

PEW ROBERT ANDERSON  
Form 4  
June 09, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
PEW ROBERT ANDERSON

2. Issuer Name and Ticker or Trading Symbol  
SUNOCO INC [SUN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

1735 MARKET STREET

3. Date of Earliest Transaction (Month/Day/Year)  
06/09/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

PHILADELPHIA, PA 19103-7583

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  |                                | (A) or (D)  | Price   |  |   |
|                                 |                                      |  |                                | Code  | V   | Amount   | (D)   |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Underlying Securities (Instr. 3 and 4) |
|--|------------------------------------|--------------------------------------|--|--------------------------------|---|--|---|--|
|--|------------------------------------|--------------------------------------|--|--------------------------------|---|--|---|--|

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| Derivative Security  | or Disposed of (D) (Instr. 3, 4, and 5) |            | Code | V | (A)    | (D) | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares |
|----------------------|---|------------|------|---|--------|-----|------------------|-----------------|--------------|----------------------------|
|                      |   |            |      |   |        |     |                  |                 |              |                            |
| Deferred Share Units | (1)                                     | 06/09/2006 | A    |   | 34.134 |     | (2)              | (2)             | Common Stock | 34.134 \$ 6                |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| PEW ROBERT ANDERSON<br>1735 MARKET STREET<br>PHILADELPHIA, PA 19103-7583 |               |           | X       |       |

## Signatures

John J. DiRocco, Jr., Attorney-in-fact for Robert A. Pew  
 06/09/2006  
\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (2) Not Applicable
- (1) Conversion rate is 1 for 1.  
 Total of 11,670.794 Restricted Share Units beneficially owned following reported transaction. (29,712 Restricted Share Units under Sunoco, Inc.'s Directors' Deferred Compensation Plan I and 4,422 Restricted Share Units under Sunoco, Inc.'s Directors' Deferred Compensation Plan II.)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. dding:0in 0in 0in 0in;width:2.06%;">

Mount Milligan(1)

British Columbia, Canada

Centerra

Gold stream - 35.00% of payable gold Copper stream - 18.75% of payable copper

Peñasquito

Zacatecas, Mexico

Goldcorp Inc. ( Goldcorp )

2.0% NSR (gold, silver, lead, zinc)

Pueblo Viejo

Sanchez Ramirez, Dominican Republic

Explanation of Responses:

Barrick (60%)

Gold stream - 7.5% of gold produced (until 990,000 ounces delivered; 3.75% thereafter)

Silver stream - 75% of silver produced (until 50.0 million ounces delivered; 37.5% thereafter)

Wassa and Prestea<sup>(2)</sup>

Western Region of Ghana

Golden Star Resources Ltd. ( Golden Star )

Gold stream - 9.25% of gold produced

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(1) Refer to Recent Business Developments above for discussion on the amendment to our Mount Milligan stream. The Company's gold stream interest was 52.25% during the three months ended September 30, 2016. Pursuant to the amendment to the Mount Milligan streaming agreement, the Company has a 35.0% gold stream and a 18.75% copper stream. Mount Milligan gold in concentrate that is currently in transit will be delivered under the 52.25% stream.

(2) Gold stream percentage increases to 10.5% upon the earlier of (i) December 31, 2017 or (ii) the date at which Wassa and Prestea underground projects achieve commercial production.

*Principal Development Stage Properties*

Explanation of Responses:

| Mine        | Location          | Operator                    | Stream or royalty interests<br>(Gold unless otherwise stated)   |
|-------------|-------------------|-----------------------------|---|
| Rainy River | Ontario, Canada   | New Gold, Inc. ( New Gold ) | Gold stream - 6.5% of gold produced (until 230,000 ounces delivered; 3.25% thereafter)<br><br>Silver stream - 60% of silver produced (until 3.1 million ounces delivered; 30% thereafter) |
| Pascua-Lama | Region III, Chile | Barrick                     | 0.78% to 5.45% sliding-scale NSR 1.09% fixed rate royalty (copper)  |

**Operators Production Estimates by Stream and Royalty Interest for Calendar 2016**

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2016. The following table shows such production estimates for our principal producing properties for calendar 2016 as well as the actual production reported to us by the various operators through September 30, 2016. The estimates and production reports are prepared by the operators of the mining properties. We do not participate in the preparation or calculation of the operators' estimates or production reports and have not independently assessed or verified the accuracy of such information. Please refer to Property Developments below within this MD&A for further discussion on our principal producing or development stage properties.

