out Reverification

The recency anchor is arithmetically right and economically uncomfortable. TTM revenue is built from FY2025 plus Q1 FY2026 less Q1 FY2025. Segment revenue ties to consolidated revenue. The problem is not the math. The problem is that the anchor includes Q4 FY2025 and Q1 FY2026, two periods heavily influenced by the deal wave, high realized prices, and a larger portfolio. The model sensibly does not annualize Q1, but it still uses a TTM base that is not a clean mature-period run rate.

The share count path is not the bear case. The synthesis uses no base-case buyback credit and modest annual issuance, ending at 85.768 million diluted shares. That is appropriate. If anything, per-share risk is more likely to come from the next acquisition cycle than from ordinary SBC. The management appendix says buybacks are framed against NAV, cash flow, debt paydown, and new investments, and management does not plan to borrow for buybacks. Red team accepts that as a positive answer for now. The real test is whether the company uses the expanded credit toolkit for new assets before the 2025 deal wave proves itself.

The product-level CAGR that most exceeds evidence quality is not Pueblo Viejo at 7.0% or Mount Milligan at 4.0%. It is Other streams at 10.5% from a large, mixed, acquired base. Kansanshi at 20.0% is also optimistic, but the model labels the asset and the ramp. Other streams are where the model hides complexity inside diversification.

6. Score-Derived 20% Return Claim Most Likely Wrong

There should be no score-derived 20% return claim at the current price. The audited score says the final 20% hurdle fails: base IRR about -3.4%, bear about -11.1%, bull about 2.0%, and maximum buy price for a 20% IRR of $69.46. Red team agrees. The claim most likely to be wrong is not a formal "Royal Gold can compound at 20%" statement, because the audit rejects that. The dangerous softer claim is that Royal Gold can deserve Watchlist treatment because the business is good and the bull case clears P/E 15.

That is the wrong mental model. A bull case that clears the P/E 15 line by only 6.0% does not make a 20% annualized return case. It means a favorable metals and execution case can barely justify the current price at the Gideon multiple five years out. The score audit correctly reduces valuation underwriting to 2 / 20 because cash generation and dividends are real but overwhelmed by the starting price.

The business-quality score is also vulnerable. The original 17 / 25 incremental-return score was too generous because ROIIC, five-year ROIIC, acquisition-inclusive ROIIC, reinvestment rate, and FCF conversion were null or unresolved. The red-team version is blunt: without acquisition-inclusive ROIIC, the company has not proven that the 2025 capital allocation created a high-return compounding base. It has proven only that Royal Gold owns attractive contracts during a strong metals period.

7. Observable Signal That Forces Exit Or Keeps PASS

Keep PASS, or exit if owned for a Gideon 20% compounder mandate, if either of the following occurs:

Signal	Threshold	Window	Why it matters
2026 sales-volume miss	FY2026 actual sales below the low end of guidance in at least two of three core metals: gold below 290,000 oz, silver below 3.0 million oz, or copper below 21.0 million lb	FY2026 release	The five-year model leans on management's volume envelope; a broad first-year miss would invalidate using the 430,000-480,000 GEO outlook as a base anchor.
Stream revenue reset	TTM Stream Interests revenue below $900 million after Q4 FY2026, unless explained by a greater-than-15% realized metal price decline versus Q1 FY2026 levels	Q4 FY2026 / FY2026 filing	The base model needs stream revenue to compound to $1.259 billion. If the enlarged stream book cannot hold roughly the post-acquisition TTM base with normal delivery timing, the largest EPS driver is broken.
Per-share proof failure	No positive acquisition-inclusive per-share cash-flow or NAV accretion disclosure by the end of FY2027, while debt remains meaningfully drawn or new deals are announced	FY2027	The management and moat YELLOW cases depend on proving the 2025 deal wave, not just adding assets.

The cleanest single signal is the second one: TTM Stream Interests revenue below $900 million after Q4 FY2026, absent a severe metal-price decline. That threshold is deliberately close to the current $876.8 million TTM base, not the 2031 target, because the model should not need years to prove that the enlarged stream portfolio is at least holding the reset base. If it cannot, the 7.5% CAGR assumption should be rewritten downward and the PASS should remain hard.

8. Additional Findings

The moat YELLOW case breaks if contract duration proves less valuable than assumed because operator mine plans, covered-area sequencing, deductions, step-downs, or delivery deferrals absorb the economic upside. The strongest royalty assets still matter, especially Cortez, but the equity is priced on a full portfolio. A great Cortez optionality story cannot rescue an overcapitalized stream base by itself.

The management YELLOW case breaks if Royal Gold uses its enlarged revolver and public currency to chase more scale before the 2025 acquisitions demonstrate per-share returns. The management appendix gives the team credit for candor, direct answers, and fast debt paydown. Red team accepts that. But the same appendix also says the 2025 cycle was a genuine regime change. A regime-change year should make the burden of proof higher, not lower.

Segment operating income remains modeled, not disclosed. This is not a fatal accounting problem, but it limits confidence in the exact EPS bridge. The model ties consolidated operating income by allocation, and the allocations are reasonable. Still, the red team would not use a modeled 64.3% consolidated 2031 operating margin as a high-confidence underwrite while the company is integrating a large acquired portfolio and the stream/royalty OI split is unavailable.

The most likely optimistic narrative phrase is "diversification." Diversification reduces blow-up risk, but it can also mask average asset quality. In this run, diversification is doing a lot of work for the acquired tail and Other streams bucket. Until the company reports enough post-close asset-level performance to prove that the tail contributes per-share value, diversification should be treated as a risk mitigant, not a return engine.

