



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ \_\_\_\_\_

See attached Form 8937 Appendix A.

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18 Can any resulting loss be recognized? ▶ See attached Form 8937 Appendix A.

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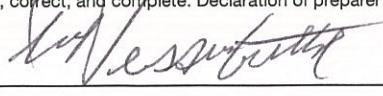
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ \_\_\_\_\_

See attached Form 8937 Appendix A.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ 

Date ▶ 03/01/2019

Print your name ▶ Bill Heissenbuttel

Title ▶ CFO & VP Strategy

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

# Royal Gold Inc.

## Form 8937 Appendix A

On January 4, 2019 (the “Record Date”), each shareholder of common stock of Royal Gold, Inc. (“RGI”) that was listed as a holder of record became entitled to a cash dividend with respect to its common stock. The cash dividend was paid to each shareholder of common stock of RGI on January 18, 2019. The cash dividend resulted in an increase in the conversion rate of the Convertible Notes (as defined below) and a deemed distribution under section 301 of the Internal Revenue Code of 1986, as amended (the “Code”) by reason of sections 305(b)(2) and 305(c) of the Code. Section 6045B of the Code and the underlying Treasury Regulations (the “Regulations”) provided that effective January 1, 2016, if a corporation issues a cash dividend with respect to stock that results in a conversion rate adjustment on a convertible debt instrument that is treated as a deemed distribution under sections 305(b)(2) and 305(c) of the Code, an information return (this Form 8937) must be filed with the Internal Revenue Service (the “IRS”) describing the action and action’s quantitative effect. As an alternative to filing this information with the IRS, an issuer may post the information return to its public website.

The information contained in the attached Form 8937 and this Appendix A is intended to satisfy the requirements of public reporting by RGI under section 6045B of the Code and sections 1.6045B-1(a)(3) and 1.6045B-1(b)(4) of the Regulations. The information contained in this notice is intended to provide only a general summary of certain U.S. federal income tax consequences of the conversion rate adjustment and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences as a result of the conversion rate adjustment. You should consult your own tax advisor to determine the particular federal, state, local, or foreign income, reporting or other tax consequences of the conversion rate adjustment to you.

Line 14 – Description of Organizational Action	On the Record Date, each shareholder of common stock of RGI that was listed as a holder of record became entitled to a cash dividend with respect to its common stock. Pursuant to section 4.04(d) of the Supplemental Indenture, the conversion rate on the 2.875% Convertible Senior Notes due 2019 (the “Convertible Notes”) was increased on the Ex-Dividend Date to take into account such cash dividend. Such adjustment to the conversion ratio on the Ex-Dividend Date is treated as a deemed distribution of property to the holders of the Convertible Notes to which section 301 of the Code applies by reason of sections 305(b)(2) and 305(c).
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<p>Line 15 – Quantitative Effect of Organizational Action</p>	<p>Because a cash dividend was declared and paid with respect to common stock and there was a corresponding increase in the conversion rate on the Convertible Notes, such increase in the conversion rate constitutes a deemed distribution of common stock to the holders of the Convertible Notes to which section 301 applies. RGI expects that it will have sufficient current and accumulated earnings and profits to treat the deemed distribution of property to the holders of the Convertible Notes as a dividend for U.S. federal income tax purposes. The holders of the Convertible Notes are required to include the dividend in gross income for U.S. federal income tax purposes and increase the basis of the Convertible Notes by the fair market value of the deemed distribution. Therefore, as a result of the increase in the conversion ratio of the Convertible Notes, each holder of a Convertible Note is required to include \$1.13 in gross income as a dividend per \$1,000 face amount of Convertible Notes and increase the basis in such Convertible Notes by the same amount.</p>
<p>Line 16 – Calculation of Change in Basis</p>	<p>Sample Calculation: A holder of a Convertible Note has \$1,000 basis in a \$1,000 Convertible Note. A holder of a Convertible Note will increase its basis in such Convertible Note by \$1.13 as a result of the inclusion of the dividend in gross income for U.S. federal income tax purposes.</p>
<p>Line 17 – Code Sections Upon Which Tax Treatment is Based.</p>	<p>Sections 305(b)(2), 305(c), 301(c), 316, and 301(d) of the Code.</p>
<p>Line 18 – Recognition of any Resulting Loss</p>	<p>This is not a loss transaction.</p>
<p>Line 19 – Reportable Tax Year</p>	<p>The reportable tax year is 2019 for taxpayers reporting taxable income on a calendar year basis.</p>