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Operators Estimated and Actual Production by Stream and Royalty Interest for Calendar 2016

Principal Producing Properties

For the period January 1, 2016 through September 30, 2016

| Stream/Royalty       | Calendar 2016 Operator s Production Estimate(1) |               |                    | Calendar 2016 Operator s Production Actual(2),(3) |              |                    |
|----------------------|---|---------------|--------------------|---|--------------|--------------------|
|                      | Gold (oz.)                                      | Silver (oz.)  | Base Metals (lbs.) | Gold (oz.)  | Silver (oz.) | Base Metals (lbs.) |
| <b>Stream:</b>       |   |               |                    |   |              |                    |
| Andacollo(4)         | 57,600  |               |                    | 40,100  |              |                    |
| Mount Milligan(5)    | 240,000-270,000                                 |               |                    | 99,700  |              |                    |
| Pueblo Viejo(6)      | 670,000-700,000                                 | Not provided  |                    | 511,000   | Not provided |                    |
| Wassa and Prestea(7) | 180,000-205,000                                 |               |                    | 95,700  |              |                    |
| <b>Royalty:</b>      |   |               |                    |   |              |                    |
| Cortez GSR1          | 119,200   |               |                    | 53,100  |              |                    |
| Cortez GSR2          | 1,300   |               |                    | 3,100   |              |                    |
| Cortez GSR3          | 120,500   |               |                    | 56,200  |              |                    |
| Cortez NVR1          | 68,900  |               |                    | 36,600  |              |                    |
| Peñasquito(8)        | 520,000-580,000                                 | 22-24 million |                    | 282,000   | 13.1 million |                    |
|                      | <i>Lead(8)</i>                                  |               | 145-155 million    |   |              | 79.8 million       |
|                      | <i>Zinc(8)</i>                                  |               | 375-400 million    |   |              | 184.6 million      |

(1) Production estimates received from our operators are for calendar 2016. There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of our Fiscal 2016 10-K for information regarding factors that could affect actual results.

(2) Actual production figures shown are from our operators and cover the period January 1, 2016 through September 30, 2016, unless otherwise noted.

(3) Actual production figures for Cortez are based on information provided to us by the operators, and actual production figures for Andacollo, Mount Milligan, Pueblo Viejo, Peñasquito (gold) and Wassa and Prestea are the operators publicly reported figures.

(4) The estimated and actual production figures shown for Andacollo are contained gold in concentrate.

(5) The estimated and actual production figures shown for Mount Milligan are payable gold in concentrate. Actual production shown is for the six months ended June 30, 2016. Nine months ended September 30, 2016, information was not available from the operator as of the date of this report.

(6) The estimated and actual production figures shown are payable gold in doré and represent Barrick's 60% interest in Pueblo Viejo. In October 2016, Barrick increased their calendar 2016 gold production guidance from 600,000-650,000 ounces to 670,000-700,000 ounces.

(7) The estimated production figure shown is payable gold in doré. Actual production shown is for the six months ended June 30, 2016. Nine months ended September 30, 2016, information was not available from the operator as of the date of this report.

(8) The estimated gold and silver production figures reflect payable gold and silver in concentrate and doré, while the estimated lead and zinc production figures reflect payable metal in concentrate. The Company's royalty interest at Peñasquito includes gold, silver, lead and zinc.

#### **Property Developments**

The following information is provided by the operators of the property, either to Royal Gold or in various documents made publicly available.

#### Stream Interests

##### *Andacollo*

Gold stream deliveries from Andacollo were approximately 15,300 ounces for the three months ended September 30, 2016, compared to approximately 9,800 ounces for the three months ended September 30, 2015. Teck indicated that they expect calendar 2016 gold grade and production to exceed calendar 2015. Teck reported copper production increased by 12% when compared to the prior year quarter due to

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improved throughput, which primarily resulted from a deferral of major plant maintenance to later in calendar 2016 and a focus on improving operational efficiency in the flotation circuit.

*Mount Milligan*

Gold stream deliveries from Mount Milligan were approximately 29,900 ounces for the three months ended September 30, 2016, compared to approximately 23,800 ounces for the three months ended September 30, 2015. The increase during the current quarter is primarily attributable to improved throughput and grade.