Final red-team verdict: thesis does not survive as a BUY. The correct synthesis posture is PASS / avoid at the current price, with a narrow upgrade path only if 2026-2028 evidence proves that the enlarged stream and royalty platform grows per-share cash flow and NAV after dilution, debt, depletion, purchase accounting, and normalized metal prices. The strongest bear argument is not bankruptcy or bad management. It is more subtle and more dangerous: Royal Gold may be a good royalty and streaming business whose 2025 acquisition reset and current share price have already consumed the next five years of upside.

Appendix D - Data Package (Raw Historicals)

Royal Gold, Inc. - Data Package

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Scope: Subagent D data package for Royal Gold, Inc. (RGLD). Today is 2026-06-09. Fiscal year ends December 31. TTM anchor is Q2 FY2025 plus Q3 FY2025 plus Q4 FY2025 plus Q1 FY2026, ending March 31, 2026. Forward horizon is March 31, 2031. Quant foundation was cleared for Wave 1. Live fetch rule followed: FMP stable endpoints were pulled through the local FMP helper, and SEC/IR sources were fetched live into WORKDIR/raw. No cached warehouse files were used as inputs. Newly pulled FMP JSON files were copied to C:\Users\Admin\OneDrive\Cowork\Investing\data warehouse\fmp_live_pulls\RGLD\2026-06-09 without overwriting existing files.

0a. Industry classification and disclosure inventory

Industry classification: U.S. domestic filer, precious-metals royalty and streaming company, commodity/mining disclosure checklist triggered. Royal Gold does not operate mines; it acquires and manages stream interests and royalty interests. The controlling source set is FMP for financial statements, SEC 10-K/10-Q filings for disaggregated revenue and segment/geographic tables, company earnings-release exhibits for recent asset-level revenue and volume/GEO data, FMP transcripts for call commentary, the March 31, 2026 guidance release for 2026 sales-volume and five-year GEO outlook, and the official 2025/2026 Asset Handbook for asset-level interests, operator outlook, delivery lags, mine-life markers, and AGEO/resource tables. FMP product segmentation is useful but incomplete: the annual endpoint omits Stream revenue in FY2025 and FY2024, while the quarterly endpoint covers Stream and Royalty rows for most recent quarters. Official filings therefore control segment and product tables.

Dataset / table family	Official source searched	Search terms or table names	Years available	Included in data package?	If excluded, why	Downstream relevance
Segment economics	FY2025, FY2024, FY2022 10-Ks; Q1 2026 10-Q; FMP product endpoints	Segment information; stream revenue; royalty revenue; revenue by metal type	FY2021-FY2025 plus Q1 FY2026	Yes	Segment operating income is true non-disclosure; only consolidated OI is disclosed	Segment appendices; synthesis revenue split
Industry KPIs	Earnings releases; 10-K revenue note; Q1 2026 release; March 2026 guidance	GEOs; Total Sales; realized metal prices; stream sales; purchases; sales; cost; inventory	FY2025 and latest four quarters where released; 2026 guidance	Yes	No mine-level cash cost/AISC because Royal Gold is not the mine operator	Moat, durability, unit economics
Major assets and geography	FY2025 10-K; Q1 2026 10-Q; Q4/Q1 release asset tables; 2025/2026 Asset Handbook	Principal properties; Mount Milligan; Pueblo Viejo; Cortez; Kansanshi; region; operator outlook; AGEOs	FY2021-FY2025 revenue, Q1 FY2026 recency, 2026 guidance, 2027-2029 operator outlook, selected long-term mine-life markers	Yes	Full operator technical reports are not reproduced; handbook summary tables are included below for Wave 2	Asset concentration, life-of-mine exposure, moat, segment durability
Capital / balance sheet	FMP statements; FY2025 10-K; Q1 FY2026 release; March guidance	Debt; liquidity; revolver; cash; marketable securities; dividends; acquisitions	FY2021-FY2025 plus Q1 FY2026	Yes	No unit-level capital by segment because segment capital is not disclosed	Leverage, capital allocation, downside risk
Recent trend	Q2, Q3, Q4 2025 releases; Q1 2026 release and 10-Q	Revenue split; revenue by region; total revenue; stream/royalty asset revenue	Q2 FY2025-Q1 FY2026	Yes	Q2/Q3 product metal dollars are percentage-disclosed in headline, not extracted as exact dollar tables	Recency check and TTM bridge

KPI family	Granularity	FY-5	FY-4	FY-3	FY-2	FY-1	Latest interim / TTM	Source path
Stream revenue	Reportable segment, $mm	436.3 official CY2021 reported; fiscal-boundary caveat	417.8	418.3	483.3	686.5	312.8 in Q1 FY2026; TTM 876.8	2022 10-K; 2025 10-K; Q1 2026 10-Q
Royalty revenue	Reportable segment, $mm	217.3 official CY2021 reported; fiscal-boundary caveat	185.4	187.4	236.1	344.0	156.3 in Q1 FY2026; TTM 429.4	2022 10-K; 2025 10-K; Q1 2026 10-Q
Revenue by metal	Gold / silver / copper / other %	n/d comparable annual %	Gold majority; dollars in 2022 10-K	Gold 76%; silver 12%; copper 9%; other 3% approximate from dollars	Gold 76%; silver 12%; copper 9%; other 3%	Gold 78%; silver 12%; copper 7%; other 3%	Q1 FY2026: gold $333.9mm; silver $73.0mm; copper $46.7mm; other $15.5mm	2025 10-K; Q1 2026 release

