

ROYAL GOLD INC
Form S-4
August 08, 2007

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As filed with the Securities and Exchange Commission on August 7, 2007

Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Royal Gold, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

6795

*(Primary Standard Industrial
Classification Code Number)*

84-0835164

*(I.R.S. Employer
Identification Number)*

**1660 Wynkoop Street, Suite 1000
Denver, CO 80202
(303) 573-1660**

*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)*

**Stanley Dempsey
Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, CO 80202
(303) 573-1660**

*(Name, address, including zip code, and telephone
number,
including area code, of agent for service)*

with copies to:

**Paul Hilton
Hogan & Hartson L.L.P.
One Tabor Center
1200 Seventeenth St., Suite 1500
Denver, CO 80202
Phone: (303) 899-7300**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon consummation of the transactions described herein.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Royal Gold, Inc. common stock, par value \$0.01 per share	1,634,410	N/A	\$45,323,935	\$1,391.44
Royal Gold, Inc. common stock, par value \$0.01 per share	769,320(3)	N/A	N/A	N/A(4)

- (1) Represents the maximum number of shares of Royal Gold common stock that may be issued in connection with the transaction described herein.
- (2) Pursuant to Rules 457(f)(1) and 457(c) of the Securities Act, the registration fee is based on the product of (a) \$0.495, the average high and low sale price for Battle Mountain Gold Exploration Corp. (Battle Mountain) common stock on August 1, 2007 and (b) 91,563,506 (the estimated maximum number of shares of Battle Mountain common stock estimated to be converted pursuant to the transaction described herein).
- (3) Represents the maximum number of shares of Royal Gold common stock being registered for resale by affiliates of Battle Mountain named as selling stockholders herein, all of which are issuable in exchange for their shares of Battle Mountain common stock in connection with the transaction described herein.
- (4) No filing fee is required with respect to the resale of these shares of common stock pursuant to Rule 457(f)(5).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a) may determine.

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The information contained herein may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. The registrants may not complete the offer to purchase and issue these securities until the registration statement is effective. This offer to purchase is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or jurisdiction in which such offer is not permitted.

SUBJECT TO COMPLETION, DATED August 7, 2007

Prospectus

Proxy Statement

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The board of directors of Battle Mountain Gold Exploration Corp. (Battle Mountain) has approved a merger agreement that would result in Battle Mountain becoming a wholly-owned subsidiary of Royal Gold, Inc. (Royal Gold). In the merger, each outstanding share of Battle Mountain common stock would be converted into the right to receive, at the election of each Battle Mountain stockholder, either (i) between 0.0172 and 0.0179 shares of Royal Gold common stock to be determined at closing (Stock Election) or (ii) approximately \$0.55 in cash (Cash Election), in each case assuming 91,563,506 shares of Battle Mountain common stock will be issued and outstanding immediately prior to the effective time of the merger. The per share consideration, if a holder of Battle Mountain common stock makes a Stock Election, will be based on the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction. If the average price is less than \$29.00, the per share stock consideration will be determined based on an aggregate of 1,634,410 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price of Royal Gold common stock is \$30.18 or above, the per share stock consideration will be determined based on an aggregate of 1,570,507 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0172 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price is greater than or equal to \$29.00 but less than \$30.18, the per share consideration for each share of Battle Mountain common stock would be proportionally adjusted based on the average price of Royal Gold common stock, using \$47,397,901.26 as the aggregate purchase price. The per share consideration if a holder of Battle Mountain common stock makes a Cash Election will be based on a maximum of \$50,359,928 as the aggregate purchase price.

The stock consideration and cash consideration payable in the merger are subject to pro rata adjustment based on the number of issued and outstanding shares of Battle Mountain common stock immediately prior to the effective time of the merger and a potential reduction or holdback of approximately 0.0006 shares of Royal Gold common stock on a per share basis, in the case of a Stock Election, or approximately \$0.017 on a per share basis, in the case of a Cash Election, based on the cost of settling certain Battle Mountain litigation.

YOUR VOTE IS VERY IMPORTANT. We cannot complete the transaction unless, among other things, the holders of Battle Mountain common stock vote to approve and adopt the merger agreement. Battle Mountain will hold a special meeting of its stockholders on 1 , 2007 at 10:00 a.m., local time at the offices of Clark Wilson LLP, 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Canada. Whether or not you plan to attend Battle Mountain s special meeting, please vote by completing and mailing the enclosed proxy card to the address on the proxy card.

The Battle Mountain board of directors recommends that the Battle Mountain stockholders vote FOR the approval and adoption of the merger agreement and related items.

The securities offered in this prospectus involve certain risks. For a discussion of risk factors that you should consider in evaluating the offer, see the section entitled Risk Factors beginning on page 9 of this prospectus.

Royal Gold common stock is listed on the NASDAQ Global Select Market under the symbol RGLD and on the Toronto Stock Exchange under the symbol RGL. The last reported sale of Royal Gold common stock on the NASDAQ Global Select Market on August 6, 2007 was \$27.42. Battle Mountain common stock is quoted on the OTC Bulletin Board under the symbol BMGX. The last reported sale of Battle Mountain common stock on the OTC Bulletin Board on August 6, 2007 was \$0.49.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is August 1, 2007, and it is first being mailed to Battle Mountain stockholders on or about 1 , 2007.

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**BATTLE MOUNTAIN GOLD EXPLORATION CORP.
One East Liberty Street
Sixth Floor, Suite 9
Reno, Nevada 89504**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

**, 2007
10:00 A.M. LOCAL TIME**

TO THE STOCKHOLDERS OF BATTLE MOUNTAIN GOLD EXPLORATION CORP.:

NOTICE IS HEREBY GIVEN that Battle Mountain Gold Exploration Corp., a Nevada corporation, will hold a special meeting of stockholders on 2007 at 10:00 a.m. local time at the offices of Clark Wilson LLP, 800-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Canada to consider and vote upon the following:

1. a proposal to approve and adopt the Amended and Restated Agreement and Plan of Merger (the merger agreement) by and among Battle Mountain Gold Exploration Corp., Royal Gold, Inc. and Royal Battle Mountain Inc., a wholly-owned subsidiary of Royal Gold, Inc., dated July 30, 2007;
2. a proposal to approve an adjournment of the special meeting, if necessary, to permit solicitation of additional proxies in favor of the above proposal; and
3. any other business as may properly come before the special meeting or any adjournment or postponements of the special meeting.

Only holders of record of Battle Mountain common stock on the books of Battle Mountain as of the close of business on , **the record date, will be entitled to notice of and to vote at the special meeting or any adjournments or postponements of the special meeting. The approval and adoption of the merger agreement requires the affirmative vote of a majority of the shares of Battle Mountain common stock outstanding on the record date.**

The accompanying document describes the proposed transaction in more detail. We encourage you to read the entire document carefully, including the merger agreement, which is included as Annex A to the document.

The Battle Mountain board of directors has unanimously approved and adopted the merger agreement and recommends that Battle Mountain stockholders vote FOR approval and adoption of the merger agreement.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the special meeting, please submit your proxy with voting instructions as soon as possible. If you hold stock in your name as a stockholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed stamped envelope. If you hold your shares through a bank or broker, please use the voting instructions you have received from your bank or broker. Submitting your proxy will not prevent you from attending the special meeting and voting in person. Please note, however, that if you hold your shares through a bank or broker, and you wish to vote in person at the special meeting, you must obtain from your bank or broker a proxy issued in your name. You may revoke your proxy by attending the special meeting and voting your shares in person at the special meeting. You may also revoke your proxy at any time before it is voted by giving written notice of revocation to Computershare Trust Company, N.A. at the address provided with the proxy card at or before the special meeting or by filing a properly executed proxy with a later date.

Battle Mountain stockholders who do not vote in favor of approving the merger agreement and who otherwise comply with the requirements of Nevada law will be entitled to the rights of a dissenting owner. A summary of the applicable Nevada law provision, including the requirements a Battle Mountain stockholder must follow in order to exercise his or her rights of a dissenting owner, is contained in the accompanying proxy statement/prospectus. A copy of the Nevada law provision relating to rights of a dissenting owner is attached as Annex B to the proxy statement/prospectus.

BY ORDER OF THE BOARD OF DIRECTORS

By:

Mark Kucher
Chairman and Chief Executive Officer

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IMPORTANT NOTE ABOUT THIS PROXY STATEMENT/PROSPECTUS

This document, which is sometimes referred to as this proxy statement/prospectus, constitutes a proxy statement of Battle Mountain with respect to the solicitation of proxies for the special meeting of Battle Mountain stockholders to, among other things, approve and adopt the merger agreement and a prospectus of Royal Gold for the shares of Royal Gold common stock that Royal Gold will issue to Battle Mountain stockholders in the merger transaction. As permitted under the rules of the U.S. Securities and Exchange Commission, or the SEC, this proxy statement/prospectus incorporates important business and financial information about Royal Gold that is contained in documents filed with the SEC and that is not included in or delivered with this proxy statement/prospectus. Battle Mountain stockholders may obtain copies of these documents, without charge, excluding any exhibits to these documents unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus from the website maintained by the SEC at www.sec.gov, as well as other sources. See **Where You Can Find More Information** beginning on page 101. You may also obtain copies of these documents, without charge, from Royal Gold and Battle Mountain by writing or calling the applicable department set forth below:

Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, CO 80202
Telephone: (303) 573-1660
Attn: Investor Relations

Battle Mountain Gold Exploration Corp.
One East Liberty Street, Sixth Floor, Suite 9
Reno, NV 89504
Telephone: (775) 686-6081
Attn: Chief Executive Officer

In order to obtain delivery of these documents prior to the completion of the merger, you should request the documents no later than August 1, 2007.

References to **Royal Gold** and **Battle Mountain** in this proxy statement/prospectus refer to Royal Gold, Inc. and Battle Mountain Gold Exploration Corp., respectively. Except as otherwise specifically noted, references to **shares of Royal Gold common stock**, **Royal Gold common stock** or **Royal Gold shares** refer to shares of common stock, par value \$0.01 per share, of Royal Gold, and references to **shares of Battle Mountain common stock**, **Battle Mountain common stock** or **Battle Mountain shares** refer to shares of common stock, par value \$0.001 per share, of Battle Mountain. Except as otherwise specifically noted, references to **we**, **us**, or **our** refer to both Royal Gold and Battle Mountain.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

In the following questions and answers below, we highlight selected information from this proxy statement/prospectus but we have not included all of the information that may be important to you regarding the merger and the transactions contemplated by the merger agreement. To better understand the merger and the transactions contemplated by the merger agreement, and for a complete description of their legal terms, you should carefully read this entire proxy statement/prospectus, including the annexes, as well as the documents that we have incorporated by reference in this document. See Important Note About this Proxy Statement/Prospectus beginning on page iii and Where You Can Find More Information beginning on page 101.

Q: WHAT IS THE PROPOSED TRANSACTION?

A: Royal Gold has reached an agreement with Battle Mountain to acquire Battle Mountain by merging Royal Battle Mountain, Inc., a wholly-owned subsidiary of Royal Gold, with and into Battle Mountain. As a result, Battle Mountain will become a wholly-owned subsidiary of Royal Gold. Holders of Battle Mountain common stock, as of the completion of the merger, will exchange their shares of Battle Mountain common stock for shares of Royal Gold common stock or cash. Battle Mountain stockholders will elect to receive for each share of Battle Mountain common stock either (i) between 0.0172 and 0.0179 shares of Royal Gold common stock, based on the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction or (ii) approximately \$0.55 in cash. Registration under the Securities Act of 1933, as amended (the Securities Act) of the Royal Gold common stock delivered to the Battle Mountain stockholders is a condition to the closing of the merger transaction. The merger agreement is included as Annex A to this proxy statement/prospectus and is incorporated herein by reference. The merger agreement is the legal document that governs the merger.

The merger will become effective on such date and at such time that articles of merger for Battle Mountain and Royal Battle Mountain are filed with the Secretary of State of the State of Nevada, or at such other mutually agreed to time and date. Throughout this proxy statement/prospectus, we will refer to this as the effective time of the merger.

Q: WHEN IS BATTLE MOUNTAIN S SPECIAL MEETING OF STOCKHOLDERS?

A: Battle Mountain s special meeting of stockholders will take place on 1 , 2007, at the time and location specified on the cover page of this document. You will be asked to consider and vote on the proposal to approve and adopt the merger agreement.

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this entire document, please vote your shares of Battle Mountain common stock. You may do this by completing, signing, dating and mailing the enclosed proxy card, as explained in this proxy statement/prospectus. This will enable your shares to be represented and voted at Battle Mountain s special meeting of stockholders. If you submit a valid proxy and do not indicate how you want to vote, we will count your proxy as a vote in favor of the proposals described in this document submitted at Battle Mountain s special meeting of stockholders.

The Battle Mountain board of directors recommends that Battle Mountain s stockholders vote:

FOR the approval and adoption of the merger agreement; and

FOR the adjournment of the special meeting, if necessary, to permit solicitation of additional proxies in favor of the above proposal.

Q: WHAT STOCKHOLDER VOTES ARE REQUIRED?

A: Battle Mountain stockholders are being asked to approve and adopt the merger agreement. Under Battle Mountain's amended and restated bylaws, one-third of the Battle Mountain common stock outstanding on the record date, represented in person or by proxy, constitutes a quorum for the transaction of business at Battle Mountain's special meeting of stockholders. The approval of this proposal, and therefore the consummation of

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the transaction, requires the affirmative vote of a majority of the outstanding shares of Battle Mountain common stock as of 11/15/2007, the record date for the special meeting.

Q: WHY IS MY VOTE IMPORTANT?

A: If you do not return your proxy card or vote in person at Battle Mountain's special meeting of stockholders, it will be more difficult for Battle Mountain to obtain the necessary quorum to hold its meeting and the stockholder approval necessary to consummate the proposed transaction. Without the affirmative vote of a majority of the outstanding shares of Battle Mountain common stock, the merger cannot be completed.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER AUTOMATICALLY VOTE MY SHARES FOR ME?

A: No. Your broker will only vote your shares if you provide your broker with voting instructions. You should instruct your broker to vote your shares by following the directions your broker provides to you. Please check the voting instruction form used by your broker to see if it offers telephone or Internet voting. A broker is not permitted to vote on the proposal to approve and adopt the merger agreement or on the proposal to approve an adjournment of the special meeting without instruction from you. If you do not provide instruction to your broker, a broker non-vote will occur and have the same effect as a vote against the proposal.

Q: WHY ARE THE TWO COMPANIES PROPOSING TO MERGE?

A: Both Royal Gold's board of directors and Battle Mountain's board of directors considered a number of factors in approving the merger agreement. Among them, Battle Mountain's board of directors considered the relative financial conditions, results of operations and prospects for growth of Battle Mountain and Royal Gold, Battle Mountain's operational and liquidity challenges, Royal Gold's competitive strengths and the concern of Battle Mountain's independent auditors regarding Battle Mountain's ability to continue as a going concern. Royal Gold's board of directors considered that the merger will aid in the expansion and diversification of Royal Gold's portfolio, add current revenue and add another quality royalty in the development stage, among other factors. *See* The Merger Battle Mountain's Reasons for the Merger on page 45 and The Merger Royal Gold's Reasons for the Merger on page 46.

Q: DO I HAVE RIGHTS OF A DISSENTING OWNER?

A: Generally, stockholders of a Nevada corporation have the right to dissent from certain corporate actions in certain circumstances. According to Nevada Revised Statutes Section 92A.380(1)(a)(1), these circumstances include consummation of a plan of merger requiring approval of the corporation's stockholders. Stockholders who are entitled to dissent are also entitled to demand payment in the amount of the fair value of their shares. A stockholder will be entitled to relief as a dissenting stockholder if and only if he or she complies strictly with all of the procedural and other requirements of Sections 92A.300 through 92A.500 of the Nevada Revised Statutes. Battle Mountain stockholders should carefully read the detailed discussion of dissenter's rights of holders of Battle Mountain common stock under The Merger Dissenter's Rights beginning on page 47, as well as the full text of the requirements of Nevada law to exercise dissenter's rights, which is attached as Annex B.

Q: DO I GET STOCK OR CASH IN THE MERGER?

A: You may elect to receive Royal Gold common stock or cash in the merger. If you elect to receive Royal Gold common stock (Stock Election), you will receive, on a per share basis, between 0.0172 and 0.0179 shares of Royal Gold common stock, based on the average price per share of Royal Gold common stock as reported on the

NASDAQ Global Select Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction. If you elect to receive cash in the merger (Cash Election), you will receive, on a per share basis, approximately \$0.55 in cash. You must make either the Stock Election or the Cash Election with respect to all of your shares of Battle Mountain common stock.

Q: HOW DO I ELECT TO RECEIVE STOCK OR CASH?

A: You will receive a form of election along with this proxy statement/prospectus. All elections for stock consideration or cash consideration must be on the form of election. To make an effective election, you must properly complete and return the form of election to the exchange agent by the deadline provided in the form of

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election and follow the other procedures set forth in the form of election. The deadline for receipt by the exchange agent of your completed form of election is 11/15/2007.

See The Merger Description of Election Procedures on page 46 for more information.

Q: WHAT HAPPENS TO MY STOCK IF I DON'T MAKE AN ELECTION?

A: If you do not properly complete and return the form of election to the exchange agent by the deadline provided in the form of election, you will be deemed to have made the Stock Election and all of your shares of Battle Mountain common stock will be converted into the right to receive Royal Gold common stock at the effective time of the merger. The deadline for receipt by the exchange agent of your completed form of election is 11/15/2007. Royal Gold and the exchange agent will determine whether an election has been properly completed.

Q: DO THE STOCK ELECTION AND THE CASH ELECTION HAVE THE SAME VALUE?