For the remainder of calendar 2016, the primary operational focus at Mount Milligan is to continue to optimize the mine and mill throughput with the expectation to gradually increase recoveries. In October 2016, Thompson Creek announced that commissioning of the secondary crusher commenced and that the first feed through the secondary crusher is expected near the end of October 2016. Centerra expects Mount Milligan gold production will be at the lower end of their calendar 2016 production guidance of 240,000 to 270,000 ounces and copper production to be on the higher end of the calendar 2016 guidance of 55 million to 65 million pounds.

Please refer to Recent Business Developments earlier in this MD&A for discussion on amendments to our Mount Milligan stream.

*Pueblo Viejo*

Stream deliveries from Pueblo Viejo were approximately 13,700 ounces of gold and approximately 543,300 ounces of silver for the three months ended September 30, 2016. RGLD Gold AG began receiving gold and silver deliveries during the quarter ended December 31, 2015 and March 31, 2016, respectively. Barrick reported that gold recovery improved during the current quarter as a result of higher grade and lower carbonaceous ore content. Barrick also reported that silver recovery achieved its best quarterly performance to date at 67% during the current quarter, through process refinements and higher pre-heater availability.

*Wassa and Prestea*

Gold stream deliveries from Wassa and Prestea were approximately 4,500 ounces for the three months ended September 30, 2016, compared to approximately 6,300 ounces for the three months ended September 30, 2015. The prior year quarter benefited from the inclusion of one-third of the ounces for production associated with April 2015 through July 2015, per the stream agreement. The open pit operations at Wassa and Prestea continued to be the primary source of production during the current quarter. In July 2016, Golden Star stated they are on track to achieve their full year calendar 2016 production guidance of between 180,000 to 205,000 ounces of gold.

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In July 2016, Golden Star announced that pre-commercial production commenced at the Wassa underground gold mine, as scheduled. Golden Star expects Wassa underground to achieve commercial production in early calendar 2017, at which time it is expected to deliver 2,000 to 2,500 tonnes of ore per day. The Prestea underground project is currently in development, and Golden Star expects first production at the Prestea underground project in mid-calendar 2017.

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Royalty Interests

*Cortez*

Production attributable to our royalty interests at Cortez during the three months ended September 30, 2016, was in-line with production during the prior year quarter. Waste stripping at Crossroads, which is subject to our royalty interest, restarted in October 2016 and is currently ongoing.

Please refer to *Recent Business Developments* earlier in this MD&A for discussion on the acquisition of additional royalty interests at Cortez.

*Peñasquito*

Gold, silver, lead and zinc production attributable to our royalty interest at Peñasquito decreased approximately 56%, 29%, 33% and 39%, respectively, during the three months ended September 30, 2016, when compared to the three months ended September 30, 2015. The decrease in production is attributable to lower grades and lower recoveries associated with processing lower grade stockpile ore. Goldcorp reported that mining shifted from the lower grade upper transitional ore into higher grade ore in the lower portion of the pit towards the end of the September 2016 quarter. Goldcorp expects gold grades to continue to improve during the December 2016 quarter as the mine continues mining deeper into the higher gold grade zone.

Goldcorp reported that the Northern Well Field project, which will satisfy Peñasquito's long-term water requirements, ramped up as expected and reached full design capacity in the fourth quarter of calendar 2016.

**Results of Operations**

*Quarter Ended September 30, 2016, Compared to Quarter Ended September 30, 2015*

For the quarter ended September 30, 2016, we recorded net income attributable to Royal Gold stockholders of \$29.8 million, or \$0.46 per basic and diluted share, as compared to a net loss attributable to Royal Gold stockholders of \$45.0 million, or (\$0.69) per basic and diluted share, for the quarter ended September 30, 2015. The increase in our earnings per share in the current period was primarily attributable to an increase in our revenue, as discussed below. During the prior year quarter, the Company's income tax expense increased due to the termination of the Andacollo royalty interest and the liquidation of our Chilean subsidiary by approximately \$56.0 million. The effect of the tax expense attributable to the

termination of the Andacollo royalty interest during the quarter ended September 30, 2015, was \$0.86 per share.