KPI family	Granularity	FY-5	FY-4	FY-3	FY-2	FY-1	Latest interim / TTM	Source path
Sales volume / GEOs	Company-level operating KPI	n/d	n/d	n/d	FY2024 GEOs 301.5k in release comparison	FY2025 GEOs 300.3k; gold sales 215k oz; silver 3.0Moz; copper 14.8Mlb	Q1 FY2026 GEOs 96.3k; 2026 guidance gold 290-320k oz, silver 3.0-3.5Moz, copper 21-25Mlb	Q4 2025 release; Q1 2026 release; March 31 2026 guidance
Five-year outlook	Total GEOs	n/a	n/a	n/a	n/a	n/a	430k-480k GEOs at guidance metal prices; not risk-adjusted by asset	March 31 2026 guidance release
Asset Handbook asset outlook	Principal producing properties	n/a	n/a	n/a	n/a	FY2025 asset revenue table	2026 guidance, 2027-2029 operator outlook, LT mine-life markers for assets generating about 92% of 2025 revenue	2025/2026 Asset Handbook, pp. 26-35
Portfolio AGEOs / reserves	Royal Gold attributable gold-equivalent ounces	n/a	n/a	n/a	n/a	Handbook snapshot	P&P 7.016mm AGEOs; M&I 5.644mm; inferred 3.736mm; principal-asset rows include Mount Milligan, Pueblo Viejo, Cortez, Andacollo, Kansanshi	2025/2026 Asset Handbook, pp. 194-205

Disclosure interpretation: the official source set contains enough stream/royalty, metal, region, asset, GEO, sales-volume, liquidity, capital-allocation, Asset Handbook outlook, and AGEO/resource data to support Wave 2. It does not contain segment operating income or Royal Gold-controlled mine-level AISC/cash-cost tables because Royal Gold is not the operator. Reserve/resource and production life are sourced from the Asset Handbook's operator-derived tables and should be treated as third-party/operator estimates summarized by Royal Gold, not as Royal Gold-operated mining plans.

1. Reporting structure and taxonomy

Current reportable segments are stable in substance: Acquisition and Management of Stream Interests, and Acquisition and Management of Royalty Interests. A stream is a contractual right to purchase metal from a mine at a fixed or formula price; a royalty is a non-operating interest in production or revenue after contract-defined deductions. Royal Gold manages the portfolio under these two segments and discloses segment revenue by metal, asset, and geography, but it does not disclose segment operating income. Reporting structure has been stable since FY2022 under the December 31 fiscal year convention. Important boundary: Royal Gold changed fiscal year-end from June 30 to December 31 effective December 31, 2021; FY2021 rows should be treated as a fiscal/calendar transition boundary. FY2021 comparable segment revenue in this package uses the official year-ended December 31, 2021 revenue table in the FY2022 10-K, while FMP annual financial statements retain their own FY2021 annual row.

Segment	Description	FY2025 revenue ($mm)	FY2025 % of total	Segment OI disclosed?	Primary source
Acquisition and Management of Stream Interests	Metal purchase rights from mines, generally for gold, silver, copper, or other metals	686.5	66.6%	No	FY2025 10-K revenue note
Acquisition and Management of Royalty Interests	Non-operating royalty interests in mine production or revenue	344.0	33.4%	No	FY2025 10-K revenue note

Geography / region	FY2025 revenue ($mm)	FY2025 % of total	Q1 FY2026 revenue ($mm)	Q1 FY2026 % of total	Source
North America	704.1	68%	258.0	55%	Q4 2025 release; Q1 2026 release
South and Central America	145.6	14%	110.2	23%	Q4 2025 release; Q1 2026 release
Europe, Middle East, Africa	139.5	14%	84.8	18%	Q4 2025 release; Q1 2026 release
Australia Pacific	41.4	4%	16.1	3%	Q4 2025 release; Q1 2026 release

2. Consolidated historicals (5 years, FMP plus official overrides)

FMP annual income, cash-flow, balance, ratios, key metrics, profile, quote, and enterprise-value endpoints were pulled live in this run. Because QF and D both found official-source mismatches in annual FMP rows, this table uses official SEC/IR values for reported revenue and operating income where the discrepancy is material and keeps the FMP endpoint as the raw data source. Revenue and operating income are shown in billions; shares are diluted average shares in millions. FY2021 is a fiscal-year transition boundary.

Metric	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Revenue ($B)	0.654	0.603	0.606	0.719	1.030	FMP income annual; SEC 10-K revenue table controls mismatches
Operating income ($B)	0.328	0.284	0.303	0.430	0.638	FMP income annual; SEC release controls FY2025 OI
Operating margin (%)	50.2%	47.0%	50.1%	59.8%	61.9%	calc from revenue and OI
Net income ($B)	0.274	0.239	0.239	0.332	0.466	FMP income annual
EPS diluted ($)	4.18	3.63	3.64	5.05	6.69	FMP income annual
Diluted share count (M)	65.6	65.7	65.7	65.8	69.6	FMP income annual
Capex / stream and royalty acquisitions ($B)	0.168	0.922	0.003	0.103	0.000	FMP cash flow annual capitalExpenditure
FCF ($B)	0.239	-0.505	0.413	0.427	0.705	FMP cash flow annual
ROIC (%)	11.7%	8.8%	8.3%	11.3%	9.7%	calc: NOPAT / average invested capital

ROIC calculation: NOPAT equals operating income multiplied by one minus the period tax rate. Invested capital equals total debt plus total stockholders equity minus cash and equivalents, averaged with the prior year where the prior year is available. FY2025 example: operating income uses official $638.2 million; tax rate is $102.3 million tax expense divided by $573.9 million pretax income, or 17.8%; NOPAT is therefore about $524.5 million. Average invested capital uses FMP balance-sheet rows for FY2024 and FY2025. Because 2025 included Sandstorm/Horizon, Kansanshi, Warintza, and related financing, ROIC is temporarily depressed by newly acquired capital that had only a partial-year earnings contribution.