A: No. If a Stock Election is made, the stock consideration on a per share basis is calculated based on an aggregate purchase price of \$47,397,901.26 and the average price per share of Royal Gold common stock as reported on NASDAQ Global Stock Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction, with a maximum of approximately 1.63 million shares of Royal Gold common stock to be issued in the merger, assuming all Battle Mountain stockholders make a Stock Election. If a Cash Election is made, the per share consideration is based on an aggregate purchase price of \$50,359,928.

The value of the Stock Election will depend upon the trading price of Royal Gold common stock, which may vary above or below the range within which the stock consideration adjusts. For example, if Royal Gold common stock trades at or above \$30.18 during the relevant time period, then the aggregate value of the stock consideration would be higher than \$47,397,901.26. Furthermore, if Royal Gold common stock trades above \$32.07 during the relevant time period, then the value of the stock consideration would exceed the cash consideration. In contrast, if Royal Gold common stock trades below \$29.00, then the aggregate value of the stock consideration would be less than \$47,397,901.26.

Q: WILL BATTLE MOUNTAIN STOCKHOLDERS BE ABLE TO TRADE ROYAL GOLD COMMON STOCK THAT THEY RECEIVE PURSUANT TO THE MERGER?

A: Yes. The Royal Gold common stock issued pursuant to the merger will be registered under the Securities Act and will be listed on the NASDAQ Global Select Market under the symbol RGLD and on the Toronto Stock Exchange under the symbol RGL. All shares of Royal Gold common stock that each Battle Mountain stockholder receives in the merger will be freely transferable unless a stockholder is deemed an affiliate of Battle Mountain prior to the merger or an affiliate of Royal Gold following the merger for purposes of the federal securities laws. The registration statement, of which this proxy statement/prospectus forms a part, filed with the SEC in connection with registration of the Royal Gold common stock to be issued to the Battle Mountain stockholders in the merger will also serve as a registration statement for resale by affiliates of Battle Mountain of those shares of Royal Gold common stock they received in the merger. Those Battle Mountain affiliates will therefore be able to freely sell the shares they receive in the merger so long as this registration statement remains effective. In the event this registration statement cannot be used, the Battle Mountain affiliates may sell subject to the limitations under Rule 145 under the Securities Act. Upon the expiration of the limitations under Rule 145, the Battle Mountain affiliates will be able to freely sell the shares they receive in the merger. For more information on Battle Mountain affiliates' ability to trade Royal Gold common stock received in the merger see The Merger Resales of Royal Gold Common Stock on page 50, Selling Stockholders on page 97 and Plan of Distribution on

page 98

Q: WHAT WILL HAPPEN TO MY STOCK CERTIFICATE AND WHERE SHOULD I SEND MY STOCK CERTIFICATE?

A: At the effective time of the merger, your Battle Mountain stock certificate will convert into the right to receive either (i) shares of Royal Gold common stock, if you make a Stock Election or (ii) cash, if you make a Cash Election and you will no longer be a stockholder of Battle Mountain. You will receive written instructions, a form of election and a letter of transmittal. You will use these documents to exchange your shares of Battle

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Mountain common stock for shares of Royal Gold common stock and cash in lieu of fractional shares of Royal Gold common stock, if you make a Stock Election, or cash, if you make a Cash Election. Each person who submits the necessary documentation is entitled to receive either the stock consideration or the cash consideration to which the stockholder is entitled pursuant to the merger agreement. For more information see *The Merger Agreement Exchange of Stock Certificates* on page 53.

Q: WHAT WILL HAPPEN TO MY BATTLE MOUNTAIN WARRANTS IN THE MERGER?

A: You should consult your warrant agreement regarding the procedures you must follow in order to exercise your warrants before the closing of the merger. Warrants that are not exercised by the effective time of the merger will be cancelled and terminated for no consideration whatsoever. We anticipate that all warrants will be exercised at or before the closing of the merger. See *The Merger Agreement Stock Options, Warrants, Convertible Securities or Other Rights to Purchase Common Stock* on page 52.

Q: WHAT WILL HAPPEN TO MY BATTLE MOUNTAIN OPTIONS IN THE MERGER?

A: You should consult your option award agreement regarding the procedures you must follow in order to exercise your options before the closing of the merger. Options that are not exercised by the effective time of the merger will be cancelled and terminated for no consideration whatsoever. We anticipate that, pursuant to the terms of the option award agreements, each outstanding option by virtue of the merger will be cancelled and each holder of options will receive consideration equal to the amount such holder would have received if such holder had effected a cashless exercise of his or her options immediately prior to the effective time of the merger and the shares of Battle Mountain common stock issued upon such cashless exercise were converted into the right to receive Royal Gold common stock or cash in the merger. See *The Merger Agreement Stock Options, Warrants, Convertible Securities or Other Rights to Purchase Common Stock* on page 52.

Q: WILL I BE TAXED ON THE ROYAL GOLD COMMON STOCK OR CASH THAT I RECEIVE?

A: We expect that the merger will be a taxable transaction for United States federal income tax purposes. You will generally recognize gain or loss equal to the amount of cash or the fair market value of Royal Gold common stock you receive, less your adjusted tax basis in the Battle Mountain stock you surrender in the merger. We strongly encourage you to consult your own tax advisor to determine the particular tax consequences to you of the merger. The material United States federal income tax consequences of the merger are described in more detail beginning on page 61.

Q: WHEN DO YOU EXPECT THE MERGER TO BE COMPLETED?

A: Subject to the satisfaction of a limited number of conditions, we currently expect to complete the merger on the third business day immediately following the satisfaction or waiver of the conditions to closing set forth in the merger agreement.

Q: WHERE CAN I FIND MORE INFORMATION ABOUT ROYAL GOLD AND BATTLE MOUNTAIN?

A: More information about Royal Gold is available from various sources described under *Important Note About this Proxy Statement/Prospectus* on page iii and *Where You Can Find More Information* on page 101. Additional information about Royal Gold may be obtained from its Internet website at www.royalgold.com, and additional information about Battle Mountain may be obtained from its Internet website at www.bmegold.com. Royal Gold and Battle Mountain have included their respective website addresses in this proxy statement/prospectus only as inactive textual references and do not intend them to be an active link to their respective websites. The contents

of these websites are not part of this proxy statement/prospectus.

Q: WHOM SHOULD I CONTACT IF I HAVE ADDITIONAL QUESTIONS?

A: If you have additional questions, please contact the investor relations department at Royal Gold, Inc., 1660 Wynkoop Street, Suite 1000, Denver, CO 80202, phone number (303) 573-1660.

Q: ARE THERE RISKS ASSOCIATED WITH THE MERGER?

A: Yes. You should read the section entitled Risk Factors beginning on page 9.

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SUMMARY

*The following summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To better understand the merger agreement and the transactions contemplated by the merger agreement, including the merger, you should carefully read this entire proxy statement/prospectus and the information incorporated by reference in this proxy statement/prospectus that has been filed with the SEC. You may obtain the information incorporated by reference in this proxy statement/prospectus without charge by following the instructions in *Where You Can Find More Information* beginning on page 101.*

The Companies (see page 78 for Royal Gold and see page 78 for Battle Mountain)

Royal Gold

Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, CO 80202
Telephone: (303) 573-1660

Royal Gold, together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties. Royalties are passive, non-operating interests in mining projects that provide the right to revenue or production from the project after deducting specified costs, if any. Royal Gold's principal producing mining property interests are as follows:

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

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

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

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

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

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

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

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

During the nine months ended March 31, 2007, Royal Gold generated royalty revenues of approximately \$33.99 million, including approximately \$15.10 million from the Pipeline Mining Complex, representing approximately 44% of its total revenues for that period. In addition, Royal Gold generated royalty revenues of approximately \$8.65 million from the Robinson mine, approximately \$3.99 million from the SJ Claims at the Betze-Post mine, approximately \$2.09 million from the Leeville Mining Complex, approximately \$1.84 million from the Troy mine, approximately \$1.05 million from the Bald Mountain mine, approximately \$696,000 from the Mulatos mine and approximately \$584,000 from the Martha mine.

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Royal Gold also owns the following royalty interests that are currently in development stage and are not yet in production:

Peñasquito: A 2% NSR royalty interest on the Peñasquito project, located in the State of Zacatecas, Mexico and under development by Goldcorp.

Pascua Lama: There are two royalty interests on the Pascua Lama project located in Chile and operated by a subsidiary of Barrick:

A sliding-scale NSR royalty on gold derived from the Pascua Lama project. The sliding-scale NSR royalty ranges from 0.16%, when the average quarterly gold price is \$325 per ounce or less, to 1.08%, when the average quarterly gold price is \$800 per ounce or more.

A 0.216% fixed-rate copper royalty that applies to Pascua Lama copper reserves in Chile. This royalty does not take effect until after January 1, 2017.

Taparko: Four royalty interests on the Taparko project are:

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

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

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

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

High River Gold, the operator of the Taparko mine, announced a first gold pour at the Taparko mine on July 17, 2007.

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

Royal Gold common stock is listed on the NASDAQ Global Select Market under the symbol RGLD and on the Toronto Stock Exchange under the symbol RGL .

Battle Mountain

Battle Mountain Gold Exploration Corp.
One East Liberty Street, Sixth Floor, Suite 9
Reno, NV 89504
Telephone: (775) 686-6081

Battle Mountain, together with its subsidiaries, is a royalty company engaged in acquiring and managing precious metal royalties. Battle Mountain was previously involved in the business of exploring for precious metals on properties in which it held interests in the State of Nevada, but ceased exploration operations in 2006. Battle Mountain's key royalty assets, including both producing and non-producing mining property interests, are as follows:

a royalty interest on the Williams mine, located in Ontario, Canada and operated by Teck Cominco Ltd. and Homestake Canada Inc., a wholly-owned subsidiary of Barrick;

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a royalty interest on the Don Mario mine, located in eastern Bolivia and operated by Orvana Minerals Corp., majority owned by Compania Minera del Sur (Comsur);

a royalty interest on the El Limon mine and La India Project, located in northwestern Nicaragua and owned by Glencairn Gold Corporation; and

a royalty interest on the Dolores project, located in Chihuahua, Mexico, and owned by Minefinders Corporation Ltd.

During the fiscal year ended December 31, 2006, Battle Mountain generated royalty revenues of approximately \$2.39 million. During the three months ended March 31, 2007, Battle Mountain generated royalty revenues of approximately \$844,000. Battle Mountain's independent auditors expressed concern over Battle Mountain's ability to continue as a going concern in connection with their audit of Battle Mountain's financial statements for the fiscal year ended December 31, 2006.

Risks Factors (see page 9)

For a discussion of risks relating to an investment decision regarding the merger, see "Risk Factors" beginning on page 9.

Battle Mountain's Special Meeting of Stockholders (see page 20)

Battle Mountain's special meeting of stockholders will be held on July 1, 2007 at the offices of Clark Wilson LLP, 800-855 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Canada. At the special meeting, stockholders of Battle Mountain will consider and vote upon a proposal to approve and adopt the merger agreement and the other proposals described in the notice for the meeting included with this proxy statement/prospectus. Only stockholders of record at the close of business on July 1, 2007, the record date, will be entitled to vote at the special meeting.

Quorum and Vote Required at the Special Meeting

Under Battle Mountain's amended and restated bylaws, one-third of the Battle Mountain common stock outstanding on the record date, represented in person or by proxy, constitutes a quorum for the transaction of business at the special meeting. The proposal for the approval and adoption of the merger agreement will be approved if holders of a majority of the issued and outstanding shares of Battle Mountain common stock as of the record date vote in favor of the proposal.

Shares Beneficially Owned as of the Record Date

Shares owned by Directors and Officers of Battle Mountain. Based on the number of shares of Battle Mountain common stock issued and outstanding as of July 27, 2007, the directors and executive officers of Battle Mountain and their affiliates, as a group, beneficially own approximately 22,124,192 shares of Battle Mountain common stock, or approximately 27.39% of the outstanding Battle Mountain common stock entitled to be voted at the special meeting as of June 27, 2007.

Shares owned by Royal Gold. Royal Gold beneficially owns 63,141,166 shares of Battle Mountain common stock, representing approximately 57.57% of the outstanding shares of Battle Mountain common stock, as a result of the option and support agreements, the irrevocable proxies given to Royal Gold and bridge finance facility agreement as described further in this proxy statement/prospectus.

In anticipation of the merger transaction, on March 5, 2007, Royal Gold obtained a binding support agreement and option to purchase from Mark Kucher, Chairman and Chief Executive Officer of Battle Mountain, his shares of common stock of Battle Mountain. The support agreement with Mr. Kucher also provides that Mr. Kucher will vote for and support the merger transaction. Royal Gold also obtained irrevocable proxies, dated July 27, 2007 from David Atkinson, Chief Financial Officer of Battle Mountain, and each of the non-employee directors of Battle Mountain, Robert Connochie, Anthony E. W. Crews, Brian M. Labadie and Christopher E. Herald, to vote in favor of the merger and against any proposal made in opposition to or in competition with the consummation of the

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merger. As a result of the support agreement with Mr. Kucher and the irrevocable proxies with Messrs. Atkinson, Connochie, Crews, Labadie and Herald, Royal Gold beneficially owns 22,124,192 shares of Battle Mountain common stock or 27.39% of the outstanding shares of Battle Mountain common stock.

On March 5, 2007, Royal Gold also obtained a binding support agreement and option to purchase from IAMGOLD its shares of common stock of Battle Mountain, including shares of Battle Mountain common stock that IAMGOLD may acquire upon the conversion of a convertible debenture of Battle Mountain Gold (Canada) Inc., a subsidiary of Battle Mountain. The outstanding principal and interest under the debenture is convertible for shares of Battle Mountain common stock at a conversion price of \$0.50 per share, subject to adjustment as set forth in the debenture. The support agreement with IAMGOLD also provides that IAMGOLD will vote for and support the merger transaction. As a result of the support agreement with IAMGOLD, Royal Gold beneficially owns 16,140,419 shares of Battle Mountain common stock or 20.13% of the outstanding shares of Battle Mountain common stock.

On March 28, 2007 Battle Mountain entered into a bridge finance facility agreement with Royal Gold whereby Royal Gold has agreed to make available to Battle Mountain and BMGX (Barbados) Corporation, Battle Mountain's wholly-owned subsidiary, up to \$20 million, which availability was reduced to \$15 million on April 14, 2007 pursuant to the terms of the bridge facility. The bridge facility will mature on June 6, 2008. Outstanding principal, interest and expenses under the bridge facility may be converted at Royal Gold's option into Battle Mountain common stock at a conversion price per share of \$0.60 at any time during the term of the bridge facility, provided that Royal Gold provides notice of its election to convert on or before April 4, 2008. As of July 31, 2007, \$14,925,873, representing outstanding principal and accrued interest, is outstanding on the bridge facility. Based on the right to convert the outstanding principal and accrued interest under the bridge facility, Royal Gold beneficially owns approximately 24,876,455 shares of Battle Mountain common stock or 24.62% of the outstanding shares of Battle Mountain common stock.

On March 28, Royal Gold and Battle Mountain entered into a Voting Limitation Agreement pursuant to which Royal Gold agreed to limit its voting with respect to Battle Mountain common stock over which it had or could acquire voting power. Generally, Royal Gold agreed that, in the event of a superior proposal as defined in the merger agreement, under certain circumstances, Royal Gold would not vote more than 39.9% of the total number of shares of Battle Mountain common stock entitled to vote in favor of the merger transaction with Royal Gold or in opposition to a competing transaction.

See Relationship with Battle Mountain on page 75 for more information regarding Royal Gold's agreements relating to Battle Mountain.

Unaudited Pro Forma, Combined, Condensed Financial Information of Royal Gold

For a discussion of the unaudited pro forma, combined, condensed financial information of Royal Gold, see Unaudited Pro Forma, Combined, Condensed Financial Information of Royal Gold beginning on page 26.

The Merger (see page 40)

General

At the effective time of the merger, Royal Battle Mountain, a wholly-owned subsidiary of Royal Gold, will merge with and into Battle Mountain. As a result of the merger, the separate corporate existence of Royal Battle Mountain will cease and Battle Mountain will continue as the surviving corporation of the merger and become a wholly-owned subsidiary of Royal Gold. At the effective time of the merger, each outstanding share of Battle Mountain common stock will be converted into the right to receive, at the election of each Battle Mountain stockholder, either (i) with

respect to a Stock Election, between 0.0172 and 0.0179 shares of Royal Gold common stock to be determined at closing or (ii) with respect to a Cash Election, approximately \$0.55 in cash, in each case assuming 91,563,506 shares of Battle Mountain common stock are issued and outstanding immediately prior to the effective time of the merger. The per share consideration, if a holder of Battle Mountain common stock makes a Stock Election, will be based on the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five trading day period up to and including the second business day

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preceding (but not including) the closing date of the merger transaction. If the average price is less than \$29.00, the per share stock consideration will be determined based on an aggregate of 1,634,410 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price of Royal Gold common stock is \$30.18 or above, the per share stock consideration will be determined based on an aggregate of 1,570,507 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0172 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price is greater than or equal to \$29.00 but less than \$30.18, the per share consideration for each share of Battle Mountain common stock would be proportionally adjusted based on the average price of Royal Gold common stock, using \$47,397,901.26 as the aggregate purchase price. Royal Gold will not issue fractional shares of Royal Gold common stock in the merger. Instead, Battle Mountain stockholders will receive cash in lieu of fractional shares based on the fair market value of a share of Royal Gold common stock. The per share consideration if a holder of Battle Mountain common stock makes a Cash Election will be based on a maximum amount of \$50,359,928 as the aggregate purchase price. See *The Merger Agreement Consideration for Battle Mountain Stockholders* and *The Merger Agreement Contingent Stock and Cash Arrangement* beginning on page 52.