For the quarter ended September 30, 2016, we recognized total revenue of \$117.9 million, which is comprised of stream revenue of \$85.5 million and royalty revenue of \$32.4 million, at an average gold price of \$1,335 per ounce, an average silver price of \$19.61 per ounce and an average copper price of \$2.16 per pound. This is compared to total revenue of \$74.1 million for the three months ended September 30, 2015, which was comprised of stream revenue of \$37.9 million and royalty revenue of \$36.2 million, at an average gold price of \$1,124 per ounce, an average silver price of \$14.91 per ounce and an average copper price of \$2.39 per pound for the quarter ended September 30, 2015. Revenue and the corresponding production attributable to our stream and royalty interests for the quarter ended September 30, 2016 compared to the quarter ended September 30, 2015 is as follows:

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## Revenue and Reported Production Subject to Our Stream and Royalty Interests

Quarter Ended September 30, 2016 and 2015

(In thousands, except reported production ozs. and lbs.)

| Stream/Royalty               | Metal(s) | Three Months Ended<br>September 30, 2016 |                           | Three Months Ended<br>September 30, 2015 |                           |
|------------------------------|----------|--|---------------------------|--|---------------------------|
|                              |          | Revenue                                  | Reported<br>Production(1) | Revenue                                  | Reported<br>Production(1) |
| <b>Stream(2):</b>            |          |  |                           |  |                           |
| Mount Milligan               | Gold     | \$ 38,386                                | 28,900oz.                 | \$ 23,465                                | 21,000oz.                 |
| Pueblo Viejo(3)              |          | \$ 20,950                                |                           | N/A                                      |                           |
|                              | Gold     |  | 11,000oz.                 | N/A                                      | N/A                       |
|                              | Silver   |  | 323,300oz.                | N/A                                      | N/A                       |
| Andacollo                    | Gold     | \$ 20,169                                | 15,200oz.                 | \$ 10,716                                | 9,500oz.                  |
| Wassa and Prestea            | Gold     | \$ 5,999                                 | 4,500oz.                  | \$ 3,624                                 | 3,200oz.                  |
| Other(4)                     | Gold     | \$                                       | N/A                       | \$ 52                                    | 100oz.                    |
| <b>Total stream revenue</b>  |          | <b>\$ 85,504</b>                         |                           | <b>\$ 37,857</b>                         |                           |
| <b>Royalty(2):</b>           |          |  |                           |  |                           |
| Peñasquito                   |          | \$ 5,821                                 |                           | \$ 8,046                                 |                           |
|                              | Gold     |  | 100,100oz.                |  | 226,500oz.                |
|                              | Silver   |  | 5.2Moz.                   |  | 7.3Moz.                   |
|                              | Lead     |  | 33.0Mlbs.                 |  | 49.1Mlbs.                 |
|                              | Zinc     |  | 73.0Mlbs.                 |  | 118.7Mlbs.                |
| Cortez                       | Gold     | \$ 2,040                                 | 21,800oz.                 | \$ 1,812                                 | 22,600oz.                 |
| Other(4)                     | Various  | \$ 24,582                                | N/A                       | \$ 26,341                                | N/A                       |
| <b>Total royalty revenue</b> |          | <b>\$ 32,443</b>                         |                           | <b>\$ 36,199</b>                         |                           |
| <b>Total Revenue</b>         |          | <b>\$ 117,947</b>                        |                           | <b>\$ 74,056</b>                         |                           |

(1) Reported production relates to the amount of metal sales, subject to our stream and royalty interests, for the three months ended September 30, 2016 and 2015, and may differ from the operators' public reporting.

(2) Refer to Recent Business Developments and Property Developments above for further discussion on our principal stream interests.

(3) The gold and silver streams at Pueblo Viejo were acquired during the three months ended September 30, 2015. The first gold and silver stream deliveries were in December 2015 and March 2016, respectively.

(4) Individually, no stream or royalty included within the Other category contributed greater than 5% of our total revenue for either period, with the exception of Voisey's Bay royalty revenue (\$5.4 million) during the prior year quarter.