3. Segment historicals (5 years per segment)

Acquisition and Management of Stream Interests

Acquisition and Management of Stream Interests	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Revenue ($B)	0.436	0.418	0.418	0.483	0.686	Official revenue notes: FY2022 10-K for FY2021-FY2022, FY2025 10-K for FY2023-FY2025
YoY %	n/m	-4.2%	0.1%	15.5%	42.0%	calc; FY2021 is calendar/fiscal transition boundary
Operating income ($B)	n/d	n/d	n/d	n/d	n/d	True non-disclosure; only consolidated operating income is disclosed
Operating margin (%)	n/d	n/d	n/d	n/d	n/d	Not calculable by segment without segment OI

Acquisition and Management of Royalty Interests

Acquisition and Management of Royalty Interests	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
Revenue ($B)	0.217	0.185	0.187	0.236	0.344	Official revenue notes: FY2022 10-K for FY2021-FY2022, FY2025 10-K for FY2023-FY2025

Acquisition and Management of Royalty Interests	FY-5 2021	FY-4 2022	FY-3 2023	FY-2 2024	FY-1 2025	Source
YoY %	n/m	-14.7%	1.1%	26.0%	45.7%	calc; FY2021 is calendar/fiscal transition boundary
Operating income ($B)	n/d	n/d	n/d	n/d	n/d	True non-disclosure; only consolidated operating income is disclosed
Operating margin (%)	n/d	n/d	n/d	n/d	n/d	Not calculable by segment without segment OI

Segment note: the segment revenue series ties to official total revenue by year, except that FY2021 is an official calendar-year revenue table used to bridge the fiscal-year change. This package does not allocate consolidated G&A, DD&A, interest, acquisition costs, or taxes to the segments because the company does not disclose a segment operating-income measure and any allocation would be modeler judgment rather than company data.

4. Product / sub-segment historicals (most granular disclosed in dollars)

The finest dollar-disclosed rows are segment by metal, segment by principal asset / grouped other, and revenue by geography. Royal Gold also discloses stream purchases, sales, cost per ounce/pound, and ending inventory for stream metals in annual and quarterly releases. Product dollar disclosure is strong for revenue, but operating profit by product is not disclosed. The table below uses official annual dollar rows in thousands converted to millions.

Segment	Product / sub-product	What it is	Dollar disclosure?	Last 3 years revenue + source
Stream Interests	Gold stream revenue	Gold sold through stream purchase agreements	Yes	FY2025 $547.9mm; FY2024 $367.5mm; FY2023 $307.8mm - FY2025 10-K revenue by metal
Stream Interests	Silver stream revenue	Silver sold through stream agreements, mainly Pueblo Viejo, Khoemacau, Rainy River	Yes	FY2025 $92.4mm; FY2024 $66.8mm; FY2023 $64.9mm - FY2025 10-K
Stream Interests	Copper stream revenue	Copper sold through stream agreements, mainly Mount Milligan	Yes	FY2025 $44.3mm; FY2024 $49.0mm; FY2023 $45.6mm - FY2025 10-K
Stream Interests	Mount Milligan	Gold and copper stream from Centerra-operated mine	Yes	FY2025 $223.7mm; FY2024 $186.0mm; FY2023 $158.2mm - FY2025 10-K principal-property table
Stream Interests	Pueblo Viejo	Gold and silver stream linked to Barrick interest	Yes	FY2025 $129.8mm; FY2024 $83.1mm; FY2023 $76.2mm - FY2025 10-K
Stream Interests	Andacollo	Gold stream	Yes	FY2025 $77.9mm; FY2024 $47.5mm; FY2023 $48.9mm - FY2025 10-K
Stream Interests	Kansanshi	Gold stream acquired in 2025	Yes	FY2025 $32.3mm; FY2024 $0.0mm; FY2023 $0.0mm - FY2025 10-K
Royalty Interests	Gold royalty revenue	Gold royalties across Cortez, PeÃ±asquito, and other assets	Yes	FY2025 $252.0mm; FY2024 $176.9mm; FY2023 $154.3mm - FY2025 10-K
Royalty Interests	Silver royalty revenue	Silver royalties	Yes	FY2025 $28.5mm; FY2024 $18.7mm; FY2023 $8.6mm - FY2025 10-K
Royalty Interests	Copper royalty revenue	Copper royalties	Yes	FY2025 $32.5mm; FY2024 $17.8mm; FY2023 $11.8mm - FY2025 10-K
Royalty Interests	Other royalty revenue	Other metals and miscellaneous royalty revenue	Yes	FY2025 $31.0mm; FY2024 $22.7mm; FY2023 $12.8mm - FY2025 10-K
Royalty Interests	Cortez Legacy Zone	Gold royalty at Cortez	Yes	FY2025 $31.8mm; FY2024 $58.2mm; FY2023 $79.9mm - FY2025 10-K

Segment	Product / sub-product	What it is	Dollar disclosure?	Last 3 years revenue + source
Royalty Interests	Cortez CC Zone	Gold royalty at Cortez CC Zone	Yes	FY2025 $35.7mm; FY2024 $11.6mm; FY2023 $14.6mm - FY2025 10-K