The Battle Mountain board of directors recommends that Battle Mountain stockholders vote FOR the approval and adoption of the merger agreement and FOR each of the other proposals described in the notice to the meeting.

Reasons for the Merger

Battle Mountain's board of directors unanimously determined that the merger and the terms of the merger agreement are in the best interests of Battle Mountain and its stockholders and approved and adopted the merger agreement. For a description of the factors on which the Battle Mountain board of directors based their determinations, see *The Merger Battle Mountain's Reasons for the Merger* beginning on page 45.

Dissenter's Rights

Under the Nevada Revised Statutes (NRS), Chapter 92A, Sections 92A.300 through 92A.500, if you do not vote in favor of the adoption of the merger agreement, the merger and the other transactions contemplated by the merger agreement, you will be entitled to relief as a dissenting owner if and only if you comply strictly with all of the procedural and other requirements of Sections 92A.300 through 92A.500 of the NRS. Your rights as a dissenting owner are described in the section entitled *The Merger Dissenter's Rights* beginning on page 48. The summary contained in that section does not purport to be a complete statement of the method of compliance with Sections 92A.300 through 92A.500. The summary is qualified in its entirety by reference to the copy of Sections 92A.300 through 92A.500 attached as Annex B.

Accounting Treatment

The merger will be accounted for under the purchase method of accounting in accordance with United States generally accepted accounting principles.

Regulatory Approvals

We are not aware of any material regulatory filings or approvals required prior to completing the merger as described in this proxy statement/prospectus. We intend to make all required filings under the Securities Act and the Securities and Exchange Act of 1934, as amended (Exchange Act), in connection with the merger transaction.

Resales of Common Stock

The registration statement, of which this proxy statement/prospectus forms a part, filed with the SEC in connection with the registration of Royal Gold common stock to be issued to Battle Mountain stockholders in the merger will also serve as a registration statement for resale by affiliates of Battle Mountain of those shares of Royal Gold common stock received by the affiliates in the merger. Those Battle Mountain affiliates will therefore be able to freely sell the shares they receive in the merger. Royal Gold will make copies of this proxy statement/prospectus

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available to the affiliates who intend to resell the shares of Royal Gold common stock received by them in the merger and has informed the selling stockholders of the need for delivery of a copy of this proxy statement/prospectus to each purchaser of the resale shares prior to or at the time of any sale of the resale shares offered hereby. Royal Gold has agreed to keep this registration statement for resale effective for a period of one year following the effective time of the merger.

Exchange Agent

Royal Gold will retain Computershare Trust Company, N.A. as exchange agent in connection with the merger.

The Merger Agreement (see page 51)

Under the terms of the merger agreement, Royal Battle Mountain, a wholly-owned subsidiary of Royal Gold, would merge with and into Battle Mountain, with Battle Mountain continuing as the surviving entity. The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated into this proxy statement/prospectus by reference. We encourage you to read the entire merger agreement carefully as it is the legal document that governs the merger.

Consideration for Battle Mountain Stockholders

At the effective time of the merger, each outstanding share of Battle Mountain common stock will be converted into the right to receive, at the election of each Battle Mountain stockholder, either (i) with respect to a Stock Election, between 0.0172 and 0.0179 shares of Royal Gold common stock to be determined at closing or (ii) with respect to a Cash Election, approximately \$0.55 in cash, in each case assuming 91,563,506 shares of Battle Mountain common stock are issued and outstanding immediately prior to the effective time of the merger. The per share consideration, if a holder of Battle Mountain common stock makes a Stock Election, will be based on the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction. If the average price is less than \$29.00, the per share stock consideration will be determined based on an aggregate of 1,634,410 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price of Royal Gold common stock is \$30.18 or above, the per share stock consideration will be determined based on an aggregate of 1,570,507 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0172 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price is greater than or equal to \$29.00 but less than \$30.18, the per share consideration for each share of Battle Mountain common stock would be proportionally adjusted based on the average price of Royal Gold common stock, using \$47,397,901.26 as the aggregate purchase price. Royal Gold will not issue fractional shares of Royal Gold common stock in the merger. Instead, Battle Mountain stockholders will receive cash in lieu of fractional shares based on the fair market value of a share of Royal Gold common stock. The per share consideration if a holder of Battle Mountain common stock makes a Cash Election will be based on a maximum amount of \$50,359,928 as the aggregate purchase price.

Contingent Stock and Cash Arrangement

Battle Mountain is a party to a legal proceeding filed by a certain former officer and director of Battle Mountain seeking to enforce alleged rights to certain shares and options to purchase shares of Battle Mountain common stock. The settlement of this litigation is a condition precedent to Royal Gold's obligation to complete the transactions contemplated under the merger agreement. The stock consideration and cash consideration payable in the merger are subject to a potential reduction or holdback of approximately 0.0006 shares of Royal Gold common stock on a per

share basis, in the case of a Stock Election, or approximately \$0.017 on a per share basis, in the case of a Cash Election, based on the cost of settling this litigation.

Stock Options, Warrants, Convertible Securities or Other Rights to Purchase Common Stock

At the effective time of the merger, options, warrants, convertible securities and other rights to purchase Battle Mountain common stock will be cancelled and terminated unless exercised prior to the effective time of the merger.

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We anticipate that all warrants will be exercised pursuant to the terms of the respective warrant agreements at or before the closing of the merger. We anticipate that, pursuant to the terms of the respective option award agreements, each outstanding option by virtue of the merger will be cancelled and each holder of options will receive consideration equal to the amount such holder would have received if such holder had effected a cashless exercise of his or her options immediately prior to the effective time of the merger and the shares of Battle Mountain common stock issued upon such cashless exercise were converted into the right to receive Royal Gold common stock or cash in the merger unless the holder of any such option made an effective Cash Election in accordance with the terms of the merger agreement.

Conditions to Completion of the Merger

Each of Royal Gold, Royal Battle Mountain and Battle Mountain is required to complete the merger only if specific conditions are satisfied or waived to the extent permitted by applicable law. The following are some conditions to either Royal Gold's, Battle Mountain's or either parties' obligations to complete the merger:

absence of legal restrictions enjoining, restraining, prohibiting or making illegal the completion of the merger;

Royal Gold shall have completed its due diligence investigation of Battle Mountain to its satisfaction;

Battle Mountain's stockholders will have approved the merger;

the registration statement, of which this proxy statement/prospectus forms a part, relating to the shares of Royal Gold common stock to be issued in connection with the merger will have become effective under the Securities Act;

the representations and warranties made by each party in the merger agreement will be true and correct at and as of the date of the closing with the same effect as though such representations and warranties were made at and as of the date of the closing, except in the case where the failure to be true and correct, individually or in the aggregate, would not reasonably be expected to have a material adverse effect;

each party in the merger agreement will have performed or complied in all material respects with its agreements and covenants under the merger agreement;

Battle Mountain will have obtained any required consents from third parties or governmental bodies in accordance with the terms of the merger agreement;

since December 31, 2006, there will have not occurred or be continuing any event, occurrence, revelation or development of a state of circumstances or facts, which individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on Battle Mountain; and

Royal Gold shall have received a legal opinion from counsel to Battle Mountain satisfactory to Royal Gold.

Termination and Termination Fees

The merger agreement may be terminated, either before or after Battle Mountain's stockholders approval of the merger agreement, under certain circumstances described in *The Merger Agreement Termination* beginning on page 60. If the merger agreement is terminated for various reasons, Royal Gold or Battle Mountain may have to pay the other party a termination fee of \$1,000,000 or \$2,500,000, depending upon the reason for such termination, plus certain expenses.

Relationship with Battle Mountain (see page 75)

For a summary discussion of existing agreements, ongoing and prior arrangements and transactions between Royal Gold and Battle Mountain, see also the Summary Shares Beneficially Owned as of the Record Date beginning on page 3.

Interests of Certain Persons in the Merger (see page 77)

You should be aware that a number of directors and officers of Battle Mountain have interests in the merger that are different from, or in addition to, the interests of Battle Mountain stockholders generally, including, among others, the change of control payments in the amounts of up to \$3,288,662 and \$555,968 being made to Mark

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Kucher, Battle Mountain's Chairman and Chief Executive Officer, and David Atkinson, Battle Mountain's Chief Financial Officer, respectively, under employment agreements upon the completion of the merger.

Material U.S. Federal Income Tax Considerations (see page 61)

We expect that the merger will be a taxable transaction for United States federal income tax purposes. You will generally recognize gain or loss equal to the amount of cash or the fair market value of Royal Gold common stock you receive, less your adjusted tax basis in the Battle Mountain stock you surrender in the merger.

The discussion of United States federal income tax considerations set forth herein is for general information only and does not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of Battle Mountain stock. Stockholders of Battle Mountain are strongly urged to consult their tax advisors to determine the particular tax consequences to them of the merger, including the application and effect of federal, state, local, foreign and other tax laws.

Comparison of Rights of Stockholders of Battle Mountain and Stockholders of Royal Gold (see page 64)

If we successfully complete the merger, holders of Battle Mountain common stock who make the Stock Election will become Royal Gold stockholders, and their rights as stockholders will be governed by Royal Gold's restated certificate of incorporation and amended and restated bylaws. There are also differences between the state laws governing Battle Mountain, a Nevada corporation, and Royal Gold, a Delaware corporation.

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RISK FACTORS

Risks Related to the Combined Company

As a result of the merger, Battle Mountain's business will be subject to the following new or increased risks related to the structure of the merger and the combined company. In addition to the risks described below, the combined company will continue to be subject to the risks described in the documents that Royal Gold has filed with the SEC that are incorporated by reference into this proxy statement/prospectus. If any of the risks described below or in the documents incorporated by reference into this proxy statement/prospectus actually occur, the business, financial condition, results of operations or cash flows of the combined companies could be materially adversely affected. The risks below should be considered along with the other information included or incorporated by reference into this proxy statement/prospectus.

The price of Royal Gold common stock could decline following the merger. The trading price of Royal Gold common stock may be affected by factors different than those factors affecting the price of Battle Mountain common stock.

If the merger is completed, holders of Battle Mountain common stock who make the Stock Election will become holders of Royal Gold common stock. The market price of Royal Gold common stock may decline as a result of the merger if the integration of Royal Gold and Battle Mountain is unsuccessful or takes longer than expected, the perceived benefits of the merger are not achieved as rapidly or to the extent anticipated by financial analysts or investors, or the royalty interests acquired in the merger do not produce the revenues expected. Furthermore, the merger agreement does not limit the conduct of Royal Gold's business after the completion of the merger. Consequently, Royal Gold is permitted to engage in activities, such as material acquisitions of assets, royalties or businesses, that could affect the market price of its common stock. The market price of Royal Gold common stock may be affected by factors different from those affecting Battle Mountain common stock.

The number of shares of Royal Gold common stock that holders of Battle Mountain common stock who make the Stock Election will receive in the merger is subject to change.

The number of shares of Royal Gold common stock that the Battle Mountain stockholders will receive for each share of Battle Mountain common stock will depend on the average price of Royal Gold common stock for the five trading day period up to and including the second business day preceding (but not including) the closing date, and ranges from an aggregate of 1,634,410 shares of Royal Gold common stock, or 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock, if the average price of Royal Gold common stock is less than \$29.00, to an aggregate of 1,570,507 shares of Royal Gold common stock, or 0.0172 shares of Royal Gold common stock for each share of Battle Mountain common stock, if the average price of Royal Gold common stock is \$30.18 or above. See The Merger Agreement Consideration for Battle Mountain Stockholders on page 51. Within this range, the number of shares of Royal Gold common stock to be issued in the merger is subject to fluctuation, such that as the average price of Royal Gold stock during the five trading day period decreases, more shares of Royal Gold stock will be issued in the merger, and as the average price increases, fewer shares will be issued. Changes in the market price of Royal Gold common stock during the business day prior to, and the day of, the closing will not affect the number of shares to be issued in the merger. Royal Gold and Battle Mountain encourage you to obtain current stock price quotations for Royal Gold common stock from a newspaper, the Internet or your broker.

There is a cap on the aggregate merger consideration that is different for the Stock Election and the Cash Election.

With respect to a Stock Election, the per share stock consideration is based on an aggregate purchase price of \$47,397,901.26 and the average price per share of Royal Gold common stock as reported on the NASDAQ Select Global Market for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction. If, at the effective time of the merger, for the five trading day period up to and including the second business day preceding (but not including) the closing date of the merger transaction, the average price per share of Royal Gold common stock is less than \$29.00, the total number of Royal Gold shares to be issued in the merger will be capped at 1,634,410 shares or 0.0179 shares of Royal Gold common

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stock per each share of Battle Mountain common stock. Royal Gold will not issue any additional shares of common stock in the merger as a result of the average closing price of Royal Gold common stock falling below \$29.00. With respect to a Cash Election, the per share cash consideration is based on an aggregate purchase price of \$50,359,928. No additional cash will be paid if the price of Royal Gold common stock increases before or after the closing of the merger transaction. Each Battle Mountain stockholder must make a Stock Election or a Cash Election with respect to all of his or her Battle Mountain common stock. There can be no assurance that you will make an election that results in you receiving consideration that has the highest value.

The number of shares of Royal Gold common stock or the amount of cash that holders of Battle Mountain common stock will receive in the merger is subject to a potential reduction or holdback.

Both the stock consideration and the cash consideration payable in the merger is subject to a potential reduction or holdback of approximately 50,000 to 52,000 shares of Royal Gold common stock, or approximately 0.0006 shares of Royal Gold common stock on a per share basis, in the case of a Stock Election and \$1,597,650, or approximately \$0.017 on a per share basis, in the case of a Cash Election, based on the cost of settling certain Battle Mountain litigation in each case assuming 91,563,506 shares of Battle Mountain common stock are issued and outstanding immediately prior to the effective time of the merger. If the litigation is settled prior to the effective time of the merger, then there will be a reduction in the number of shares of Royal Gold common stock that are issued or cash paid to Battle Mountain stockholders following the closing date based on the cost of settling the litigation. If the litigation is not settled and Royal Gold elects to waive the condition precedent and complete the merger, then Royal Gold will hold back a portion of the shares of Royal Gold common stock that otherwise would be issuable or a portion of the cash payable following the closing date until such time as such litigation is settled. If the value of the shares of Royal Gold stock or the amount of cash that are subject to the holdback is less than, or equal to, the cost of settling the litigation, then none of such shares of Royal Gold common stock or cash held back will be issued or paid to the former Battle Mountain stockholders. Battle Mountain stockholders will not have a say in the settlement of the litigation and may not receive the shares of Royal Gold common stock or the amount of cash held back at the effective time of the merger.

The board of directors and executive officers of Battle Mountain have interests in the merger that may be different from, or in addition to, the interests of Battle Mountain stockholders.

Battle Mountain stockholders should be aware that some directors and executive officers of Battle Mountain may have interests in the merger that may be different from, or in addition to, the interests of Battle Mountain stockholders. These interests include, among others, the change of control payments of up to \$3,288,662.40 and \$555,968.40 to Mark Kucher, Battle Mountain's Chairman and Chief Executive Officer, and David Atkinson, Battle Mountain's Chief Financial Officer, respectively, being made under employment agreements upon the completion of the merger. For additional information on the interests that Battle Mountain's board members and executive officers may have in the merger, see "Interests of Certain Persons in the Merger" beginning on page 77.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Royal Gold and Battle Mountain, which could have an adverse effect on their respective businesses, financial results and stock prices.

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of Royal Gold and Battle Mountain. Specifically, managements' attention has been focused on the merger, which may have diverted managements' attention from the core business of the respective companies and other opportunities that could have been beneficial to the respective companies. These disruptions could be exacerbated by a delay in the completion of the merger or termination of the merger agreement and could have an adverse effect on the business, financial results or stock prices of Royal Gold or Battle Mountain if the merger is not completed or on Royal

Gold if the merger is completed after significant delay.

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If the proposed merger is not completed, Royal Gold and Battle Mountain will have incurred substantial costs that may adversely affect Royal Gold's and Battle Mountain's financial results and operations, the prices of Royal Gold common stock and Battle Mountain common stock could be negatively impacted, and there can be no assurance that Battle Mountain will continue to operate its business in the manner in which it is presently operated.

Royal Gold and Battle Mountain have incurred and will continue to incur substantial costs in connection with the proposed merger. These costs are primarily associated with the fees of attorneys, accountants and financial advisors. If the merger is not completed for any reason, Royal Gold and Battle Mountain will have incurred significant costs, including the diversion of management resources, for which they will have received little or no benefit.

In addition, if the merger is not completed, Royal Gold and Battle Mountain may experience negative reactions from the financial markets and Royal Gold's and Battle Mountain's collaborative partners and employees. Each of these factors may adversely affect the trading price of Royal Gold common stock and/or Battle Mountain common stock or Royal Gold's and/or Battle Mountain's financial results and operations. The price of Royal Gold common stock and Battle Mountain common stock may also decline to the extent that the current market price of Royal Gold common stock and Battle Mountain common stock reflects a market assumption that the merger will be completed. In addition, if the merger is not completed, there can be no assurance that Battle Mountain will continue to operate its business in the manner in which it is presently operated. Battle Mountain's lenders have security interests in most of Battle Mountain's assets. If Battle Mountain is unable to pay its debt as it becomes due, its lenders may foreclose on Battle Mountain's assets.

Royal Gold has options to acquire over 50% of Battle Mountain's common stock and could become a controlling stockholder of Battle Mountain.