The increase in our total revenue for the three months ended September 30, 2016, compared with the three months ended September 30, 2015, resulted primarily from an increase in our stream revenue and an increase in the average gold and silver prices. The increase in our stream revenue was primarily attributable to new production from our Pueblo Viejo gold and silver stream and increased metal sales from Mount Milligan and Andacollo. Our first gold stream delivery from Pueblo Viejo was in December 2015, while the first silver stream delivery from Pueblo Viejo was in March 2016. Gold and silver ounces purchased and sold during the three months ended September 30, 2016 and 2015, and gold and silver ounces in inventory as of September 30, 2016, and June 30, 2016, for our streaming interests were as follows:

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|                   | Three months ended September 30, 2016 |               | Three months ended September 30, 2015 |               | As of September 30, 2016 | As of June 30, 2016 |
|-------------------|---------------------------------------|---------------|---------------------------------------|---------------|--------------------------|---------------------|
| Gold Stream       | Purchases (oz.)                       | Sales (oz.)   | Purchases (oz.)                       | Sales (oz.)   | Ounces in inventory      | Ounces in inventory |
| Mount Milligan    | 29,900                                | 28,900        | 23,800                                | 21,000        | 8,500                    | 7,500               |
| Wassa and Prestea | 4,500                                 | 4,500         | 6,300                                 | 3,200         | 1,300                    | 1,300               |
| Pueblo Viejo      | 13,700                                | 11,000        | N/A                                   | N/A           | 13,700                   | 11,000              |
| Andacollo         | 15,300                                | 15,200        | 9,800                                 | 9,500         | 100                      |                     |
| Phoenix Gold      |                                       |               | 100                                   | 100           |                          |                     |
| <b>Total</b>      | <b>63,400</b>                         | <b>59,600</b> | <b>40,000</b>                         | <b>33,800</b> | <b>23,600</b>            | <b>19,800</b>       |

|               | Three months ended September 30, 2016 |             | Three months ended September 30, 2015 |             | As of September 30, 2016 | As of June 30, 2016 |
|---------------|---------------------------------------|-------------|---------------------------------------|-------------|--------------------------|---------------------|
| Silver Stream | Purchases (oz.)                       | Sales (oz.) | Purchases (oz.)                       | Sales (oz.) | Ounces in inventory      | Ounces in inventory |
| Pueblo Viejo  | 543,300                               | 323,300     | N/A                                   | N/A         | 543,700                  | 323,700             |

Our royalty revenue decreased during the quarter ended September 30, 2016, compared with the quarter ended September 30, 2015, primarily due to production decreases at Peñasquito. These production decreases were partially offset by an increase in the average gold and silver prices during the current period. Please refer to [Recent Business Developments](#) and [Property Developments](#) earlier within this MD&A for further discussion on recent developments regarding properties covered by certain of our stream and royalty interests.

Cost of sales were approximately \$22.7 million for the three months ended September 30, 2016, compared to \$11.5 million for the three months ended September 30, 2015. The increase is primarily attributable to new production from our gold and silver streams at Pueblo Viejo, which resulted in cost of sales of approximately \$5.9 million during the current period. The increase was also attributable to increased stream deliveries from Andacollo and Mount Milligan during the current period, which resulted in additional cost of sales of approximately \$4.9 million. Cost of sales is specific to our stream agreements and is the result of RGLD Gold's purchase of gold and silver for a cash payment. The cash payment at Mount Milligan is the lesser of \$435 per ounce or the prevailing market price of gold when purchased, while the cash payment for our other streams is a set contractual percentage of the gold or silver spot price near the date of metal delivery.

General and administrative expenses increased to \$10.5 million for the three months ended September 30, 2016 from \$9.5 million for the three months ended September 30, 2015. The increase during the current quarter was due to an increase in legal and litigation costs of approximately \$1.3 million.

Depreciation, depletion and amortization increased to \$40.1 million for the three months ended September 30, 2016, from \$27.1 million for the quarter ended September 30, 2015. The increase was primarily attributable to new production from our gold and silver streams at Pueblo Viejo (\$9.6 million) and an increase in gold stream sales from Mount Milligan and Andacollo, which resulted in additional depletion of approximately \$5.7 million. These increases were partially offset by lower overall production within our royalty interest segment.

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During the three months ended September 30, 2016, we recognized income tax expense totaling \$7.2 million compared with income tax expense of \$59.2 million during the three months ended September 30, 2015. This resulted in an effective tax rate of 21.1% in the current period, compared with 415.7% in the quarter ended September 30, 2015. The decrease in the effective tax rate for the three months ended September 30, 2016 is primarily related to the discrete tax impacts attributable to the Company's Andacollo transactions and the liquidation of our Chilean subsidiary during the three months ended September 30, 2015.