Segment	Product	Disclosure method	Last 4 quarters YoY growth	Source
Stream Interests	Segment revenue	Dollar-disclosed in 10-Q/release asset tables; Q4 calculated from FY2025 less Q1-Q3 official rows	Q2 FY2025 +8.3%; Q3 FY2025 +24.8%; Q4 FY2025 approx +110.7%; Q1 FY2026 +155.4%	Q2/Q3 2025 releases; Q4 2025 release and FY2025 10-K; Q1 2026 10-Q
Royalty Interests	Segment revenue	Dollar-disclosed in 10-Q/release asset tables; Q4 calculated from FY2025 less Q1-Q3 official rows	Q2 FY2025 +49.5%; Q3 FY2025 +41.5%; Q4 FY2025 approx +43.6%; Q1 FY2026 +120.3%	Q2/Q3 2025 releases; Q4 2025 release and FY2025 10-K; Q1 2026 10-Q
Metals	Gold / silver / copper / other	Q4 and Q1 exact dollar tables; Q2 and Q3 release headline percentage mix only	Q1 FY2026: gold +129.1%, silver +209.4%, copper +177.6%, other +112.9%; Q4 FY2025: gold +86.9%, silver +105.3%, copper +61.8%, other +48.5%	Q1 2026 and Q4 2025 releases
Asset-level products	Mount Milligan, Pueblo Viejo, Andacollo, Kansanshi, Cortez, Rainy River, PeÃ±asquito, Khoemacau and others	Dollar-disclosed by asset in Q4 and Q1 releases and annual 10-K table	Q1 FY2026 examples: Mount Milligan +33.9%, Pueblo Viejo +94.3%, Rainy River +199.5%, PeÃ±asquito +71.3%, Kansanshi new	Q1 2026 release asset tables

No back-solved product dollars are used in this package. Where the company disclosed only percentages, this package labels the row as percentage-disclosed and does not invent exact dollars. Q4 stream and royalty dollars are calculated only from official annual minus official first-three-quarter segment revenue, which ties to the Q4 total revenue in the release within rounding.

Asset Handbook DR insertion - material official KPI tables

DR fetched the official 2025/2026 Asset Handbook live from Royal Gold's IR site during review and found material asset-level KPI tables that were omitted from D's first pass. The handbook matters before Wave 2 because Royal Gold's economics are driven by asset concentration, stream/royalty terms, delivery lags, operator outlook, mine-life markers, and attributable reserves/resources rather than segment operating income. The bounded tables below repair the omission for the assets most relevant to segment modeling; downstream agents should use the handbook for full property-page detail where a single asset assumption drives a segment case.

Asset / group	Segment exposure	Current interest / key term	FY2025 revenue ($mm)	2026 / outlook marker	Source
Mount Milligan	Stream	35% of payable gold and 18.75% of payable copper; delivery lag about 6 months	223.7	2026 operator guidance 140-155koz Au and 50-60Mlb Cu; PFS supports mine-life extension to 2045 and about 10% throughput increase potential in 2029	2025/2026 Asset Handbook pp. 10, 26, 34, 41-43
Pueblo Viejo	Stream	7.5% of Barrick's interest in payable gold until 990koz delivered, then 3.75%; 75% of Barrick's interest in payable silver subject to silver-recovery terms; delivery lag about 6 months	129.8	2026 guidance 350-400koz Au attributable to the stream; expansion project expected to extend mine life by 20+ years	2025/2026 Asset Handbook pp. 10, 26, 34, 45-46
Andacollo	Stream	100% of payable gold until 900koz delivered, then 50%; delivery lag about 6 months	77.9	2026 guidance 38-42koz Au; mine life expected to 2038, with additional environmental permits required beyond 2031	2025/2026 Asset Handbook pp. 10, 27, 34, 47-48
Kansanshi	Stream	75oz Au per million pounds recovered Cu until 425koz delivered, 55oz through 650koz, 45oz thereafter; pays 20% of spot gold, subject to acceleration options	32.3	2026 guidance 175-205kt Cu at mine and 26-31koz Au sales to Royal Gold; S3 expansion supports step-up through 2028; long-term marker 2050	2025/2026 Asset Handbook pp. 27, 35, 49-50

Asset / group	Segment exposure	Current interest / key term	FY2025 revenue ($mm)	2026 / outlook marker	Source
Cortez	Royalty	Multiple overlapping GSR/NSR/NVR royalties; handbook describes effective rates across Legacy, Cortez Pits, Cortez Hills, Goldrush, Fourmile, and Robertson	67.5	2026 operator guidance 700-780koz Au for the complex; Goldrush extends past 2050 and Fourmile resource remains a potential upside source	2025/2026 Asset Handbook pp. 26, 34, 39-40
Rainy River / PeÃ±asquito / Wassa / Khoemacau	Mixed stream and royalty	Material non-principal producing assets with official revenue/outlook rows	239.4 combined FY2025 revenue	Handbook gives 2026 and 2027-2029 operator outlook rows for each; these are relevant to the portfolio tail and diversification assumptions	2025/2026 Asset Handbook pp. 26-35

Handbook reserve / resource KPI	Royal Gold attributable AGEOs or contained units	Principal-asset read-through for Wave 2	Source
Portfolio AGEO summary	7.016mm proven and probable; 5.644mm measured and indicated; 3.736mm inferred	Confirms enough official operator-derived reserve/resource disclosure exists to avoid writing "not disclosed" at portfolio level	2025/2026 Asset Handbook pp. 194-195
Principal asset AGEOs	Mount Milligan 1.407mm P&P / 0.563mm M&I / 0.090mm inferred; Pueblo Viejo 0.767mm / 0.156mm / 0.025mm; Cortez 0.336mm / 0.150mm / 0.272mm; Andacollo 0.642mm / 0.575mm / 0.087mm; Kansanshi 0.625mm / 0.109mm / 0.012mm	Use for durability weighting, but not as a direct production forecast because AGEOs do not include all economic adjustments	2025/2026 Asset Handbook pp. 194-195
Principal gold reserves	Andacollo 0.755Moz contained Au P&P; Cortez 12.840Moz; Mount Milligan 4.295Moz; Pueblo Viejo 12.300Moz	Operator/resource base is material, but Royal Gold's economic share is governed by stream/royalty terms, not ownership of all contained metal	2025/2026 Asset Handbook p. 196
Principal copper reserves	Kansanshi 11.663Blb contained Cu P&P; Mount Milligan 1.716Blb	Relevant for the copper-linked stream mechanics at Kansanshi and Mount Milligan	2025/2026 Asset Handbook p. 203

5. Most recent quarterly trend (last 4 quarters)

Company FY ends December 31. Most recently completed fiscal quarter at time of writing: FY2026 Q1, covering January 1 to March 31, 2026, reported on May 6, 2026 via https://www.sec.gov/Archives/edgar/data/85535/000008553526000026/rgld-20260506xexx991.htm and filed in the May 7, 2026 Form 10-Q.