Royal Gold has options to acquire approximately 33,914,611 shares of Battle Mountain common stock, as well as the right to convert the outstanding amounts as of July 31, 2007 on a convertible loan to Battle Mountain into 24,876,455 shares of Battle Mountain common stock, giving Royal Gold beneficial ownership of over 50% of Battle Mountain's issued and outstanding common stock as of July 27, 2007. If Royal Gold exercised its options and conversion rights, Royal Gold would become a controlling stockholder of Battle Mountain and stockholders of Battle Mountain would not be able to affect the outcome of any stockholder vote. As a result, Royal Gold would control all matters affecting Battle Mountain, including the composition of Battle Mountain's board of directors and, through it, determinations with respect to Battle Mountain's business direction and policies, including the appointment and removal of officers, any determinations with respect to the merger of Battle Mountain with it or another entity, or Battle Mountain's acquisition or disposition of assets. Concentration of voting power in Royal Gold could have the effect of delaying, deterring or preventing a change in control or other business combination that some Battle Mountain stockholders might consider beneficial. Furthermore, the effect of Royal Gold exercising its conversion rights would be to dilute Battle Mountain's stockholders' ownership and reduce earnings per share.

The combined company will operate on a broader geographical scope than either Royal Gold or Battle Mountain has operated individually, and will be exposed to a broader range of political, social and geographical risks than either company has been exposed to on an individual basis.

Royal Gold owns royalty interests in projects in a number of foreign countries, including Argentina, Burkina Faso, Chile, Finland, Mexico and Russia. Battle Mountain also has royalty interests in projects in foreign countries, including Bolivia, Burkina Faso, Canada, Colombia, Honduras, Mexico and Nicaragua. Accordingly, the business of the combined company is subject to the risks normally associated with conducting business in foreign countries, including controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, foreign environmental laws and enforcement, expropriation or nationalization of property, labor practices and disputes, and

uncertain political and economic environments in a broader geographical scope than either company individually had been previously exposed.

The combined company presence in a broader geographic region will expose the combined company to greater market risks resulting from fluctuating currency exchange rates over a broader geographic region. The combined company will generally be less profitable when the U.S. dollar weakens in relation to the foreign currencies of the

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countries in which Royal Gold and Battle Mountain have royalty interests that are not paid in US Dollars. Royal Gold does not currently implement currency hedges, but may do so in the future. However, its hedging strategies may not be successful, and any of its un-hedged foreign exchange payments will continue to be subject to market fluctuations.

There can be no assurance that Royal Gold uncovered every item that could have a material adverse effect on the combined company.

Although Royal Gold conducted business, financial and legal due diligence in connection with the proposed merger transaction, there can be no assurance that due diligence will uncover every item, including relating to Battle Mountain's financial statements, that could have a material adverse effect on the combined company. For example, Royal Gold has not been able to confirm each accounting item in Battle Mountain's financial statements. Accordingly, there may be matters involving Battle Mountain and its financial statements that were not identified during Royal Gold's due diligence. In addition, there may also be issues that Royal Gold did identify that may not be resolved prior to the effective time of the merger. Any of these issues, if left undiscovered and unresolved, could materially and adversely affect the combined company's financial condition.

The royalty interests to be acquired in the merger may not produce anticipated royalty revenues and the combined company may not produce anticipated results.

The principal assets of Battle Mountain include royalty interests on a project not yet in production. Royal Gold and Battle Mountain entered into the merger agreement because each believes that the transaction will be beneficial to Royal Gold, Battle Mountain and their respective stockholders based on Battle Mountain's anticipated royalty revenues. The success of the merger is based on Royal Gold's and Battle Mountain's ability to make accurate assumptions regarding the valuation and timing and amount of royalty payments, particularly with respect to royalties on a project not yet in production. If the operator of the project does not bring the project into production and operate in accordance with feasibility studies, the royalty interests acquired in the merger transaction may not yield royalty revenues or sufficient royalty revenues to be profitable. The failure of these projects to produce anticipated royalty revenues may materially and adversely affect the combined company's financial condition, results of operations and cash flows.

Resales of shares of Royal Gold common stock following the transaction and future issuances of equity or equity-linked securities by Royal Gold may cause the market price of shares of Royal Gold common stock to fall.

As of June 30, 2007, Royal Gold had approximately 28,663,756 shares of common stock outstanding and approximately 1,037,906 shares authorized for issuance upon the exercise of outstanding options the vesting of restricted stock subject to achieving certain performance goals or continued service, or reserved for future issuance under Royal Gold's equity compensation plans. Royal Gold expects that it will issue up to approximately 1.63 million shares of common stock in connection with the merger transaction assuming all Battle Mountain stockholders make a Stock Election. The issuance of the shares in the merger transaction and the sale of additional shares that may become eligible for sale in the public market from time to time upon the exercise of options could have the effect of depressing the market price for shares of Royal Gold common stock.

Risks Related to Battle Mountain

Battle Mountain is currently subject to the risks described below. The risks below should be considered along with the other information included or incorporated by reference into this proxy statement/prospectus.

There are risks associated with relying on Battle Mountain's historical financial statements.

Battle Mountain was required by the SEC to restate its financial statements for certain accounting and financial reporting matters during the first calendar quarter of 2007. Further, Battle Mountain's auditors included a going concern emphasis of a matter paragraph in their March 28, 2007 opinion on Battle Mountain's financial statements as of December 31, 2006 and for the years ended December 31, 2006 and 2005 stating that there were factors that raised substantial doubt as to Battle Mountain's ability to continue as a going concern.

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Battle Mountain's auditors previously issued going concern opinions on its financial statements.

In its reports dated March 28, 2007 and March 11, 2006, Chisholm, Bierwolf & Nilson, LLC, expressed an opinion that there is substantial doubt about Battle Mountain's ability to continue as a going concern based on Battle Mountain's history of operating losses since inception and Battle Mountain's dependence on third-party financing. Battle Mountain's financial statements do not include any adjustments that might result from the outcome of that uncertainty. The accompanying financial statements of Battle Mountain were prepared assuming that Battle Mountain will continue as a going concern. In spite of Battle Mountain's recent financing activities, and availability of certain cash resources, its continuation as a going concern will continue to be dependent upon future events, including third party debt and equity financing and revenues generated from its acquired royalty assets. If Battle Mountain is unable to continue as a going concern, investors may lose their entire investment.

Battle Mountain heavily depends on Mark Kucher.

The success of Battle Mountain depends upon the personal efforts and abilities of Mark Kucher. Mark Kucher serves as a director, Chairman of the Board and Battle Mountain's Chief Executive Officer, pursuant to an employment agreement. Mr. Kucher and Battle Mountain may voluntarily terminate the employment agreement at any time. The loss of Mr. Kucher could have a material adverse effect on Battle Mountain's business, results of operations or financial condition. In addition, the absence of Mr. Kucher will force Battle Mountain to seek a replacement who may have less experience or who may not understand Battle Mountain's business as well, or Battle Mountain may not be able to find a suitable replacement.

Battle Mountain is involved in an industry that is inherently speculative and risky.

Because of the inherently speculative and risky nature of the mining industry, Battle Mountain could be negatively impacted by many factors in the mining industry, and specifically the mining companies, mining properties and ventures upon which Battle Mountain relies to derive its royalty payments. Such factors may include: political risk in the countries in which the properties are located from which Battle Mountain derives royalty payments, labor disputes at the mine sites at such properties, a decline in the price of gold, significant environmental or regulatory restrictions, insufficient reserves, and natural disasters such as floods or earthquakes, among other factors, and as a result investors could lose their entire investment.

Battle Mountain has had negative cash flows from operations.

Battle Mountain's past and current operations have not been sufficient to fund its cash needs. As a result of this deficiency, Battle Mountain has been dependent on sales of its equity securities and debt financing to meet its cash requirements.

Battle Mountain's operations may not be sufficient to meet its current obligations.

At December 31, 2006, Battle Mountain had a working capital deficiency, primarily related to its entry into short-term financing arrangements used to fund the purchase of certain gold royalty assets. In particular, Battle Mountain is required to pay off its bridge loan facility of \$4,000,000 plus accrued interest on March 31, 2007. As discussed, Battle Mountain successfully refinanced its bridge loan facility with a portion of the proceeds received from Royal Gold.

Battle Mountain also has current obligations related to its gold facility of approximately \$1,500,000 (assuming a spot gold price of \$635.70 per ounce). Battle Mountain has only recently commenced operations that generate cash flow. There is no assurance that these operations will be sufficient to meet its current and short-term cash needs. Battle Mountain may need to raise additional capital through debt or equity financing arrangements in the event that:

- (a) the prevailing market price for gold decreases;
- (b) anticipated acquisition costs for further royalty assets increase beyond Battle Mountain's expectations; or
- (c) Battle Mountain encounters greater costs associated with general and administrative expenses or offering costs.

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The occurrence of any of the aforementioned events could adversely affect Battle Mountain's ability to meet its business plans.

Battle Mountain will depend almost exclusively on outside capital to pay for any further royalty interest acquisitions or to increase its existing royalty interests. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not continue to be available, if necessary, to meet any further acquisition costs or, if the capital is available, that it will be on terms acceptable to Battle Mountain. The issuance of additional equity securities by Battle Mountain would result in a significant dilution in the equity interests of its current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase Battle Mountain's liabilities and future cash commitments.

If Battle Mountain is unable to obtain financing in the amounts and on terms deemed acceptable to it, it may be unable to continue its business and as a result may be required to scale back or cease operations, the result of which would be that its stockholders would lose some or all of their investment.

A decline in the price of Battle Mountain's common stock could affect its ability to raise further working capital and adversely impact its operations.

A prolonged decline in the price of Battle Mountain's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because Battle Mountain's operations have been primarily financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to its liquidity and its continued operations. Any reduction in its ability to raise equity capital in the future would force it to reallocate funds from other planned uses and would have a significant negative effect on its business plans and operations, including its ability to acquire further royalty assets and continue its current operations. If Battle Mountain's stock price declines, it may not be able to raise additional capital or generate funds from operations sufficient to meet its obligations.

Battle Mountain has a history of losses and fluctuating operating results.

From inception through December 31, 2006, Battle Mountain has accumulated a comprehensive deficit of \$4,659,840. Battle Mountain's loss from operations for the fiscal year ended December 31, 2006 was \$2,100,364. There is no assurance that Battle Mountain will operate profitably or will generate positive cash flow in the future. In addition, Battle Mountain's operating results in the future may be subject to significant fluctuations due to many factors not within its control, most important of which is the prevailing market price of gold. If Battle Mountain cannot generate positive cash flows in the future, or raise sufficient financing to continue its operations, Battle Mountain may be forced to scale down or even close its operations.

Battle Mountain has a limited operating history and if Battle Mountain is not successful in continuing to grow its business, then it may have to scale back or even cease its ongoing business operations.

Prior to May 2006, Battle Mountain had no history of revenues from operations and, until recently, had no significant tangible assets. Battle Mountain has yet to generate positive earnings and there can be no assurance that it will ever operate profitably. Battle Mountain has a limited operating history and until recently was considered a development stage company for financial reporting purposes. The success of Battle Mountain is significantly dependent on a successful acquisition program. Battle Mountain's operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. If Battle Mountain's business plan is not successful, and it is unable to operate profitably, investors may lose some or all of their investment in Battle Mountain.

Battle Mountain owns passive interests in mining properties, and it is difficult or impossible for Battle Mountain to ensure properties are operated in its best interest.

All of Battle Mountain's revenue will be derived from royalties on properties operated by third parties. The holder of a royalty interest typically has no executive authority regarding development or operation of a mineral property, therefore, Battle Mountain is not in control of basic decisions regarding development or operation of any of the properties in which it holds a royalty interest, and Battle Mountain has limited or no legal rights to influence those decisions.

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Battle Mountain's strategy of having others operate properties in which it retains a royalty or other passive interest puts it generally at risk to the decisions of others regarding all basic operating matters, including permitting, feasibility analysis, mine design and operation, processing, plant and equipment matters, and temporary or permanent suspension of operations, among others. These decisions may be motivated by the best interests of the operator rather than to maximize royalties. Although Battle Mountain attempts to secure contractual rights that will permit it to protect its interests, there can be no assurance that such rights will always be available or sufficient, or that its efforts will be successful in achieving timely or favorable results or in affecting the operations of the properties in which it has royalty interests in ways that would be beneficial to its stockholders.

Decreases in prices of precious metals would reduce Battle Mountain's royalty revenues.

The profitability of precious metals mining operations (and thus the value of Battle Mountain's royalty interests and exploration properties) is directly related to the market price of precious metals. The market price of various precious metals fluctuates widely and is affected by numerous factors beyond the control of any mining company. These factors include industrial and jewelry fabrication demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold sales and loans by central banks, forward sales by gold producers, global or regional political, economic or banking crises, and a number of other factors. If the market price of precious metals should drop, Battle Mountain's royalty revenues would also drop. In addition, if the price of gold drops dramatically, Battle Mountain might not be able to recover its investment in royalty interests or properties. The selections of a royalty investment or of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can have a material adverse effect on the economics of a mine, and can eliminate or have a material adverse impact on the value of royalty interests.

The volatility in the gold price is illustrated by the following table, which sets forth, for the periods indicated, the high and low prices in U.S. dollars per ounce of gold, based on the London PM fix.

Gold Price Per Ounce (\$)

Year	High	Low
1997	\$ 367	\$ 283
1998	313	273
1999	326	253
2000	312	263
2001	293	256
2002	349	278
2003	416	320
2004	454	375
2005	447	411
2006	725	525

Battle Mountain's revenues are subject to operational risks of the mining industry.

Although Battle Mountain is not required to pay operating costs, its financial results are subject to all of the hazards and risks normally associated with developing and operating mining properties. These risks include:

- (a) insufficient ore reserves;
- (b) fluctuations in production costs that may make mining of ore uneconomic;
- (c) declines in the price of gold;
- (d) significant environmental and other regulatory restrictions;

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- (e) labor disputes;
- (f) geological problems;
- (g) pit walls or tailings dam failures;
- (h) natural catastrophes such as floods or earthquakes;
- (i) political risks associated with operations in developing countries; and
- (j) the risk of injury to persons, property or the environment.

Operating cost increases can have a negative effect on the value of and income from Battle Mountain's royalty interests, and may cause an operator to curtail, delay or close operations at a mine site.

Estimates of reserves and mineralization by the operators of mines in which Battle Mountain has royalty interests are subject to significant estimates which can change.

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond Battle Mountain's control or that of the operators of the mineral properties in which it has a royalty interest. Reserve estimates on Battle Mountain's royalty interests are prepared by the operators of the mining properties, and Battle Mountain does not participate in the preparation of such reports. The estimation of reserves and of other mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate may cause revision of such estimates. The volume and grade of reserves recovered and rates of production may be less than anticipated. Assumptions about prices are subject to great uncertainty and the gold price has fluctuated widely in the past. Declines in the market price of gold or other precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including short-term operating factors, such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Battle Mountain may be unable to acquire additional royalty interests.

Battle Mountain's future success depends upon its ability to acquire royalty interests to replace depleting reserves and to diversify its royalty portfolio. Battle Mountain anticipates that most of its revenues will be derived from royalty interests that it acquires or finances, rather than through exploration and development of properties. In addition, Battle Mountain faces competition in the acquisition of royalty interests. If Battle Mountain is unable to successfully acquire additional royalties, the reserves on properties currently covered by its royalties will decline as reserves are mined.

The mining industry is subject to significant environmental risks.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations in the United States and abroad intended to ensure the protection of the environment are constantly changing and generally are becoming more restrictive and costly. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the companies within the mining industry, such as the operators of the mines in which Battle Mountain holds a royalty interest, at a reasonable price. If an operator is forced to incur significant costs to comply with

environmental regulations or becomes subject to environmental restrictions that limit its ability to continue or expand operations, it could reduce Battle Mountain's royalty revenues. To the extent that Battle Mountain becomes subject to environmental liabilities for the time period during which it was operating properties, the satisfaction of any liabilities would reduce funds otherwise available to it and could have a material adverse effect on Battle Mountain's financial condition and results of operations.

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If title to the properties is not properly maintained by the operators, Battle Mountain's royalty revenues may be decreased.

The validity of and title to mining claims and concessions, which constitute a significant portion of the properties on which Battle Mountain holds royalties, is often uncertain and subject to contest. Mining claims and concessions are generally considered subject to greater title risk than real property interests that are owned in fee simple.

Battle Mountain's bylaws contain provisions indemnifying its officers and directors against all costs, charges and expenses incurred by them.

Battle Mountain's bylaws contain provisions with respect to the indemnification of its officers and directors against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, including an amount paid to settle an action or satisfy a judgment in a civil, criminal or administrative action or proceeding to which he is made a party by reason of his being or having been one of Battle Mountain's directors or officers.

Investors' interests in Battle Mountain will be diluted and investors may suffer dilution in their net book value per share if Battle Mountain issues additional shares or raises funds through the sale of equity securities.

Battle Mountain's organizational documents authorize the issuance of 200,000,000 shares of common stock with a par value of \$0.001 and 10,000,000 shares of preferred stock with a par value of \$0.001. In the event that Battle Mountain is required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in Battle Mountain will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. If Battle Mountain issues any such additional shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other shareholders. Further, any such issuance may result in a change in control.

Battle Mountain's bylaws do not contain anti-takeover provisions which could result in a change of its management and directors if there is a take-over of Battle Mountain.

Battle Mountain does not currently have a shareholder rights plan or any anti-takeover provisions in its By-laws. Without any anti-takeover provisions, there is no deterrent for a take-over of Battle Mountain, which may result in a change in its management and directors.

Because some of Battle Mountain's directors and officers are residents of Canada, investors may find it difficult to enforce, within the United States, any judgments obtained against these directors and officers.

Some of Battle Mountain's directors and officers are nationals and/or residents of countries other than the United States, and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against Battle Mountain or its officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

The market price of Battle Mountain's common stock historically has been volatile.