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**Liquidity and Capital Resources**

*Overview*

At September 30, 2016, we had current assets of \$192.0 million compared to current liabilities of \$25.6 million resulting in working capital of \$166.4 million and a current ratio of 8 to 1. This compares to current assets of \$164.8 million and current liabilities of \$22.7 million at June 30, 2016, resulting in working capital of \$142.1 million and a current ratio of approximately 7 to 1. The increase in our current ratio was primarily attributable to an increase in our cash and equivalents during the current period. Please refer to [Summary of Cash Flows](#) below for further discussion on changes to our cash and equivalents during the period.

During the quarter ended September 30, 2016, liquidity needs were met from \$95.3 million in net revenue and our available cash resources. The \$70 million acquisition of additional royalty interests at Cortez, as discussed above, was funded from our revolving credit facility during the quarter ended September 30, 2016. As of September 30, 2016, the Company had \$305 million available and \$345 million outstanding under its revolving credit facility. Working capital, combined with the Company's undrawn revolving credit facility, resulted in approximately \$470 million of total liquidity at September 30, 2016. The Company was in compliance with each financial covenant as of September 30, 2016. Refer to Note 4 of our notes to consolidated financial statements for further discussion on our debt and Note 11 for our remaining conditional commitments that impact our liquidity.

We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service, general and administrative expense costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for acquisitions of stream and royalty interests, including the remaining conditional commitments incurred in connection with the Ilovica, Wassa and Prestea and Rainy River stream acquisitions and the Peak Gold joint venture. Our long-term capital requirements are primarily affected by our ongoing acquisition activities. The Company currently, and generally at any time, has acquisition opportunities in various stages of active review. In the event of one or more substantial stream and royalty interest or other acquisitions, we may seek additional debt or equity financing as necessary.

Please refer to our risk factors included in Part 1, Item 1A of our Fiscal 2016 10-K and in Part II, Item 1A of this Quarterly Report on Form 10-Q for a discussion of certain risks that may impact the Company's liquidity and capital resources.

*Summary of Cash Flows*

Operating Activities

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Net cash provided by operating activities totaled \$55.1 million for the three months ended September 30, 2016, compared to \$2.5 million for the three months ended September 30, 2015. The increase was primarily due to an increase in proceeds received from our stream and royalty interests, net of production taxes and cost of sales, of approximately \$17.2 million. The increase was also due to a decrease in income taxes paid of approximately \$38.0 million, which resulted from \$47.7 million of cash taxes paid for the termination of the Andacollo royalty during the prior year quarter, partially offset by \$9.7 million of cash taxes paid to taxing authorities, as a condition for appealing an assessment, during the current quarter.

### Investing Activities

Net cash used in investing activities totaled \$90.0 million for the three months ended September 30, 2016, compared to cash used in investing activities of \$976.1 million for the three months ended September 30, 2015. The decrease in cash used in investing activities is primarily due to a decrease in acquisitions of stream and royalty interests in mineral properties compared to the prior year period (primarily the Pueblo Viejo and Andacollo stream acquisitions). Refer to Recent Business Developments above for further discussion on our recently acquired royalty interests.

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Financing Activities

Net cash provided by financing activities totaled \$51.6 million for the three months ended September 30, 2016, compared to cash provided by financing activities of \$335.1 million for the three months ended September 30, 2015. The decrease in cash provided by financing activities is primarily due to the Company's \$350 million borrowing under its revolving credit facility to fund stream acquisitions during the prior year period.

**Recently Adopted Accounting Standards and Critical Accounting Policies**

There were no new accounting standards adopted during the three months ended September 30, 2016. Refer to Note 1 of our notes to consolidated financial statements for further discussion on recently issued accounting standards. Refer to our Fiscal 2016 10-K for discussion on our critical accounting policies.