Quarter	Segment / product	Revenue ($B)	YoY %	Operating margin (%)	Source (press release date)
Q2 FY2025	Stream interests	0.133	8.3%	n/d by segment	Aug. 6, 2025 release; Q2 2025 asset table
Q2 FY2025	Royalty interests	0.076	49.5%	n/d by segment	Aug. 6, 2025 release; Q2 2025 asset table
Q3 FY2025	Stream interests	0.166	24.8%	n/d by segment	Nov. 5, 2025 release; Q3 2025 asset table
Q3 FY2025	Royalty interests	0.086	41.5%	n/d by segment	Nov. 5, 2025 release; Q3 2025 asset table
Q4 FY2025	Stream interests	0.265	approx +110.7%	n/d by segment	Feb. 18, 2026 release; FY2025 less Q1-Q3 segment revenue
Q4 FY2025	Royalty interests	0.111	approx +43.6%	n/d by segment	Feb. 18, 2026 release; FY2025 less Q1-Q3 segment revenue
Q1 FY2026	Stream interests	0.313	155.4%	n/d by segment	May 6, 2026 release and Q1 2026 10-Q
Q1 FY2026	Royalty interests	0.156	120.3%	n/d by segment	May 6, 2026 release and Q1 2026 10-Q
Q1 FY2026	Consolidated revenue	0.469	142.5%	63.3% consolidated OI margin	May 6, 2026 release and Q1 2026 10-Q

Quarter	Major product / KPI	Revenue or volume	YoY %	Source
Q2 FY2025	Consolidated revenue and GEOs	$209.6mm; 63.9k GEOs	Headline record; exact YoY in release text not extracted as table	Aug. 6, 2025 release

Quarter	Major product / KPI	Revenue or volume	YoY %	Source
Q3 FY2025	Consolidated revenue and GEOs	$252.1mm; 72.9k GEOs	Headline record revenue and cash flow	Nov. 5, 2025 release
Q4 FY2025	Gold revenue	$293.2mm	86.9%	Feb. 18, 2026 release
Q4 FY2025	Silver revenue	$42.9mm	105.3%	Feb. 18, 2026 release
Q4 FY2025	Copper revenue	$28.8mm	61.8%	Feb. 18, 2026 release
Q4 FY2025	GEOs	90.8k	19.3%	Feb. 18, 2026 release
Q1 FY2026	Gold revenue	$333.9mm	129.1%	May 6, 2026 release
Q1 FY2026	Silver revenue	$73.0mm	209.4%	May 6, 2026 release
Q1 FY2026	Copper revenue	$46.7mm	177.6%	May 6, 2026 release
Q1 FY2026	GEOs	96.3k	42.5%	May 6, 2026 release

6. Management commentary on forward growth - verbatim excerpts

Commentary source set: live FMP earning-call-transcript endpoint for Q1 FY2025, Q2 FY2025, Q3 FY2025, Q4 FY2025, and Q1 FY2026; March 31, 2026 SEC exhibit 99.1 guidance release. Transcript dates returned by FMP were 2025-05-08, 2025-08-07, 2025-11-07, 2026-02-19, and 2026-05-07. To keep this data file citation-safe, direct excerpts are short; modelers should use the source references for the full context. Management commentary is grouped by economic segment even when management discussed the portfolio as a whole.

Segment	Source date / fiscal period	Speaker	Verbatim excerpt	Topic	Interpretation
Stream Interests	2025-08-07 / Q2 FY2025	William H. Heissenbuttel, President and CEO	"cornerstone asset in our portfolio"	Kansanshi stream	Management frames Kansanshi as a durable, long-life stream that diversifies stream revenue and starts contributing in FY2025-FY2026.
Stream Interests	2025-11-07 / Q3 FY2025	William Heissenbuttel, President and CEO	"organic growth potential"	Expanded portfolio	Sandstorm/Horizon plus acquired streams are positioned as growth without relying only on new deals.
Stream Interests	2026-02-19 / Q4 FY2025	William Heissenbuttel, President and CEO	"largest and most diversified portfolio"	Portfolio scale	Management believes the acquisitions changed the scale and diversification of the stream/royalty portfolio.
Stream Interests	2026-05-07 / Q1 FY2026	Martin Raffield, SVP Operations	"Metal sales are tracking well"	2026 guidance progress	Q1 sales were consistent with full-year guidance, with copper better than expected.
Royalty Interests	2026-03-31 guidance release	Company release	"430,000 to 480,000"	Five-year GEO outlook	Five-year volume outlook provides the forward volume envelope for both stream and royalty interests.
Royalty Interests	2026-05-07 / Q1 FY2026	Paul Libner, SVP and CFO	"maintain a strong balance sheet"	Capital allocation	Balance-sheet flexibility remains a gating principle after the acquisition year.
Consolidated	2025-05-08 / Q1 FY2025	William Heissenbuttel, President and CEO	"we are well positioned"	Metal-price leverage and stability	Management emphasized resilience from gold leverage, diversification, balance sheet, and dividend policy before the large 2025 acquisitions.
Consolidated	2025-08-07 / Q2 FY2025	William H. Heissenbuttel, President and CEO	"maintaining a strong balance sheet"	Strategic framework	The framework is growth in precious metals while preserving liquidity and dividends.
Consolidated	2025-11-07 / Q3 FY2025	Paul Libner, SVP and CFO	"repay the outstanding balance around mid-2027"	Debt paydown	Debt from the acquisitions is intended to amortize from cash flow at then-current metal prices, absent further acquisitions.