The market price of Battle Mountain's common stock historically has fluctuated significantly based on, but not limited to, such factors as: general stock market trends, announcements of developments related to its business, actual or anticipated variations in its operating results, its inability to generate revenues, and conditions and trends in the mining industry, including the mineral exploration, development and production segments of such industry.

Battle Mountain's common stock is traded on the OTC Bulletin Board. In recent years the stock market in general has experienced extreme price fluctuations that have often been unrelated to the operating performance of the affected companies. Similarly, the market price of Battle Mountain's common stock may fluctuate significantly based upon factors unrelated or disproportionate to its operating performance. These market fluctuations, as well as

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general economic, political and market conditions, such as recessions or interest rates may adversely affect the market price of Battle Mountain's common stock.

Battle Mountain's common stock is subject to the penny stock rules of the SEC which limits the trading in the market of its common stock, makes transactions in its common stock cumbersome and may reduce the value of an investment in its common stock.

The SEC has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Battle Mountain's securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term accredited investor refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade Battle Mountain's securities. Battle Mountain believes that the penny stock rules discourage investor interest in and limit the marketability of its common stock.

In addition, various state securities laws impose restrictions on transferring penny stocks and as a result, investors in Battle Mountain's common stock may have the ability to sell their shares of common stock impaired.

Battle Mountain has not paid any cash dividends.

Battle Mountain has paid no cash dividends on its common stock to date and it is not anticipated that any cash dividends will be paid to holders of its common stock in the foreseeable future. While Battle Mountain's dividend policy will be based on the operating results and capital needs of the business, it is anticipated that any earnings will be retained to finance the future expansion of Battle Mountain.

NASD sales practice requirements may also limit a stockholder's ability to buy and sell Battle Mountain's common stock.

In addition to the penny stock rules described above, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their customers buy Battle Mountain's common stock, which may limit your ability to buy and sell Battle Mountain's stock and have an adverse effect on the

market for Battle Mountain's common stock.

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Trading in Battle Mountain's common shares on the OTC Bulletin Board is limited and sporadic, making it difficult for stockholders to sell their shares or liquidate their investments.

Battle Mountain's common stock is currently listed for public trading on the OTC Bulletin Board. The trading price of Battle Mountain's common stock has been subject to wide fluctuations. Trading prices of Battle Mountain's common shares may fluctuate in response to a number of factors, many of which will be beyond its control. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with no current business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by Battle Mountain's common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of Battle Mountain's common stock, regardless of its operating performance.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been instituted. Such litigation, if instituted, could result in substantial costs for Battle Mountain and a diversion of management's attention and resources.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus and the documents incorporated herein by reference contain or may contain certain forward-looking statements and information relating to Royal Gold or Battle Mountain that are based on our beliefs and assumptions as well as information currently available to the management of Royal Gold or Battle Mountain. Additional written or oral forward-looking statements may be made by Royal Gold from time to time in filings with the SEC or otherwise. The words believe, estimate, expect, anticipate, and project and similar expressions are included to identify forward-looking statements, which speak only as of the date the statement is made. These statements are included or incorporated by reference in this proxy statement/prospectus. Such forward-looking statements are within the meaning of that term in Section 27A of the Securities Act and Section 21E of the Exchange Act. Such forward-looking statements include statements regarding projected production and reserves from feasibility studies or received from the operators of Royal Gold's or Battle Mountain's royalty properties. In addition to other factors described elsewhere in this proxy statement/prospectus, factors that could cause actual results to differ materially from these forward-looking statements include, among others:

changes in gold and other metals prices;

the performance of producing royalty properties;

decisions and activities of the operators of royalty properties;

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

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

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

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

economic and market conditions;

future financial needs;

foreign, federal or state legislation governing Royal Gold, Battle Mountain or the operators;

the availability of royalties for acquisition or other acquisition opportunities;

Royal Gold's and Battle Mountain's ability to make accurate assumptions regarding the valuation, and timing and amount of royalty payments when making acquisitions; and

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

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

BATTLE MOUNTAIN S SPECIAL MEETING OF STOCKHOLDERS

This section contains information for Battle Mountain stockholders about Battle Mountain s special meeting of stockholders that Battle Mountain has called to adopt the merger agreement and approve the merger transaction. Together with this document, Battle Mountain is also sending you a notice of the special meeting and a form of proxy that is being solicited by the Battle Mountain board of directors for use at the special meeting. **The information and instructions contained in this section are addressed to Battle Mountain stockholders and all references to you in this section should be understood to be addressed to Battle Mountain stockholders.**

Date, Time and Place of the Special Meeting

This document is being furnished by the Battle Mountain board of directors in connection with the solicitation of proxies from holders of Battle Mountain common stock for use at Battle Mountain s special meeting of stockholders to be held on 1 , 2007 at the offices of Clark Wilson LLP, 800-855 West Georgia Street, Vancouver, British Columbia, V6C 3H1, Canada, and at any adjournment or postponement of the meeting.

Purpose of the Special Meeting

Battle Mountain s special meeting of stockholders will be held to consider and vote upon:

1. a proposal to approve and adopt the merger agreement;
2. a proposal to approve an adjournment of the special meeting, if necessary, to permit solicitation of additional proxies in favor of the above proposal; and
3. any other business that may properly come before the special meeting or any adjournments or postponements of the special meeting.

Record Date and Outstanding Shares

Battle Mountain s board of directors has fixed the close of business on 1 as the record date. Only holders of record of Battle Mountain common stock on the books of Battle Mountain as of the close of business on the record date will be entitled to notice of, and to vote at, the special meeting and any postponements or adjournments of the special meeting. As of July 27, 2007, there were 76,150,620 shares of Battle Mountain common stock issued and outstanding and entitled to vote held by approximately 48 stockholders of record. The number of record holders does not include persons whose stock is held in nominee or street name accounts through brokers.

Quorum Requirement

Under Battle Mountain s amended and restated bylaws, one-third of the outstanding shares of Battle Mountain common stock entitled to vote, represented in person or by proxy, constitutes a quorum for the transaction of business

at the special meeting. Votes of stockholders of record who are present at the special meeting in person or by proxy, abstentions and broker non-votes (as defined below) are counted as present or represented at the special meeting for purposes of determining whether a quorum exists.

If a quorum is not obtained, or if fewer shares of Battle Mountain common stock are voted in favor of the proposal for the approval and adoption of the merger agreement at the special meeting than the number of shares

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necessary to approve the proposal, Battle Mountain may seek to adjourn the special meeting to allow additional time for obtaining additional proxies or votes. At any subsequent reconvening of the special meeting, all proxies will be voted in the same manner as those proxies would have been voted at the original convening of the special meeting, except for any proxies that have been effectively revoked or withdrawn before the reconvened special meeting.

References to the Battle Mountain special meeting in this document are to that special meeting as adjourned or postponed.

Votes Required

Each holder of Battle Mountain common stock will be entitled to one vote, in person or by proxy, for each share of Battle Mountain common stock registered in the stockholder's name on the books of Battle Mountain as of the record date on any matter submitted for the vote of Battle Mountain stockholders. The proposal for the approval and adoption of the merger agreement will be approved if holders of a majority of the issued and outstanding shares of Battle Mountain common stock as of the record date are voted in favor of the proposal. If the proposal to approve an adjournment of the special meeting to permit the solicitation of additional proxies is presented for a vote, it will be approved, whether or not there is a quorum, if a majority of the Battle Mountain common stock present in person or represented by proxy and entitled to vote at the special meeting are voted in favor of the adjournment proposal.

With respect to the proposal to approve and adopt the merger agreement, abstentions and broker non-votes will have the same effect as a vote against the proposal. With respect to the proposal to approve an adjournment of the special meeting to permit the solicitation of additional proxies, abstentions and broker non-votes will have no effect. If a Battle Mountain stockholder fails to vote on the adjournment proposal, other than by abstention or broker non-vote, this will reduce the total number of shares voting with respect to the proposal and, as a result, the number of affirmative votes required to approve the proposal.

A broker non-vote may occur on a proposal when a broker is not permitted to vote on that proposal without instruction from the beneficial owner of the shares and no instruction is given by the beneficial owner. A broker is not permitted to vote on the proposal to approve and adopt the merger agreement or on the proposal to approve an adjournment of the special meeting without instruction from the beneficial owner of the Battle Mountain shares held by the broker.

Each of the directors and officers have agreed to vote in favor of the proposal for the approval and adoption of the merger agreement. See Battle Mountain's Special Meeting of Stockholders' Shares Beneficially Owned as of the Record Date below for more information.

Shares Beneficially Owned as of the Record Date

Shares Owned by Directors and Officers of Battle Mountain. Based on the number of shares of Battle Mountain common stock issued and outstanding as of July 27, 2007, the directors and executive officers of Battle Mountain and their affiliates, as a group, beneficially own approximately 22,124,192 shares of Battle Mountain common stock, representing approximately 27.39% of the outstanding Battle Mountain common stock entitled to be voted at the special meeting as of July 27, 2007. Battle Mountain's directors and officers have agreed to vote their shares of Battle Mountain common stock in favor of the approval and adoption of the merger agreement.

Shares Owned by Royal Gold. Royal Gold beneficially owns 63,141,166 shares of Battle Mountain common stock, representing approximately 57.57% of the outstanding shares of Battle Mountain common stock, as a result of the option and support agreements, the irrevocable proxies given to Royal Gold and bridge finance facility agreement as described further in this proxy statement/prospectus.

In anticipation of the merger transaction, on March 5, 2007, Royal Gold obtained a binding support agreement and option to purchase from Mark Kucher, Chairman of Battle Mountain, his shares of common stock of Battle Mountain. The support agreement with Mr. Kucher also provides that Mr. Kucher will vote for and support the merger transaction. Royal Gold also obtained irrevocable proxies, dated June 27, 2007, from David Atkinson, Chief Financial Officer of Battle Mountain, and each of the non-employee directors of Battle Mountain, Robert

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Connochie, Anthony E.W. Crews, Brian M. Labadie and Christopher E Herald, to vote in favor of the merger and against any proposal made in opposition to or in competition with, the consummation of the merger. As a result of the support agreement with Mr. Kucher, and the irrevocable proxies with Messrs. Atkinson, Connochie, Crews, Labadie and Herald, Royal Gold beneficially owns 22,124,192 shares of Battle Mountain common stock or 27.39% of the outstanding shares of Battle Mountain common stock.

Royal Gold also obtained a binding support agreement and option to purchase from IAMGOLD its shares of common stock of Battle Mountain, including shares of Battle Mountain common stock that IAMGOLD may acquire upon the conversion of a convertible debenture of Battle Mountain Gold (Canada) Inc., a subsidiary of Battle Mountain. The outstanding principal and interest under the debenture is convertible for shares of Battle Mountain common stock at a conversion price of \$0.50 per share, subject to adjustment as set forth in the debenture. The support agreement IAMGOLD also provides that IAMGOLD will vote for and support the merger transaction. As a result of the support agreement with IAMGOLD, Royal Gold beneficially owns 16,140,419 shares of Battle Mountain common stock or 20.13% of the outstanding shares of Battle Mountain common stock.

Battle Mountain has entered into a bridge finance facility agreement with Royal Gold whereby Royal Gold has agreed to make available to Battle Mountain and BMGX (Barbados) Corporation, Battle Mountain's wholly-owned subsidiary, up to \$20 million, which availability was reduced to \$15 million on April 14, 2007 pursuant to the terms of the bridge facility. The bridge facility will mature on June 6, 2008. Outstanding principal, interest and expenses under the bridge facility may be converted at Royal Gold's option into Battle Mountain common stock at a conversion price per share of \$0.60 at any time during the term of the bridge facility provided Royal Gold gives notice of its election to convert on or before April 4, 2008. As of July 31, 2007, \$14,925,873, representing outstanding principal and accrued interest, is outstanding on the bridge facility. Based on the right to convert the outstanding principal and accrued interest under the bridge facility, Royal Gold beneficially owns approximately 24,876,455 shares of Battle Mountain common stock or 24.62% of the outstanding shares of Battle Mountain common stock.

On March 28, Royal Gold and Battle Mountain entered into a Voting Limitation Agreement pursuant to which Royal Gold agreed to limit its voting with respect to Battle Mountain common stock over which it had or could acquire voting power. Generally, Royal Gold agreed that, in the event of a superior proposal as defined in the merger agreement, under certain circumstances, Royal Gold would not vote more than 39.9% of the total number of shares of Battle Mountain common stock entitled to vote in favor of the merger transaction with Royal Gold or in opposition to a competing transaction.

See Relationship with Battle Mountain on page 75 for more information regarding Royal Gold's agreements relating to Battle Mountain.

Voting at the Special Meeting

If you are a Battle Mountain stockholder of record on the record date and you attend the special meeting, you may vote in person by completing a ballot at the special meeting even if you already have signed, dated and returned a proxy card. If your shares are held in the name of a broker or nominee, you may not vote your shares in person at the special meeting unless you obtain a signed proxy from the record holder giving you the right to vote the shares.

Proxies

Voting instructions are attached to your proxy card. If you properly submit your proxy to Computershare Trust Company, N.A. in time to vote, one of the individuals named as your proxy will vote your shares as you have directed. You may vote for or against any or all of the proposals submitted at Battle Mountain's special meeting of stockholders or abstain from voting.

1. *How to Vote by Proxy.* If your shares are registered in your name, you may vote by mail using the proxy card attached hereto, as follows:

- a. Mark, sign and date your proxy card and return it in the postage-paid envelope provided; or
- b. Return it to Computershare Trust Company, N.A. at the address provided on the proxy card.

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Only the latest dated proxy received from you will be voted at the special meeting.

If your shares are held in street name (through a broker, bank or other nominee), you may receive a separate voting instruction form with voting instructions, or you may need to contact your broker, bank or other nominee to determine whether you will be able to vote electronically using the telephone or Internet.

A Battle Mountain stockholder whose shares are held in the name of a broker or nominee should follow the instructions provided by that broker or nominee on how to direct the voting of the stockholder's shares.

2. How Proxies will be Voted. All Battle Mountain common stock represented by proxies properly executed and received by Computershare Trust Company, N.A. before or at the special meeting will be voted in accordance with the instructions indicated on the proxies. If the proxy is properly completed, signed and returned but no instructions are indicated, the shares will be voted:

FOR the approval and adoption of the merger agreement; and

FOR the approval of an adjournment of the special meeting, if necessary, to permit the solicitation of additional proxies in favor of the above proposal.

Battle Mountain common stock represented by a proxy that has been returned with instructions to vote against the proposal to approve and adopt the merger agreement but which does not include instructions with respect to the adjournment proposal will not be voted in favor of the adjournment proposal.

3. Revoking Your Proxy. You may revoke your proxy before it is voted by:

submitting a new proxy card bearing a later date;

providing a written notice revoking your proxy to Computershare Trust Company, N.A. before the special meeting; or

attending the special meeting and voting in person.

If you have instructed your broker to vote your shares, you must follow directions you receive from your broker in order to change or revoke your vote.

Solicitation of Proxies

Battle Mountain will pay the expenses incurred in connection with the printing and mailing of this document. Battle Mountain will request banks, brokers and other intermediaries holding Battle Mountain common shares beneficially owned by others to send this document to, and obtain proxies from, the beneficial owners and will reimburse holders for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation by the directors, officers and employees of Battle Mountain. No additional compensation will be paid to directors, officers or employees for such solicitation efforts.

Other Business

The Battle Mountain board of directors currently is not aware of any business to be acted upon at the special meeting other than as described in this document. If, however, other matters are properly brought before the special meeting or any adjournments or postponements of the meeting, in the absence of instructions to the contrary, persons appointed

as proxies will have discretion to vote or act on those matters in their best judgment.

Communications by Battle Mountain Stockholders with Battle Mountain

Any written revocation of a proxy or other communications in connection with this document and requests for additional copies of this document or the proxy card should be addressed to Battle Mountain at One East Liberty Street, Sixth Floor, Suite 9, Reno, NV 89504, phone number (775) 686-6081.

Table of Contents**SELECTED HISTORICAL FINANCIAL INFORMATION OF ROYAL GOLD**

We are providing the following selected financial information to assist you in analyzing the financial aspects of the merger. The selected Royal Gold financial data set forth below are qualified in their entirety by, and should be read in conjunction with the historical consolidated financial statements, and related notes contained in the annual, quarterly and other reports filed by Royal Gold with the SEC, which are incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" on page 101.

The following table presents selected historical consolidated financial data derived from Royal Gold's consolidated financial statements for each of the five fiscal years in the periods ended June 30, 2002 to June 30, 2006, which have been audited by PricewaterhouseCoopers LLP, Royal Gold's independent auditors. The following summary consolidated financial data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations," Royal Gold's consolidated financial statements and related notes and other financial information contained in Royal Gold's Annual Report on Form 10-K for the year ended June 30, 2006 and Royal Gold's Quarterly Report on Form 10-Q for the quarter ended December 31, 2006 incorporated by reference in this proxy statement/prospectus. Royal Gold derived the summary consolidated statement of operations data for the years ended June 30, 2006, 2005, 2004, 2003 and 2002 from its audited consolidated financial statements. The audit report related to the audited consolidated financial statements for years ended June 30, 2005 and June 30, 2006 is incorporated by reference in this proxy statement/prospectus. Royal Gold derived the summary consolidated financial data for the nine months ended March 31, 2007 and 2006 from its unaudited consolidated financial statements, which include all adjustments, consisting only of normal recurring adjustments, that Royal Gold's management considers necessary for a fair presentation of the information shown. Historical results are not necessarily indicative of the results to be expected in the future.