**Forward-Looking Statements**

Cautionary Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include, without limitation, statements regarding projected production estimates and estimates pertaining to timing and commencement of production from the operators of properties where we hold stream and royalty interests; effective tax rate estimates; the adequacy of financial resources and funds to cover anticipated expenditures for general and administrative expenses as well as costs associated with exploration and business development and capital expenditures, expected delivery dates of gold, silver, copper and other metals, and our expectation that substantially all our revenues will be derived from stream and royalty interests. Words such as may, could, should, would, believe, estimate, expect, plan, forecast, potential, intend, continue, project and variations of these words, comparable words and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Do not unduly rely on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- a low price environment for gold and other metal prices on which our stream and royalty interests are paid or a low price environment for the primary metals mined at properties where we hold stream and royalty interests;
- the production at or performance of properties where we hold stream and royalty interests, and variation of actual performance from the production estimates and forecasts made by the operators of these properties;

- the ability of operators to bring projects, particularly development stage properties, into production on schedule or operate in accordance with feasibility studies;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold stream and royalty interests;
- challenges to mining, processing and related permits and licenses, or to applications for permits and licenses, by or on behalf of indigenous populations, non-governmental organizations or other third parties;

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- liquidity or other problems our operators may encounter, including shortfalls in the financing required to complete construction and a bring a mine into production;
- decisions and activities of the operators of properties where we hold stream and royalty interests;
- hazards and risks at the properties where we hold stream and royalty interests that are normally associated with developing and mining properties, including unanticipated grade, continuity and geological, metallurgical, processing or other problems, mine operating and ore processing facility problems, pit wall or tailings dam failures, industrial accidents, environmental hazards and natural catastrophes such as floods or earthquakes and access to raw materials, water and power;
- changes in operators' mining, processing and treatment techniques, which may change the production of minerals subject to our stream and royalty interests;
- changes in the methodology employed by our operators to calculate our stream and royalty interests in accordance with the agreements that govern them;
- changes in project parameters as plans of the operators of properties where we hold stream and royalty interests are refined;
- accuracy of and decreases in estimates of reserves and mineralization by the operators of properties where we hold stream and royalty interests;
- contests to our stream and royalty interests and title and other defects to the properties where we hold stream and royalty interests;
- adverse effects on market demand for commodities, the availability of financing, and other effects from adverse economic and market conditions;

- future financial needs of the Company and the operators of properties where we hold stream or royalty interests;
- federal, state and foreign legislation governing us or the operators of properties where we hold stream and royalty interests;
- the availability of stream and royalty interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;
- our ability to make accurate assumptions regarding the valuation, timing and amount of revenue to be derived from our stream and royalty interests when evaluating acquisitions;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, validity of security interests, environmental, governmental consents for granting interests in exploration and exploration licenses, real estate, contract and permitting laws, currency fluctuations, expropriation of property, repatriation of earnings, taxation, price controls, inflation, import and export regulations, community unrest and labor disputes, endemic health issues, corruption, enforcement and uncertain political and economic environments;
- changes in laws governing us, the properties where we hold stream and royalty interests or the operators of such properties;

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- risks associated with issuances of additional common stock or incurrence of indebtedness in connection with acquisitions or otherwise including risks associated with the issuance and conversion of convertible notes;
- changes in management and key employees; and
- failure to complete future acquisitions or the failure of transactions involving the operators to close;

as well as other factors described elsewhere in this report and our other reports filed with the SEC, including our Fiscal 2016 10-K. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. Forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to update any forward-looking statements made herein, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our earnings and cash flows are significantly impacted by changes in the market price of gold and other metals. Gold, silver, copper, nickel and other metal prices can fluctuate significantly and are affected by numerous factors, such as demand, production levels, economic policies of central banks, producer hedging, world political and economic events and the strength of the U.S. dollar relative to other currencies. Please see *Volatility in gold, silver, copper, nickel and other metal prices may have an adverse impact on the value of our stream and royalty interests and may reduce our revenues. Certain contracts governing our royalty stream interests have features that may amplify the negative effects of a drop in metals prices,* under Part I, Item 1A of our Fiscal 2016 10-K, for more information that can affect gold, silver, copper and other metal prices as well as historical gold, silver, copper and nickel prices.

During the three month period ended September 30, 2016, we reported revenue of \$117.9 million, with an average gold price for the period of \$1,335 per ounce, an average silver price of \$19.61 per ounce and an average copper price of \$2.16 per pound. Approximately 88% of our total reported revenues for the three months ended September 30, 2016 were attributable to gold sales from our gold producing stream and royalty interests, as shown within the MD&A. For the three months ended September 30, 2016, if the price of gold had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenue of approximately \$10.7 million.