Guidance and forward-volume source detail: the March 31, 2026 guidance release gives 2026 total sales ranges of 290,000-320,000 gold ounces, 3.0-3.5 million silver ounces, 21.0-25.0 million copper pounds, $34-$38 million Other Metals, $339-$379 million DD&A, and a 17%-22% effective tax-rate range. The release states sales guidance is volume-based to avoid commodity-price noise in GEO conversion. It also says the midpoint of 2026 sales volumes is 32% higher for gold, 8% higher for silver, and 40% higher for copper versus 2025 actual sales volumes. The five-year outlook of 430,000-480,000

GEOs uses specified metal prices and is not risk-adjusted asset by asset. This is the cleanest official forward anchor for downstream modeling.

7. Capital allocation history (5 years)

Year	Capex ($B)	Capex / revenue (%)	R&D ($B)	R&D / revenue (%)	Buybacks ($B)	Dividends ($B)	M&A ($B)	Source
2021	0.168	25.7%	0.000	0.0%	0.000	0.079	0.000	FMP cash-flow annual; official 2025 release for acquisition context
2022	0.922	152.9%	0.000	0.0%	0.000	0.092	0.000	FMP cash-flow annual; official 2025 release for acquisition context
2023	0.003	0.4%	0.000	0.0%	0.000	0.099	0.000	FMP cash-flow annual; official 2025 release for acquisition context
2024	0.103	14.3%	0.000	0.0%	0.000	0.105	0.000	FMP cash-flow annual; official 2025 release for acquisition context
2025	0.000	0.0%	0.000	0.0%	0.000	0.119	0.411	FMP cash-flow annual; official 2025 release for acquisition context

Capital allocation interpretation: Royal Gold is not a mine operator, so classic sustaining capex is not the right economic line. FMP capitalExpenditure captures acquisitions of stream and royalty interests in many years, and 2025 is dominated by Sandstorm/Horizon plus Kansanshi and other portfolio additions. R&D is not applicable. Buybacks were not material in the FMP annual cash-flow rows. Dividends are a recurring capital-return policy and the 2026 annual dividend was raised to $1.90 per share according to the FY2025 release.

8. Balance sheet snapshot (latest quarter / FY-1 context)

Item	$B	Source
Cash and equivalents	0.234	Q1 FY2026 release balance sheet
Short-term investments / marketable securities	0.097	Q1 FY2026 release balance sheet
Total debt (current + LT)	0.596	Q1 FY2026 release balance sheet debt row
Net debt (cash)	0.362	Debt minus cash, ties QF FMP net debt
Net debt / EBITDA	approx 0.35x	Net debt divided by TTM EBITDA proxy of TTM operating income plus D&A from QF
Goodwill + intangibles	0.000	FMP balance annual and quarterly rows show no goodwill/intangible line; stream and royalty interests are separate mineral interests
Tangible book value	7.415	Q1 FY2026 total Royal Gold stockholders equity; no goodwill/intangibles deducted
Available liquidity	approx 1.100	May 6, 2026 release after Q1 repayment and post-quarter events
Post-quarter revolver drawn	0.525	May 6, 2026 release post-quarter events

9. Recent corporate actions (last 12 months)

- 2025-07-06 / filed July 2025: Announced Sandstorm Gold and Horizon Copper acquisitions to increase scale, diversification, and growth exposure. Source: SEC 8-K transaction filings.
- 2025-08-05: Acquired gold stream on Kansanshi mine from First Quantum; management expected about 12,500 ounces in 2025 at announcement. Source: Q2 transcript and Q2 release post-quarter events.
- 2025-10-20: Closed Sandstorm Gold and Horizon Copper acquisitions; release says transactions add a diversified portfolio of precious-metal streams and royalties. Source: SEC exhibit 99.1 dated Oct. 20, 2025.

- 2025-10-2026 Q1: Drew on revolving credit facility for acquisitions, then began repayments; Q4 release shows $1.275 billion drawn during FY2025 and $375 million repaid in FY2025.
- 2026-01-13: Published preliminary Q4 stream sales segment and balance-sheet/non-core asset update; Q4 stream sales included RGLD Gold AG and Sandstorm portfolio after Oct. 20 close.
- 2026-03-12: Repaid $125 million on revolving credit facility, reducing outstanding amount to $600 million and increasing available amount to $800 million. Source: March 31 2026 guidance release.
- 2026-03-31: Issued 2026 sales-volume guidance and inaugural five-year GEO outlook; published 2025/2026 Asset Handbook. Source: SEC exhibit 99.1.
- 2026-05-06: Reported Q1 FY2026 revenue of $469.1 million, GEOs of 96.3k, and actual performance versus guidance through March 31, 2026. Source: Q1 FY2026 release.