Statement of Operations Data

	For the Fiscal Year Ended June 30,					For the Nine Months Ended March 31,	
	2006	2005	2004	2003	2002	2007	2006
	Amounts in thousands, except per share data						
royalty revenues	\$ 28,380	\$ 25,302	\$ 21,353	\$ 15,788	\$ 12,323	\$ 33,992	\$ 20,166
cost of operations	2,288	1,847	1,513	1,347	971	2,280	1,588
general and administrative	5,022	3,695	2,923	1,966	1,875	4,231	3,937
non-cash employee stock compensation expense					1,484		
exploration and business development	3,397	1,893	1,392	1,233	618	1,570	2,677
impairment of mining assets				166			
	4,261	3,205	3,314	2,855	2,289	5,750	2,937

depreciation, depletion and amortization											
Capital costs and expenses	14,968	10,640	9,142	7,567	7,237	13,831	11,12				
Gain on sale of other assets				159							
Operating income	13,412	14,662	12,211	8,380	5,086	20,161	9,04				
Interest and other income	3,204	834	442	384	139	2,383	2,26				
Gain (loss) on sale available for the securities		164	23		(1,172)						
Interest and other expense	(165)	(104)	(150)	(127)	(125)	(802)	(11				
Income before income taxes	16,451	15,556	12,526	8,637	3,928	21,742	11,19				
Current and deferred tax (expense) benefit	(5,101)	(4,102)	(3,654)	(1,885)	6,771	(6,645)	(3,41				
Minority interest income of consolidated subsidiary						(1,063)					
Net income	\$ 11,350	\$ 11,454	\$ 8,872	\$ 6,752	\$ 10,699	\$ 14,034	\$ 7,78				
Earnings per share Basic	\$ 0.50	\$ 0.55	\$ 0.43	\$ 0.34	\$ 0.60	\$ 0.59	\$ 0.3				
Diluted	\$ 0.49	\$ 0.54	\$ 0.42	\$ 0.33	\$ 0.59	\$ 0.59	\$ 0.3				
Weighted average number of common shares outstanding											
Basic	22,863,784	20,875,957	20,760,452	19,795,949	17,930,767	23,653,946	22,635,44				
Diluted	23,121,862	21,070,797	21,110,521	20,231,638	18,170,225	23,889,933	22,909,47				

Table of Contents**Balance Sheet Data**

	2006	For the Fiscal Year Ended June 30,			2002	As of March 31, 2007
		2005	2004	2003		
	Amounts in thousands					
Current assets:						
Cash and equivalents	\$ 78,449	\$ 48,840	\$ 44,801	\$ 33,486	\$ 11,104	\$ 19,168
Royalty receivables	5,962	6,601	5,221	3,125	3,022	8,223
Other current assets	365	787	1,879	191	166	1,064
Total current assets	84,776	56,228	51,901	36,802	14,292	28,455
Royalty interests in mineral properties, net	84,590	44,817	40,326	43,560	7,427	217,252
Inventory restricted						10,490
Restricted cash						15,750
compensating balance						15,750
Note receivable Battle Mountain Gold Exploration						13,927
Other assets	2,894	1,274	1,295	5,997	7,871	4,474
Total assets	\$ 172,260	\$ 102,319	\$ 93,522	\$ 86,359	\$ 29,590	\$ 290,348
Current liabilities	3,324	2,898	2,441	2,506	2,302	5,701
Revolving credit facility payable						60,000
Note payable						15,750
Other long-term liabilities	7,276	7,683	8,183	8,860	120	6,461
Total liabilities	10,600	10,581	10,624	11,366	2,422	87,912
Minority interest in subsidiary						10,571
Stockholders' equity						
Common stock, \$0.01 par value	238	213	210	209	183	244
Additional paid-in capital	166,460	104,164	102,020	100,612	57,389	187,240
Accumulated other comprehensive income (loss)	499	(285)	28	65	185	304
Deferred compensation		(525)				
Accumulated (deficit) earnings	(4,440)	(10,732)	(18,263)	(24,796)	(29,492)	5,174
Treasury stock, at cost (229,224 shares)	(1,097)	(1,097)	(1,097)	(1,097)	(1,097)	(1,097)
Total stockholders' equity	161,660	91,738	82,898	74,993	27,168	191,865
	\$ 172,260	\$ 102,319	\$ 93,522	\$ 86,359	\$ 29,590	\$ 290,348

Total liabilities and
stockholders equity

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**UNAUDITED PRO FORMA, COMBINED, CONDENSED
FINANCIAL INFORMATION OF ROYAL GOLD**

The following unaudited pro forma combined condensed financial information for the year ended June 30, 2006 and as of March 31, 2007 and for the nine month period then ended is presented to show the results of operations and financial position of Royal Gold as if the merger with Battle Mountain had occurred as of July 1, 2005, and as of the balance sheet date, March 31, 2007, as applicable.

The accompanying pro forma financial statements also give effect to the public offering of Royal Gold common stock during the fourth fiscal quarter of 2007. This offering resulted in an additional 4,400,064 shares of Royal Gold common stock being issued for net proceeds of approximately \$122.1 million. A portion of the net proceeds of this offering were used to repay the outstanding balance under Royal Gold's revolving credit facility with HSBC Bank USA, National Association, and will be used to fund the acquisition and financing of additional royalty interests and for general corporate purposes. The effects of the equity offering have been reflected as a separate column in the March 31, 2007 unaudited pro forma combined condensed balance sheet. For purposes of the unaudited pro forma combined condensed statement of operations for the nine months ended March 31, 2007, reduction of interest expense and corresponding loss of the tax benefit have been reflected. Only the number of shares required to be issued to retire the revolving credit facility have been assumed to be issued for the nine months ended March 31, 2007. There was no debt outstanding during the year ended June 30, 2006, thus no pro forma adjustments were made to this period.

This unaudited pro forma combined condensed financial information should be read in conjunction with the selected historical financial information included in this proxy statement/prospectus and the financial statements of Royal Gold and accompanying notes that are incorporated by reference into this proxy statement/prospectus and the financial statements of Battle Mountain included in this proxy statement/prospectus. You should not rely on the unaudited pro forma combined condensed financial information as an indication of the results of operations or financial position that would have been achieved if the merger with Battle Mountain had taken place on July 1, 2005 or the results of operations or financial position of Royal Gold after the completion of the transaction. It should be noted that Battle Mountain has historically reported its financial results on a calendar year basis. Management compiled the Battle Mountain historical financial information from Quarterly and Annual Reports filed with the SEC in order to conform them to Royal Gold's June 30 fiscal year presentation.

The following Unaudited Pro Forma Combined Condensed Financial Data of Royal Gold consists of an Unaudited Pro Forma Condensed Balance Sheet as of March 31, 2007 and Unaudited Pro Forma Condensed Statements of Operations for the year ended June 30, 2006 and for the nine months ended March 31, 2007 (collectively, the Pro Forma Statements). The Pro Forma Statements reflect the Battle Mountain acquisition described herein under each of the following two forms of consideration available to shareholders of Battle Mountain: (i) cash consideration up to an aggregate of \$50,359,928, which is equal to approximately \$0.55 per share of Battle Mountain common stock or (ii) between an aggregate of 1,570,507 and 1,634,410 shares of Royal Gold common stock, which is equal to 0.0172 or 0.0179 shares of Royal Gold common stock per share of Battle Mountain common stock, in each case assuming 91,563,506 shares of Battle Mountain common stock outstanding at the time of the closing. If the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five day trading period up to and including the second day preceding (but not including) the closing date of the merger is less than \$29.00, the per share stock consideration will be determined based on an aggregate of 1,634,410 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price of Royal Gold common stock is \$30.18 or above, the per share stock consideration will be determined based on an aggregate of 1,570,507 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0172 shares

of Royal Gold common stock for each share of Battle Mountain common stock. If the average closing price is greater than or equal to \$29.00 but less than \$30.18, the per share consideration for each share of Battle Mountain common stock would be proportionally adjusted based on the average price of Royal Gold common stock, using \$47,397,901 as the aggregate purchase price. Total consideration ranges from approximately \$56.3 million (assumes 100% stock consideration) to \$65.7 million (assumes 100% cash consideration), including acquisition costs, approximately \$14.5 million of cash bridge financing provided and the assumption of approximately \$4.7 million of debt, net of expected working

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capital of approximately \$5.3 million (which includes the additional cash expected to be generated from the exercise of certain warrants and is net of expected cash payments on Battle Mountain's gold loan payable) and including estimated acquisition costs of approximately \$1.5 million. The actual purchase price may differ based on (i) each Battle Mountain stockholder's election as to whether to receive cash or Royal Gold common stock in the merger, (ii) fluctuations in the price of Royal Gold common stock and (iii) any changes in Battle Mountain's debt obligations and working capital.

Royal Gold management believes that, on the basis set forth herein, the Pro Forma Statements reflect a reasonable estimate of the Battle Mountain acquisition based on currently available information. The acquisition will be accounted for under the purchase method of accounting and the allocation of purchase price will be based upon the estimated fair value of assets acquired and liabilities assumed. Certain of the purchase price allocations reflected in the Pro Forma Statements are preliminary and may be different from the final allocation of the purchase price and such differences may be material.

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The following Pro Forma Statements reflect an assumption that all Battle Mountain stockholders elect to receive cash in the merger.

Unaudited Pro Forma Combined Condensed Balance Sheet
As of March 31, 2007
Assumes 100% Cash Purchase Consideration

	Royal Gold	Battle Mountain	Royal Gold Equity Offering		Unaudited Pro Forma	Battle Mountain		Un
	Royal Gold	Battle Mountain	Pro Forma	Note	Combined	Pro Forma	Note	Pro
	Historical	Historical	Adjustments	Reference	Subtotal	Adjustments	Reference	Co
ts:								
sh	\$ 19,167,669	\$ 542,923	122,088,283 (60,000,000)	(1) (1)	\$ 81,798,875	\$ (50,359,928) 6,256,249 (1,383,403)	(3) (4) (8)	\$ 3
receivable	8,985,947	643,742			9,629,689			
nt assets	301,694	47,342			349,036			
t assets	28,455,310	1,234,007			91,777,600			4
rests	217,251,641	27,479,640			244,731,281	33,396,051	(3)	27
stricted	10,490,330				10,490,330			1
ash	15,750,000				15,750,000			1
r sale								
	1,756,137				1,756,137			
and other								
	1,035,907	2,100,307			3,136,214	(1,003,557)	(3)	
ble from								
tain	13,927,239				13,927,239	(13,927,239)	(2)	
	1,681,126	295			1,681,421	(295)	(3)	
						19,667,249	(3)	1
	\$ 290,347,690	\$ 30,814,249			\$ 383,250,222			\$ 37
nd								
s equity								
ilities								
yable	\$ 3,707,360	\$ 77,047			\$ 3,784,407			\$
yable	1,579,455				1,579,455			
mpensation								
	187,500	166,397			353,897	4,073,630	(5)	
e to Royal								
		13,927,239			13,927,239	(13,927,239)	(2)	

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ion of long		1,500,545			1,500,545	(1,383,403)	(8)	
	226,501	520,158			746,659	1,406,749	(3)	
t liabilities	5,700,816	16,191,386			21,892,202			
d other tax	6,382,102				6,382,102	12,565,395	(3)	
debentures		2,000,000			2,000,000	(2,000,000)	(6)	
redit facility	60,000,000		(60,000,000)	(1)				
e	15,750,000	4,532,858			20,282,858			
erm	77,949				77,949			
Term	82,210,051	6,532,858			28,742,909			
erest in	10,571,436				10,571,436			
s equity	244,291	67,559	44,001	(1)	355,851	(67,559)	(7)	
ck	187,239,971	14,255,594	122,044,282	(1)	323,539,847	6,256,249	(4)	30
aid-in						2,000,000	(6)	
						(22,511,843)	(7)	
riptions		(977,000)			(977,000)	977,000	(7)	
d other		(575,448)			(271,498)	575,448	(7)	
ive income	303,950							
d earnings	5,174,047	(4,680,700)			493,347	8,754,330	(7)	
						(4,073,630)	(5)	
ck	(1,096,872)				(1,096,872)			
ies and								
s equity	\$ 290,347,690	\$ 30,814,249			\$ 383,250,222			\$ 37

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Unaudited Pro Forma Combined Condensed Statement of Operations
For the Year ended June 30, 2006
Assumes 100% Cash Purchase Consideration

	Royal Gold Historical	Battle Mountain Historical	Battle Mountain Pro Forma Adjustments	Note Reference	Unaudited Pro Forma Combined
Royalty revenue	\$ 28,380,143	\$ 751,764			\$ 29,131,907
Cost of operations	2,288,347				2,288,347
General and administrative	5,022,157	3,567,958			8,590,115
Exploration and business development	3,396,733				3,396,733
Depreciation, depletion and amortization	4,261,060	910,813	202,033	(9)	5,373,906
Total costs and expenses	14,968,297	4,478,771			19,649,101
Operating income	13,411,846	(3,727,007)			9,482,806
Interest and other income	3,203,968				3,203,968
Interest and other expense	(165,066)	(834,649)			(999,715)
Net income before tax	6,450,748	(4,561,656)			11,687,059
Current tax expense	(5,973,878)	(40,484)	71,479	(9)	(5,942,883)
Deferred tax benefit	873,211				873,211
Minority interest in income of subsidiary					
Net income	\$ 11,350,081	\$ (4,602,140)			\$ 6,617,387
Basic earnings per share	\$ 0.50	\$ (0.15)			\$ 0.29
Basic weighted average share outstanding	22,863,784	31,462,203			22,863,784
Diluted earnings per share	\$ 0.49	\$ (0.15)			\$ 0.29
Diluted weighted average shares outstanding	23,121,862	31,462,203			23,121,862

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**Unaudited Pro Forma Combined Condensed Statement of Operations
For the Nine Months ended March 31, 2007
Assumes 100% Cash Purchase Consideration**

	Royal Gold	Battle Mountain	Royal Gold Equity Offering Pro Forma Adjustment	Note	Unaudited Pro Forma Combined Subtotal	Battle Mountain Pro Forma Adjustment	Note	Unaudited Pro Forma Combined Total
	Historical	Historical	Reference			Reference		
Royalty revenue	\$ 33,992,487	\$ 2,486,472			\$ 36,478,959			\$ 36,478,959
Cost of operations	2,279,891				2,279,891			2,279,891
General and administrative	4,231,217	1,193,018			5,424,235			5,424,235
Exploration and business development	1,570,400				1,570,400			1,570,400
Depreciation, depletion and amortization	5,750,412	822,865			6,573,277	838,562	(9)	7,411,839
Total costs and expenses	13,831,920	2,015,883			15,847,803			16,686,365
Operating income	20,160,567	470,589			20,631,156			19,792,594
Interest and other income	2,382,926				2,382,926			2,382,926
Interest and other expense	(801,881)	(1,597,597)	510,000	(1)	(1,889,478)			(1,889,478)
Net income before tax	21,741,612	(1,127,008)			21,124,604			20,286,042
Current tax expense	(7,811,113)	1,709,789	(180,438)	(1)	(6,281,762)	296,683	(9)	(5,985,079)
Deferred tax benefit	1,167,177				1,167,177			1,167,177
Minority interest in income of subsidiary	(1,603,272)				(1,063,272)			(1,063,272)
Net income	\$ 14,034,404	\$ 582,781			\$ 14,946,747			\$ 14,404,868

Basic earnings per share	\$	0.59	\$	0.01	\$	0.62	\$	0.60
Basic weighted average share outstanding		23,653,946		58,387,947		530,699		(1) 24,184,645
Diluted earnings per share	\$	0.59	\$	0.01	\$	0.61	(10)	\$ 0.59
Diluted weighted average shares outstanding		23,889,933		69,996,416		530,699		(1) 24,420,632

The following adjustments have been reflected in the Pro Forma Statements (assuming an all cash transaction):

- (1) To give effect to the fourth fiscal quarter 2007 offering of 4,400,064 shares of Royal Gold common stock which resulted in net cash proceeds to Royal Gold of \$122.1 million after expenses. \$60 million of cash proceeds were used to pay down the revolving credit facility to zero. As a result of the pay down of the revolving credit facility, interest expense for the nine months ended March 31, 2007 would have been reduced by approximately \$510,000 with a corresponding loss of the 35.38% income tax benefit of \$180,438. For purposes of the Unaudited Pro Forma Combined Condensed Statement of Operations for the nine months ended March 31, 2007, the weighted average shares outstanding impact has been reduced to reflect only the additional 2,162,401 shares required to be issued in order to pay down the \$60 million revolving credit facility. No pro forma adjustments have been made to interest income related to the offering or use of proceeds since the offering did not occur until after March 31, 2007.
- (2) On March 23, 2007, Royal Gold made a \$13.91 million loan to Battle Mountain pursuant to an unsecured one year term non-convertible promissory note. On March 28, 2007, Royal Gold entered into a Bridge Finance Facility Agreement with Battle Mountain and BMGX (Barbados) Corporation, as borrowers, whereby Royal Gold agreed to make available to the borrowers a bridge facility of up to \$20 million; in April 2007, the maximum availability under the bridge facility was reduced to \$15 million. The bridge facility will mature on June 6, 2008. Interest on advances will accrue at the LIBOR plus 3% per annum.

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In connection with the bridge facility, the unsecured one-year term non-convertible promissory note pursuant to which Royal Gold made the \$13.91 million loan to Battle Mountain on March 23, 2007 was superceded by a secured promissory note issued under the bridge facility, with the \$13.91 million loan constituting an advance under the bridge facility. On May 9, 2007, Royal Gold advanced an additional \$600,000 to Battle Mountain pursuant to the bridge facility. Outstanding principal, interest and expenses under the bridge facility are convertible, at Royal Gold's option, into Battle Mountain common stock at a conversion price per share of \$0.60 at any time by giving notice on or before April 4, 2008. This adjustment eliminates the intercompany bridge facility payable and receivable;

- (3) To record the purchase consideration for acquisition based on an assumed March 31, 2007 closing, to record a payable for the estimated unpaid transaction costs of approximately \$1.4 million and to record the preliminary allocation of the purchase price based on the estimated fair value of assets acquired and liabilities assumed as follows.