Approximately 7% of our total reported revenues for the three months ended September 30, 2016 were attributable to silver sales from our silver producing stream and royalty interests. For the three months ended September 30, 2016, if the price of silver had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenue of approximately \$0.9 million.

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Approximately 2% of our total reported revenues for the three months ended September 30, 2016 were attributable to copper sales from our copper producing royalty interests. For the three months ended September 30, 2016, if the price of copper had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenue of approximately \$0.4 million.

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**ITEM 4. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

As of September 30, 2016, the Company's management, with the participation of the President and Chief Executive Officer (the principal executive officer) and Chief Financial Officer and Treasurer (the principal financial and accounting officer) of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based on such evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer and Treasurer have concluded that, as of September 30, 2016, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods and that such information is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and its Chief Financial Officer and Treasurer, as appropriate to allow timely decisions regarding required disclosure.

Disclosure controls and procedures involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human failures. As a result, a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

**Changes in Internal Controls**

There has been no change in the Company's internal control over financial reporting during the three months ended September 30, 2016, that has materially affected, or that is reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

*Voisey's Bay*

Explanation of Responses:

Refer to Note 11 of our notes to consolidated financial statements for a discussion of the litigation associated with our Voisey's Bay royalty.

**ITEM 1A. RISK FACTORS**

Information regarding risk factors appears in Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Forward-Looking Statements, and various risks faced by us are also discussed elsewhere in Part I, Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report on Form 10-Q. In addition, risk factors are included in Part I, Item 1A of our Fiscal 2016 10-K.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Not applicable.

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**ITEM 3.           DEFAULTS UPON SENIOR SECURITIES**

Not applicable.

**ITEM 4.           MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 5.           OTHER INFORMATION**

Not applicable.

**ITEM 6.           EXHIBITS**

The exhibits to this Quarterly Report on Form 10-Q are listed in the Exhibit Index.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ROYAL GOLD, INC.**

Date: November 3, 2016

By:

*/s/ Tony Jensen*  
Tony Jensen  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: November 3, 2016

By:

*/s/ Stefan Wenger*

Explanation of Responses:

Stefan Wenger  
Chief Financial Officer and Treasurer  
(Principal Financial and Accounting Officer)

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**ROYAL GOLD, INC.**

**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description</b>  |
|---------------------------|---|
| 10.1*                     | Third Amendment to Amended and Restated Purchase and Sale Agreement, dated October 20, 2016, among RGLD Gold AG, Thompson Creek Metals Company Inc. and Royal Gold, Inc.  |
| 10.2*                     | Intercreditor Agreement, dated October 20, 2016, among The Bank of Nova Scotia for the Senior Debt Secured Parties identified therein, RGLD Gold AG and Thompson Creek Metals Company Inc.  |
| 10.3*                     | Commitment Letter, dated July 5, 2016, among RGLD Gold AG, Royal Gold, Inc. and Centerra Gold Inc.  |
| 10.4                      | Form of Employment Agreement by and between Royal Gold, Inc. and Tony Jensen (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on July 8, 2016 and incorporated herein by reference)  |
| 10.5                      | Form of Employment Agreement by and between Royal Gold, Inc. and each of the following: Karli Anderson, William Heissenbittel, Mark Isto, Bruce Kirchhoff and Stefan Wenger (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on July 8, 2016 and incorporated herein by reference) |
| 21.1*                     | Royal Gold and Its Subsidiaries   |
| 31.1*                     | Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 31.2*                     | Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.  |
| 32.1                      | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 32.2                      | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.  |
| 101.INS*                  | XBRL Instance Document.   |
| 101.SCH*                  | XBRL Taxonomy Extension Schema Document.  |
| 101.CAL*                  | XBRL Taxonomy Extension Calculation Linkbase Document.  |
| 101.DEF*                  | XBRL Taxonomy Extension Definition Linkbase Document.   |
| 101.LAB*                  | XBRL Taxonomy Extension Label Linkbase Document.  |
| 101.PRE*                  | XBRL Taxonomy Extension Presentation Linkbase Document.   |

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\* Filed herewith.  
 Furnished herewith.  
 Certain portions of this exhibit have been omitted by redacting a portion of the text (indicated by asterisks in the text). This exhibit has been filed separately with the U.S. Securities and Exchange Commission pursuant to a request for confidential treatment.