10. Open data gaps

Gap	Classification	Sources and search terms checked	Implication
Segment operating income and segment margin	True non-disclosure	FY2025 10-K Segment Information; Q1 FY2026 10-Q Segment Information; search terms operating income, segment margin, stream interest, royalty interest	Downstream segment models must allocate consolidated costs explicitly and label allocation assumptions.
Mine-level AISC, cash costs, and sustaining capex	True non-disclosure for Royal Gold; operator-level data	FY2025 10-K; Q1 FY2026 10-Q; March guidance; Asset Handbook; search terms AISC, cash cost, sustaining capex	Use principal-property, revenue, volume, guidance, stream terms, and AGEO/resource data; do not fabricate operator mining costs.
FMP annual product segmentation missing FY2025/FY2024 stream revenue	FMP data gap; official source controls	FMP revenue-product-segmentation annual and quarterly endpoints; FY2025 10-K revenue note	Use SEC stream/royalty revenue tables for annual segment dollars.
FMP consolidated annual revenue and operating income differ from official filed values in some years	FMP discrepancy logged	FMP income-statement annual; FY2025 10-K; FY2025 release; QF override log	Package keeps raw FMP source but controls to SEC/IR for official reported values.
FY2021 comparability under December fiscal convention	Estimated / taxonomy boundary	FY2021 10-KT; FY2022 10-K; search terms transition period, fiscal year end change	Treat FY2021 as boundary. FY2022 onward is clean under Dec. 31 year-end.
Q2 and Q3 FY2025 metal revenue dollar split	Not fetched / omitted as exact dollars; percentage mix captured	Q2/Q3 FY2025 press releases; search terms revenue split, gold, silver, copper	No exact Q2/Q3 metal-dollar table used; Q4/Q1 exact product dollars are included.
Full Asset Handbook property pages	Partially included; not fully reproduced	2025/2026 Asset Handbook; search terms 2025 actual, 2026 guidance, 5-year outlook, AGEO, reserves, Mount Milligan, Pueblo Viejo, Cortez, Andacollo, Kansanshi	Material summary tables were added in Section 4. Wave 2 can proceed, but asset-specific appendices should open the handbook pages cited above for full contract-language nuance.

Raw source manifest and self-verification

Source family	Raw file	Live URL / endpoint
FMP income annual	raw/D_20260609_RGLD_income_annual.json	/stable/income-statement?symbol=RGLD&period=annual&limit=8
FMP income quarterly	raw/D_20260609_RGLD_income_quarter.json	/stable/income-statement?symbol=RGLD&period=quarter&limit=12
FMP cash flow annual	raw/D_20260609_RGLD_cashflow_annual.json	/stable/cash-flow-statement?symbol=RGLD&period=annual&limit=8
FMP balance annual	raw/D_20260609_RGLD_balance_annual.json	/stable/balance-sheet-statement?symbol=RGLD&period=annual&limit=8
FMP product annual	raw/D_20260609_RGLD_revenue_product_annual.json	/stable/revenue-product-segmentation?symbol=RGLD&period=annual
FMP product quarterly	raw/D_20260609_RGLD_revenue_product_quarter.json	/stable/revenue-product-segmentation?symbol=RGLD&period=quarter
FMP transcripts	raw/D_20260609_RGLD_transcript_2025_Q1.json through 2026_Q1.json	/stable/earning-call-transcript?symbol=RGLD&year=...&quarter=...

Source family	Raw file	Live URL / endpoint
SEC FY2025 10-K	raw/D_20260609_SEC_RGLD_2025_10K_rgld-20251231.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553526000008/rgld-20251231.htm
SEC FY2024 10-K	raw/D_20260609_SEC_RGLD_2024_10K_rgld-20241231.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553525000012/rgld-20241231.htm
SEC FY2022 10-K	raw/D_20260609_SEC_RGLD_2022_10K_rgld-20221231x10k.htm	https://www.sec.gov/Archives/edgar/data/85535/000155837023001391/rgld-20221231x10k.htm
SEC Q1 FY2026 10-Q	raw/D_20260609_SEC_RGLD_2026_Q1_10Q_rgld-20260331.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553526000028/rgld-20260331.htm
SEC Q1 FY2026 release	raw/D_20260609_SEC_RGLD_2026_Q1_EX99_1_release.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553526000026/rgld-20260506xexx991.htm
SEC Q4 FY2025 release	raw/D_20260609_SEC_RGLD_2025_Q4_EX99_1_release.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553526000005/rgld-20260218xexx991.htm
SEC 2026 guidance release	raw/D_20260609_SEC_RGLD_2026_guidance_EX99_1_pressrelease.htm	https://www.sec.gov/Archives/edgar/data/85535/000008553526000013/pressreleasedatedmarch3120.htm
IR 2025/2026 Asset Handbook	review_raw/ir_2025_2026_asset_handbook.pdf and .txt extract	https://s28.q4cdn.com/583965976/files/doc_downloads/2026/03/Royal_Gold_Asset-Handbook_FINAL.pdf

Self-check	Live source checked in this run	Result
Largest segment latest-quarter growth	Q1 FY2026 10-Q and May 6 release; Stream revenue $312.777mm vs $122.482mm	PASS: calculated +155.4%; source values appear in fetched 10-Q table
Management quote date check	FMP transcript endpoint for RGLD year=2026 quarter=1	PASS: returned date 2026-05-07, one day after May 6 release and within expected window
Most recent full-year revenue	FMP /stable/income-statement annual and SEC FY2025 release	PASS: FY2025 revenue $1.030471bn in FMP and official release; ties within 1%

Downstream instruction: model from Stream Interests and Royalty Interests as revenue segments; do not assume segment operating income is disclosed. Use TTM segment revenue from QF for recency: Stream Interests $876.8 million and Royalty Interests $429.4 million, total $1.3062 billion TTM revenue ending March 31, 2026. Treat 2025 acquisition accounting and post-acquisition debt repayment as central to capital allocation and ROIC normalization. For FY+5 volume, the official 430k-480k GEO five-year outlook is the highest-quality management anchor, but it is not risk-adjusted by asset and excludes some beyond-five-year assets.