Calculation of purchase price:

Cash consideration	\$ 50,359,928(a)
Bridge financing advanced	14,527,239
Gold loan assumed	4,650,000
Estimated cash transaction costs	1,500,000
Estimated working capital at closing	(5,343,251)
Total purchase price	\$ 65,693,916

Preliminary allocation of purchase price:

Current assets	\$ 6,106,853
Royalty interests in mineral properties	60,875,691
Deferred tax assets	1,096,750
Current liabilities	(763,602)
Deferred and other tax liabilities	(12,565,395)
Gold loan payable	(4,650,000)
Employment agreements payable	(4,073,630)
Goodwill	19,667,249(b)
Total purchase price	\$ 65,693,916

(a) Based on the aggregate cash purchase price pursuant to the merger agreement;

(b) Additional intangible assets such as certain non-compete agreements with an expected value of approximately \$1.9 million that will become effective upon the closing of the merger will be valued apart from goodwill. As the agreements are not yet effective, no amounts have been allocated to these intangible assets;

- (4) To record expected proceeds from the exercise of outstanding Battle Mountain warrants of \$6,256,249 prior to the closing of the merger as the holders of these instruments are economically compelled to exercise prior to the merger due to the in-the-money nature of the instruments;
- (5) To record a payable of \$4,073,630 to officers of Battle Mountain for amounts due as a result of the merger under change of control provisions of existing employment agreements;
- (6) To record the conversion of the \$2,000,000 IAMGOLD debenture prior to the closing of the merger as such conversion is mandated under the merger agreement;
- (7) To eliminate Battle Mountain historical equity balances, including eliminating the stockholders' equity effects of the transactions discussed in Notes (4), (5) and (6);
- (8) To record Battle Mountain gold loan facility for assumed pre-payments totaling \$1,383,403 prior to closing date. In connection with due diligence for the merger transaction, Royal Gold was not able to review

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documentation regarding Battle Mountain's accounting treatment for its outstanding gold loan facility. Royal Gold intends to pay off the Battle Mountain gold loan facility following the closing of the merger transaction;

- (9) To record additional depreciation, depletion and amortization on acquired royalty interests, resulting from the step-up of the carrying value of the royalty interests to fair value in purchase accounting times the production during the respective periods, and the related 35.38% tax benefit (at Royal Gold's statutory rate) resulting from the additional expense;
- (10) The pro forma basic and fully-diluted earnings per share will depend on the number of stockholders of Battle Mountain who elect to receive Royal Gold common stock instead of cash consideration in the merger. Pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would range from \$0.55 per share (assuming 100% stock consideration) to \$0.59 per share (assuming 100% cash consideration). Pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would decrease from \$0.59 per share to \$0.58 per share if between 39% and 66% of Battle Mountain's stockholders elected to receive Royal Gold common stock; if more than 66%, but less than 94% of Battle Mountain's stockholders elected to receive Royal Gold common stock, pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would be reduced to \$0.57 per share, if more than 94%, but less than 100% of Battle Mountain's stockholders elect to receive Royal Gold common stock, pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would be reduced to \$0.56 per share.

The preliminary allocation of the purchase price to the acquired identifiable tangible and intangible assets and assumed liabilities of Battle Mountain was based on an assumed closing date of March 31, 2007 and other currently available information. The actual purchase price may differ based on any changes in Battle Mountain's debt obligations and working capital. For purposes of the preliminary purchase price allocation, the acquired Royalty Interests in Mineral Properties have been recorded at their estimated fair values based upon Royal Gold's estimate of the expected future discounted cash flows associated with those assets. The gold loan facility payable was estimated based upon an estimate of 6,739 ounces of gold remaining to be delivered as of the expected closing date utilizing a gold price of \$690 per ounce. The final allocation may change upon actual closing and completion of a full valuation.

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The following Pro Forma Statements reflect an assumption that all Battle Mountain stockholders elect to receive Royal Gold common stock in the merger.

Unaudited Pro Forma Combined Condensed Balance Sheet
As of March 31, 2007
Assumes 100% Stock Purchase Consideration

	Royal Gold	Battle Mountain	Royal Gold Equity Offering		Unaudited Pro Forma	Battle Mountain		Unaudited
	Historical	Historical	Pro Forma	Note	Combined	Pro Forma	Note	Pro Forma
			Adjustments	Reference	Subtotal	Adjustments	Reference	Total
Current assets:								
Cash and cash equivalents	\$ 19,167,669	\$ 542,923	122,088,283	(1)	\$ 81,798,875	6,256,249	(4)	\$ 86,671,000
			(60,000,000)	(1)		(1,383,403)	(8)	
Accounts receivable	8,985,947	643,742			9,629,689			9,629,689
Other current assets	301,694	47,342			349,036			349,036
Non-current assets	28,455,310	1,234,007			91,777,600			96,650,000
Minority Interests	217,251,641	27,479,640			244,731,281	33,396,051	(3)	278,127,332
Property-restricted	10,490,330				10,490,330			10,490,330
Restricted cash	15,750,000				15,750,000			15,750,000
Property available for sale	1,756,137				1,756,137			1,756,137
Deferred tax and other assets	1,035,907	2,100,307			3,136,214	(1,003,557)	(3)	2,132,657
Receivable from Battle Mountain	13,927,239				13,927,239	(13,927,239)	(2)	

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Assets	1,681,126	295	1,681,421	(295)	(3)	1,681,126
Liability				10,285,249	(3)	10,285,249
Assets	\$ 290,347,690	\$ 30,814,249	\$ 383,250,222			\$ 416,873,471
Equities and holders' equity						
Current liabilities						
Accounts payable	\$ 3,707,360	\$ 77,047	\$ 3,784,407			\$ 3,784,407
Accrued and payable	1,579,455		1,579,455			1,579,455
Accrued compensation expense	187,500	166,397	353,897	4,073,630	(5)	4,427,527
Payable to Royal		13,927,239	13,927,239	(13,927,239)	(2)	
Current portion of long term debt		1,500,545	1,500,545	(1,383,403)	(8)	117,142
	226,501	520,158	746,659	1,406,749	(3)	2,153,408
Current liabilities	5,700,816	16,191,386	21,892,202			12,061,432
Accrued and other tax liabilities	6,382,102		6,382,102	12,565,395	(3)	18,947,497
Convertible debentures		2,000,000	2,000,000	(2,000,000)	(6)	
Revolving credit facility balance	60,000,000		(60,000,000)		(1)	
Accounts payable	15,750,000	4,532,858	20,282,858			20,282,858
Long-term liabilities	77,949		77,949			77,949
Long Term liabilities	82,210,051	6,532,858	28,742,909			39,308,818

ity interest in iary	10,571,436				10,571,436			10,571,436
olders equity								
on stock	244,291	67,559	44,001	(1)	355,851	(67,559)	(7)	304,292
						16,344	(3)	
onal paid-in	187,239,971	14,255,594	122,044,282	(1)	323,539,847	6,256,249	(4)	350,245,096
						2,000,000	(6)	
						(22,511,843)	(7)	
						40,961,584	(3)	
subscriptions ble		(977,000)			(977,000)	977,000	(7)	
culated other ehensive income	303,950	(575,448)			(271,498)	575,448	(7)	303,950
culated earnings (t)	5,174,047	(4,680,700)			493,347	8,754,330	(7)	5,174,047
						(4,073,630)	(5)	
ry stock	(1,096,872)				(1,096,872)			(1,096,872)
liabilities and olders equity	\$ 290,347,690	\$ 30,814,249			\$ 383,250,222			\$ 416,873,441

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Unaudited Pro Forma Combined Condensed Statement of Operations
For the Year Ended June 30, 2006
Assumes 100% Stock Purchase Consideration

	Royal Gold Historical	Battle Mountain Historical	Battle Mountain Pro Forma Adjustments	Note Reference	Unaudited Pro Forma Combined
Royalty revenue	\$ 28,380,143	\$ 751,764			\$ 29,131,907
Cost of operations	2,288,347				2,288,347
General and administrative	5,022,157	3,567,958			8,590,115
Exploration and business development	3,396,733				3,396,733
Depreciation, depletion and amortization	4,261,060	910,813	202,033	(9)	5,373,906
Total costs and expenses	14,968,297	4,478,771			19,649,101
Operating income	13,411,846	(3,727,007)			9,482,806
Interest and other income	3,203,968				3,203,968
Interest and other expense	(165,066)	(834,649)			(999,715)
Net income before tax	16,450,748	(4,561,656)			11,687,059
Current tax expense	(5,973,878)	(40,484)	71,479	(9)	(5,942,883)
Deferred tax benefit	873,211				873,211
Minority interest in income of subsidiary					
Net income	\$ 11,350,081	\$ (4,602,140)			\$ 6,617,387
Basic earnings per share	\$ 0.50	\$ (0.15)			\$ 0.27
Basic weighted average share outstanding	22,863,784	31,462,203	1,634,410	(10)	24,498,194

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Diluted earnings per share	\$	0.49	\$	(0.15)	\$	0.27
Diluted weighted average shares outstanding		23,121,862		31,462,203		24,756,272

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**Unaudited Pro Forma Combined Condensed Statement of Operations
For the Nine Months ended March 31, 2007
Assumes 100% Stock Purchase Consideration**

	Royal Gold Historical	Battle Mountain Historical	Royal Gold Equity Offering Pro Forma Adjustment	Note Reference	Unaudited Pro Forma Combined Subtotal	Battle Mountain Pro Forma Adjustments	Note Reference	Unaudited Pro Forma Combined Total
Royalty revenue	\$ 33,992,487	2,486,472			\$ 36,478,959			\$ 36,478,959
Cost of operations	2,279,891				2,279,891			2,279,891
General and administrative	4,231,217	1,193,018			5,424,235			5,424,235
Exploration and business development	1,570,400				1,570,400			1,570,400
Depreciation, depletion and amortization	5,570,412	822,865			6,573,277	838,562	(9)	7,411,839
Total costs and expenses	13,831,920	2,015,883			15,847,803			16,686,365
Operating income	20,160,567	470,589			20,631,156			19,792,594
Interest and other income	2,382,926				2,382,926			2,382,926
Interest and other expense	(801,881)	(1,597,597)	510,000	(1)	(1,889,478)			(1,889,478)
Net income before tax	21,741,612	(1,127,008)			21,124,604			20,286,042
Current tax expense	(7,811,113)	1,709,789	(180,438)	(1)	(6,281,762)	296,683	(9)	(5,985,079)
Deferred tax benefit	1,167,177				1,167,177			1,167,177
	(1,063,272)				(1,063,272)			(1,063,272)

Minority interest income of subsidiary								
Net income	\$ 14,034,404	\$ 582,781			\$ 14,946,747			\$ 14,404,868
Basic earnings per share	\$ 0.59	\$ 0.01			\$ 0.62			\$ 0.56
Basic weighted average share outstanding	23,653,946	58,387,947	530,699	(1)	24,184,645	1,634,410	(10)	25,819,055
Diluted earnings per share	\$ 0.59	\$ 0.01			\$ 0.61			\$ 0.55
Diluted weighted average shares outstanding	23,889,933	69,996,416	530,699	(1)	24,420,632	1,634,410	(10),(11)	26,055,042

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The following adjustments have been reflected in the Pro Forma Statements (assuming an all stock transaction):

- (1) To give effect to the fourth fiscal quarter 2007 offering of 4,400,064 shares of Royal Gold common stock which resulted in net cash proceeds to Royal Gold of \$122.1 million after expenses. \$60 million of cash proceeds were used to pay down the revolving credit facility to zero. As a result of the pay down of the revolving credit facility, interest expense for the nine months ended March 31, 2007 would have been reduced by approximately \$510,000 with a corresponding loss of the 35.38% income tax benefit of \$180,438. For purposes of the Unaudited Pro Forma Combined Condensed Statement of Operations for the nine months ended March 31, 2007, the weighted average shares outstanding impact has been reduced to reflect only the additional 2,162,401 shares required to be issued in order to pay down the \$60 million revolving credit facility. No pro forma adjustments have been made to interest income related to the offering or use of proceeds since the offering did not occur until after March 31, 2007.
- (2) On March 23, 2007, Royal Gold made a \$13.91 million loan to Battle Mountain pursuant to an unsecured one year term non-convertible promissory note. On March 28, 2007, Royal Gold entered into a Bridge Finance Facility Agreement with Battle Mountain and BMGX (Barbados) Corporation, as borrowers, whereby Royal Gold agreed to make available to the borrowers a bridge facility of up to \$20 million; in April 2007, the maximum availability under the bridge facility was reduced to \$15 million. The bridge facility will mature on June 6, 2008. Interest on advances will accrue at the LIBOR plus 3% per annum.

In connection with the bridge facility, the unsecured one-year term non-convertible promissory note pursuant to which Royal Gold made the \$13.91 million loan to Battle Mountain on March 23, 2007 was superceded by a secured promissory note issued under the bridge facility, with the \$13.91 million loan constituting an advance under the bridge facility. On May 9, 2007, Royal Gold advanced an additional \$600,000 to Battle Mountain pursuant to the bridge facility. Outstanding principal, interest and expenses under the bridge facility are convertible, at Royal Gold's option, into Battle Mountain common stock at a conversion price per share of \$0.60 at any time by giving notice on or before April 4, 2008. This adjustment eliminates the intercompany bridge facility payable and receivable;

- (3) To record the assumed issuance of 1,634,410 shares (see Note 10) of Royal Gold common stock as purchase consideration for acquisition based on an assumed March 31, 2007 closing, to record a payable for the estimated unpaid transaction costs of approximately \$1.4 million and to record the preliminary allocation of the purchase price (see Note 10) based on the following estimated fair value of assets acquired and liabilities assumed:

Current assets	\$ 6,106,853
Royalty interests in mineral properties	60,875,691
Deferred tax assets	1,096,750
Current liabilities	(763,602)
Deferred and other tax liabilities	(12,565,395)
Gold loan payable	(4,650,000)
Employment agreements payable	(4,073,630)
Goodwill	10,285,249(a)
 Total purchase price	 \$ 56,311,916

(a)

Additional intangible assets such as certain non-compete agreements with an expected value of approximately \$1.9 million that will become effective upon the closing of the merger will be valued apart from goodwill. As the agreements are not yet effective, no amounts have been allocated to these intangible assets;

- (4) To record expected proceeds from the exercise of outstanding Battle Mountain warrants of \$6,256,249 prior to the closing of the merger as the holders of these instruments are economically compelled to exercise prior to the merger due to the in-the-money nature of the instruments;
- (5) To record a payable of \$4,073,630 to officers of Battle Mountain for amounts due as a result of the merger under change of control provisions of existing employment agreements;

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- (6) To record the conversion of the \$2,000,000 IAMGOLD debenture prior to the closing of the merger as such conversion is provided under the merger agreement;
- (7) To eliminate Battle Mountain historical equity balances, including eliminating the stockholders' equity effects of the transactions discussed in Notes (4), (5) and (6);
- (8) To record Battle Mountain gold loan facility for assumed pre-payments totaling \$1,383,403 prior to closing date. In connection with due diligence for the merger transaction, Royal Gold was not able to review documentation regarding Battle Mountain's accounting treatment for its outstanding gold loan facility. Royal Gold intends to pay off the Battle Mountain gold loan facility following the closing of the merger transaction;
- (9) To record additional depreciation, depletion and amortization on acquired royalty interests, resulting from the step-up of the carrying value of the royalty interests to fair value in purchase accounting times the production during the respective periods, and the related 35.38% tax benefit resulting from the additional expense;
- (10) Pro-forma shares were computed based on an assumed closing of March 31, 2007 and were computed using the calculated purchase price as follows:

Estimated fair value of stock to be issued	\$ 40,977,928
Bridge financing advanced	14,527,239
Gold loan assumed	4,650,000
Estimated cash transaction costs	1,500,000
Estimated working capital at closing	(5,343,251)
Total purchase price	 \$ 56,311,916
Assumed Closing Share Price	 \$ 25.07
Pro-forma additional shares	1,634,410

Royal Gold shares to be issued are dependent on the average trading price of Royal Gold common stock preceding the closing and ranges from 1,634,410 Royal Gold shares, if the common stock price is below \$29.00, to 1,570,507 shares if the stock price is at \$30.18 or above. Assumed Closing Share Price for purposes of these Pro Forma Statements is calculated as the lesser of the arithmetic average of the closing price per share of the Royal Gold shares as quoted on the NASDAQ Global Select Market for the five days before and including the date of announcement of the revised merger agreement. The computed Closing Share Price based on the arithmetic average of the closing price per share ranged from a minimum price of \$24.67 to a maximum price of \$25.87 per share.

- (11) The pro forma basic and fully-diluted earnings per share will depend on the number of shareholders of Battle Mountain who elect to receive Royal Gold common stock instead of cash consideration in the merger. Pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would range from \$0.55 per share (assuming 100% stock consideration) to \$0.59 per share (assuming 100% cash consideration). Pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would decrease from \$0.59 per share to \$0.58 per share if between 39% and 66% of Battle Mountain's stockholders elected to receive Royal Gold common stock; if more than 66%, but less than 94% of Battle Mountain's stockholders elected to receive Royal Gold common stock, pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would be reduced to \$0.57 per share; if more than 94%, but less than 100% of Battle Mountain's

stockholders elect to receive Royal Gold common stock, pro forma fully-diluted earnings per share for the nine months ended March 31, 2007 would be reduced to \$0.56 per share.

The preliminary allocation of the purchase price to the acquired identifiable tangible and intangible assets and assumed liabilities of Battle Mountain was based on an assumed closing date of March 31, 2007 and other currently available information. The actual purchase price and the number of Royal Gold shares to be issued at the closing of the merger may differ based on any changes in Battle Mountain's debt obligations and working capital and fluctuations in Royal Gold common stock price. For purposes of the preliminary purchase price allocation, the acquired Royalty Interests in Mineral Properties have been recorded at their estimated fair values based upon Royal Gold's estimate of the expected future discounted cash flows associated with those assets. The gold loan facility payable was estimated based upon an estimate of 6,739 ounces of gold remaining to be delivered as of the expected closing date utilizing a gold price of \$690 per ounce. The final allocation may change upon actual closing and completion of a full valuation.

Table of Contents**CERTAIN HISTORICAL AND PRO FORMA PER SHARE DATA*****Unaudited Comparative per Share Data***

In the following tables, we present historical per share data for Royal Gold and Battle Mountain as of and for the nine months ended March 31, 2007 and for the year ended June 30, 2006, and unaudited pro forma combined per share data for Royal Gold for the nine months ended March 31, 2007 and for the year ended June 30, 2006. The pro forma per share data, assumes that the merger had been completed on July 1, 2005, for income statement purposes and on March 31, 2007 for balance sheet purposes.

The unaudited comparative per share data does not purport to be, and you should not rely on it as, indicative of (1) the per share results of operations or book value which would have been achieved if the merger had been completed at the beginning of the period or as of the date indicated, or (2) the per share results of operations or book value which may be achieved in the future.

It is important that when you read this information, you read along with it the separate financial statements and accompanying notes of Royal Gold that are incorporated by reference into this proxy statement/prospectus. It is also important that you read the pro forma combined condensed financial information and accompanying notes that are included in this proxy statement/prospectus beginning on page 26 under Unaudited Pro Forma Combined Condensed Financial Statements of Royal Gold.

The following table gives effect to both the Royal Gold equity offering and the merger with Battle Mountain on a pro forma basis:

	Royal Gold Historical	Battle Mountain Historical	Unaudited Pro Forma Combined Per Common Share of Royal Gold(1)	Unaudited Pro Forma Combined Per Common Share of Royal Gold(2)	Unaudited Pro Forma Combined Per Equivalent Share of Battle Mountain(2)(3)
Book value per share:					
As of March 31, 2007	\$ 7.93	\$ 0.12	\$ 10.98	\$ 11.95	\$ 0.21
As of June 30, 2006	\$ 6.85	\$ 0.12	\$ 9.85	\$ 10.90	\$ 0.20
Cash dividends per share:					
Nine months ended March 31, 2007	\$ 0.175	\$	\$ 0.175	\$ 0.175	\$ 0.000
Year ended June 30, 2006	\$ 0.210	\$	\$ 0.210	\$ 0.210	\$ 0.000
Earnings (loss) per share from continuing operations:					
Basic earnings (loss) per share nine months ended March 31, 2007	\$ 0.59	\$ 0.01	\$ 0.56	\$ 0.52	\$ 0.01
Diluted earnings (loss) per share nine months ended March 31, 2007	\$ 0.59	\$ 0.01	\$ 0.55	\$ 0.52	\$ 0.01

Basic earnings (loss) per share	year										
ended June 30, 2006		\$	0.50	\$	(0.15)	\$	0.29	\$	0.27	\$	0.00
Diluted earnings (loss) per share	year										
ended June 30, 2006		\$	0.49	\$	(0.15)	\$	0.29	\$	0.27	\$	0.00

The following table assumes an all stock transaction:

- (1) This column assumes 100% cash consideration.
- (2) This column assumes 100% stock consideration.
- (3) Based on an exchange ratio in the merger of 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock in the event of a Stock Election.

Table of Contents**COMPARATIVE MARKET PRICE INFORMATION**

Royal Gold's common stock is listed on the NASDAQ Global Select Market under the symbol RGLD and on the Toronto Stock Exchange under the symbol RGL. Battle Mountain is quoted on the OTC Bulletin Board under the symbol BMGX. The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, of Royal Gold's common stock on the NASDAQ Global Select Market and Battle Mountain's common stock on OTC Bulletin Board.

Royal Gold	High	Low	Battle Mountain	High	Low
Year Ended June 30, 2005			Year Ended December 31, 2005		
First Quarter	\$ 17.11	\$ 12.30	First Quarter	\$ 0.75	\$ 0.38
Second Quarter	19.03	14.95	Second Quarter	0.88	0.23
Third Quarter	19.95	15.35	Third Quarter	0.52	0.14
Fourth Quarter	20.50	15.99	Fourth Quarter	0.62	0.20
Year Ended June 30, 2006			Year Ended December 31, 2006		
First Quarter	\$ 30.20	\$ 18.74	First Quarter	\$ 0.49	\$ 0.32
Second Quarter	35.69	20.95	Second Quarter	0.91	0.06
Third Quarter	41.66	27.01	Third Quarter	0.95	0.45
Fourth Quarter	37.50	23.00	Fourth Quarter	0.72	0.50
Year Ended June 30, 2007			Year Ended December 31, 2007		
First Quarter	\$ 31.82	\$ 25.67	First Quarter	\$ 0.58	\$ 0.39
Second Quarter	37.50	24.12	Second Quarter	0.53	0.37
Third Quarter	36.50	29.31	Third Quarter (through August 6, 2007)	0.51	0.39
Fourth Quarter	30.87	23.25			
Year Ending June 30, 2008					
First Quarter (through August 6, 2007)	\$ 27.97	\$ 23.85			

The following table presents the closing sales prices, in U.S. dollars, of Royal Gold's common stock on the NASDAQ Global Select Market and Battle Mountain's common stock on the OTC Bulletin Board on March 2, 2007, the last trading date prior to the public announcement of Royal Gold's intention to acquire all of the shares of Battle Mountain common stock, April 17, 2007, the last trading date prior to the public announcement of entry into a definitive merger agreement and July 30, 2007, the last trading day prior to the public announcement of the Amended and Restated Merger Agreement.

	Royal Gold	Battle Mountain	Per Share Equivalent(1)
March 2, 2007	\$ 31.14	\$ 0.43	\$ 0.56
April 17, 2007	30.15	0.47	0.54
July 30, 2007	25.09	0.43	0.45

- (1) Based on an exchange ratio in the merger of 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock in the event of a Stock Election.

On June 30, 2007, Royal Gold had 28,663,756 shares of its common stock outstanding. The number of common stockholders of record was 730. On July 27, 2007, Battle Mountain had 76,150,620 shares of its common stock outstanding. The number of stockholders of record was 48.

Royal Gold Dividend Policy

Royal Gold has paid a cash dividend on its common stock for each fiscal year beginning in fiscal year 2000. Royal Gold's board of directors has discretion in determining whether to declare a dividend based on a number of factors including prevailing gold prices, economic market conditions and funding requirements for future opportunities or operations.

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For calendar year 2007, Royal Gold announced an annual dividend of \$0.26 per share of common stock, payable in four quarterly payments of \$0.065 each. The first payment of \$0.065 per share was made on January 19, 2007, to stockholders of record at the close of business on January 5, 2007. The second payment of \$0.065 per share was made on April 20, 2007 to stockholders of record at the close of business on April 5, 2007. The third payment of \$0.065 per share is payable on July 20, 2007 to stockholders of record at the close of business on July 6, 2007.

For calendar year 2006, Royal Gold paid an annual dividend of \$0.22 per share of common stock, in four quarterly payments of \$0.055 each. The first payment of \$0.055 per share was made on January 20, 2006, to stockholders of record at the close of business on January 6, 2006. The second payment of \$0.055 per share was made on April 21, 2006, to stockholders of record at the close of business on April 7, 2006. The third payment of \$0.055 was made on July 28, 2006, to stockholders of record at the close of business on July 7, 2006. The fourth payment of \$0.055 was made on October 20, 2006, to stockholders of record at the close of business on October 6, 2006.

For calendar year 2005, Royal Gold paid an annual dividend of \$0.20 per share of common stock, in four quarterly payments of \$0.05 each. The first payment of \$0.05 per share was made on January 21, 2005, to stockholders of record at the close of business on January 7, 2005. The second payment of \$0.05 per share was made on April 22, 2005, to stockholders of record at the close of business on April 8, 2005. The third payment of \$0.05 was made on July 22, 2005, to stockholders of record at the close of business on July 8, 2005. The fourth payment of \$0.05 was made on October 21, 2005, to stockholders of record at the close of business on October 7, 2005.

Royal Gold currently plans to pay a dividend on a calendar year basis, subject to the discretion of the board of directors. However, the board of directors may determine not to declare a dividend based on a number of factors including gold prices, economic and market conditions, and the financial needs to pursue opportunities that might arise in the future.

Battle Mountain Dividend History

Battle Mountain has not paid any cash dividends on its common stock in the past.

THE MERGER

The following discussion describes certain aspects of the merger agreement and the merger. The following description does not purport to be complete and is qualified in its entirety by reference to the merger agreement, which is attached as Annex A to this proxy statement/prospectus and is incorporated herein by reference. We urge Battle Mountain stockholders to read the merger agreement carefully in its entirety for a more complete understanding of the merger.

We are furnishing this document to Battle Mountain stockholders in connection with the solicitation of proxies by the Battle Mountain board of directors for use at Battle Mountain's special meeting of stockholders and any adjournments or postponements of the meeting. Approval by Battle Mountain stockholders of the proposal to approve and adopt the merger agreement is a condition to the completion of the merger.

General

At the effective time of the merger, Royal Battle Mountain, a wholly-owned subsidiary of Royal Gold, will merge with and into Battle Mountain. As a result of the merger, the separate corporate existence of Royal Battle Mountain will cease and Battle Mountain will continue as the surviving corporation of the merger and become a wholly-owned subsidiary of Royal Gold. At the effective time of the merger, each outstanding share of Battle Mountain common stock will be converted into the right to receive, at the election of each Battle Mountain stockholder, either (i) with

respect to a Stock Election, between 0.0172 and 0.0179 of shares of Royal Gold common stock to be determined at closing or (ii) with respect to a Cash Election, approximately \$0.55 in cash, in each case assuming 91,563,506 shares of Battle Mountain common stock are issued and outstanding immediately prior to the effective time of the merger. The per share consideration, if a holder of Battle Mountain common stock makes a Stock Election, will be based on the average price per share of Royal Gold common stock as reported on the NASDAQ Global Select Market for the five trading day period up to and including the second business day

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preceding (but not including) the closing date of the merger transaction. If the average price is less than \$29.00, the per share stock consideration will be determined based on an aggregate of 1,634,410 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0179 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price of Royal Gold common stock is \$30.18 or above, the per share stock consideration will be determined based on an aggregate of 1,570,507 shares of Royal Gold common stock and the holders of shares of Battle Mountain common stock would receive 0.0172 shares of Royal Gold common stock for each share of Battle Mountain common stock. If the average price is greater than or equal to \$29.00 but less than \$30.18, the per share consideration for each share of Battle Mountain common stock would be proportionally adjusted based on the average price of Royal Gold common stock, using \$47,397,901.26 as the aggregate purchase price. Royal Gold will not issue fractional shares of Royal Gold common stock in the merger. Instead, Battle Mountain stockholders will receive cash in lieu of fractional shares based on the fair market value of a share of Royal Gold common stock. The per share consideration if a holder of Battle Mountain common stock makes a Cash Election will be based on a maximum amount of \$50,359,928 as the aggregate purchase price.

The stock consideration and cash consideration payable in the merger are subject to pro rata adjustment based on the number of issued and outstanding shares of Battle Mountain common stock immediately prior to the effective time of the merger and a potential reduction or holdback of approximately 0.0006 shares of Royal Gold common stock on a per share basis, in the case of a Stock Election, or approximately \$0.017 on a per share basis, in the case of a Cash Election, based on the cost of settling certain Battle Mountain litigation.

The Battle Mountain board of directors recommends that Battle Mountain stockholders vote FOR the approval and adoption of the merger agreement and FOR each of the other proposals described in the notice to the special meeting.

Background to the Merger

Early in calendar 2007, Battle Mountain's board of directors determined that its available cash, royalty income stream and projected proceeds from a planned private placement would be insufficient to repay its obligation under its bridge finance facility prior to the repayment date in late March 2007, and complete its acquisition of a royalty on production from the Dolores project in Mexico (Dolores II Royalty) prior to the deadline for completion of the acquisition in April 2007. Battle Mountain's board of directors instructed management to seek and evaluate financial and strategic alternatives for Battle Mountain, including additional or restructured financing, further equity raises, the sale or merger of the company or the extension of the option on the Dolores II Royalty.

At a meeting of the Royal Gold board of directors on February 15, 2007, the board discussed future business development opportunities. Battle Mountain was identified as a company that owns several desirable royalty interests, that may be experiencing financial constraints on the growth of its business, and that may respond favorably to the suggestion of an acquisition, combination or other transaction.

In mid-February, 2007, Tony Jensen, Royal Gold's President and Chief Executive Officer, contacted Battle Mountain's Chairman and Chief Executive Officer, Mark Kucher, and suggested a meeting to explore whether Battle Mountain might be interested in one or more possible transactions between the companies. A meeting was set for February 21, 2007, in Denver, Colorado. After concluding that transactions benefiting both companies were possible, Royal Gold and Battle Mountain negotiated and entered into a non-disclosure agreement.

On February 21, 2007, after execution of the non-disclosure agreement, several members of Royal Gold's management team met to discuss the prospects for acquiring Battle Mountain, relative to other business opportunities then under consideration. Management concluded that further investigation of the acquisition of Battle Mountain was warranted. Royal Gold retained outside legal advisors, Hogan & Hartson L.L.P., to assist it with the structuring, negotiation and

documentation of a possible transaction between Royal Gold and Battle Mountain. Following execution of the non-disclosure agreement, Mr. Kucher provided Royal Gold further information concerning Battle Mountain, its royalty interests and agreements, certain financial statements, and other information to assist Royal Gold in its evaluation of Battle Mountain.

On February 23, 2007, Royal Gold and Battle Mountain met to discuss Royal Gold's proposal to acquire 100% of Battle Mountain's common stock in a stock for stock merger transaction. Royal Gold also presented Mr. Kucher

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with a proposed option and support agreement. Pursuant to this agreement, Mr. Kucher would grant Royal Gold the option to acquire all of his shares of Battle Mountain and agree to vote all of his shares of Battle Mountain in favor of the merger transaction between Royal Gold and Battle Mountain. As part of the negotiation of the proposal, Mr. Kucher indicated that Battle Mountain would require a bridge loan in an amount sufficient, at a minimum, to repay obligations under its bridge finance facility on or prior to its maturity date and complete its acquisition of the Dolores II Royalty prior to the deadline therefore.

On February 23, 2007, Royal Gold's board of directors held a special meeting with management and Hogan & Hartson present, for the purpose of discussing the possible acquisition of Battle Mountain. Following lengthy discussion, the board authorized management to execute a letter of intent proposing a stock for stock merger transaction and option and support agreements with Mr. Kucher and IAMGOLD Corporation, Battle Mountain's second largest stockholder, and authorized Royal Gold to make a bridge loan to Battle Mountain.

On February 24, 2007, Battle Mountain's board of directors authorized management to execute the letter of intent describing a stock for stock merger transaction with Royal Gold and approved Mr. Kucher's and IAMGOLD's entry into an option and support agreement with Royal Gold.

On February 25, 2007, Royal Gold and Battle Mountain discussed the corporate history of Battle Mountain and held a teleconference with Battle Mountain's lender, Macquarie Bank Limited (Macquarie), concerning the possible merger transaction.

On February 26, 2007, Royal Gold's technical personnel organized a team of consultants to conduct technical due diligence, including with respect to each of Battle Mountain's royalty properties, reserve and resource estimates, metallurgy, mining methods, operating and capital costs, environmental matters, permitting requirements and status, and infrastructure, equipment, and manpower requirements and usage. The technical due diligence team conducted an extensive review of the materials provided by Battle Mountain as well as public data and information.

From February 26 through February 28, 2007, Royal Gold and Battle Mountain continued negotiation of the letter of intent and negotiated a bridge loan term sheet whereby Royal Gold would provide Battle Mountain approximately \$20 million as a bridge loan to enable Battle Mountain to satisfy its debt obligations to Macquarie and exercise and close on its option to acquire the Dolores II Royalty, as well as other royalty interests. During this time, Royal Gold and Mr. Kucher also continued negotiation of Mr. Kucher's option and support agreement with Royal Gold.

On February 28, 2007, Royal Gold and Battle Mountain concluded negotiation of the letter of intent and bridge loan term sheet. On February 28, 2007, Battle Mountain accepted Royal Gold's proposal as described in the letter of intent and bridge loan term sheet.

From February 26 to March 6, 2007, Royal Gold negotiated with IAMGOLD Corporation concerning the possibility of IAMGOLD entering into an option and support agreement similar to the one being negotiated with Mr. Kucher. On March 6, 2007, Royal Gold and IAMGOLD entered into an option and support agreement, effective as of March 5, 2007.

From February 28 to March 5, 2007, Royal Gold continued to negotiate the option and support agreement with Mr. Kucher. On March 5, 2007, Royal Gold and Mr. Kucher entered into the option and support agreement.

On March 6, 2007, Royal Gold presented a draft of the definitive merger agreement and a draft of the bridge loan agreement for Royal Gold's bridge loan to Battle Mountain.

On March 8, 2007, Royal Gold engaged outside legal advisors, Holland & Hart, LLP, to conduct real property and title due diligence regardi