ROYAL GOLD INC

FORM 10-Q
(Quarterly Report)

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Address	1660 WYNKOOP STREET SUITE 1000 DENVER, CO 80202-1132
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SIC Code	6795 - Mineral Royalty Traders
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	06/30

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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2010

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 001-13357

Royal Gold, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation)**	**54-0835164** **(I.R.S. Employer Identification No.)**
1660 Wynkoop Street, Suite 1000 **Denver, Colorado** **(Address of Principal Executive Office)**	**80202** **(Zip Code)**

Registrant's telephone number, including area code (303) 573-1660

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

There were 47,583,911 shares of the Company's common stock, par value $0.01 per share, outstanding as of April 30, 2010. In addition, as of such date, there were 1,632,057 exchangeable shares of RG Exchangeco Inc. outstanding which are exchangeable at any time into shares of the Company's common stock on a one-for-one basis and entitle their holders to dividend and other rights economically equivalent to those of the Company's common stock.

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ROYAL GOLD, INC.
Consolidated Balance Sheets
(Unaudited, in thousands except share data)

	March 31, 2010	June 30, 2009
ASSETS		
Cash and equivalents	$ 53,650	$294,566
Royalty receivables	34,528	20,597
Income tax receivable	2,575	2,372
Deferred tax assets	163	166
Prepaid expenses and other	2,084	1,007
Total current assets	93,000	318,708
Royalty interests in mineral properties, net	1,467,484	455,966
Restricted cash — compensating balance	—	19,250
Inventory — restricted	10,470	10,622
Other assets	15,780	5,378
Total assets	$1,586,734	$809,924
LIABILITIES		
Current portion of long-term debt (Note 5)	$ 26,000	$ —
Accounts payable	4,025	2,403
Dividends payable	4,422	3,259
Other current liabilities	2,298	527
Total current liabilities	36,745	6,189
Long-term debt (Note 5)	229,000	—
Net deferred tax liabilities	155,142	23,371
Chilean loan facility	—	19,250
Other long-term liabilities	13,595	703
Total liabilities	434,482	49,513
Commitments and contingencies (Note 12)		
EQUITY		
Common stock, $.01 par value, authorized 100,000,000 shares; and outstanding 47,196,487 and 40,480,311 shares, respectively	472	405
Exchangeable shares, no par value, 1,806,649 and 0 shares issued, less 37,756 and 0 redeemed shares, respectively	—	—
Additional paid-in capital	1,077,207	702,407
Accumulated other comprehensive income (loss)	14	(80)
Accumulated earnings	46,326	46,709
Treasury stock, at cost (74,430 and 0 shares, respectively)	(3,557)	—
Total Royal Gold stockholders' equity	1,120,462	749,441
Non-controlling interests	31,790	10,970
Total equity	1,152,252	760,411
Total liabilities and equity	$1,586,734	$809,924

The accompanying notes are an integral part of these consolidated financial statements.

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ROYAL GOLD, INC.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited, in thousands except share data)

	For The Three Months Ended March 31, 2010	For The Three Months Ended March 31, 2009
Royalty revenues	$ 35,043	$ 20,797
Costs and expenses		
Costs of operations (exclusive of depreciation, depletion and amortization shown separately below)	1,894	1,154
General and administrative	3,444	1,812
Exploration and business development	988	732
Depreciation, depletion and amortization	13,002	9,960
Severance and acquisition related costs	16,946	—
Total costs and expenses	36,274	13,658
Operating income (loss)	(1,231)	7,139
Interest and other income	255	1,055
Interest and other expense	(1,210)	(246)
Income (loss) before income taxes	(2,186)	7,948
Income tax expense	(2,742)	(2,534)
Net income (loss)	(4,928)	5,414
Less: Net income attributable to non-controlling interests	(826)	(1,272)
Net income (loss) attributable to Royal Gold stockholders	$ (5,754)	$ 4,142
Net income (loss)	$ (4,928)	$ 5,414
Adjustments to comprehensive income, net of tax Unrealized change in market value of available for sale securities	(54)	(24)
Comprehensive income (loss)	$ (4,982)	$ 5,390
Comprehensive income attributable to non-controlling interests	(826)	(1,272)
Comprehensive income (loss) attributable to Royal Gold stockholders	$ (5,808)	$ 4,118
Net income (loss) per share attributable to Royal Gold stockholders:		
Basic earnings (loss) per share	$ (0.13)	$ 0.12
Basic weighted average shares outstanding	44,976,419	34,008,758
Diluted earnings (loss) per share	$ (0.13)	$ 0.12
Diluted weighted average shares outstanding	44,976,419	34,447,169
Cash dividends declared per common share	$ 0.09	$ 0.08

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited, in thousands except share data)

	For The Nine Months Ended March 31, 2010	For The Nine Months Ended March 31, 2009
Royalty revenues	$ 95,895	$ 51,499
Costs and expenses		
Costs of operations (exclusive of depreciation, depletion and amortization shown separately below)	4,733	2,615
General and administrative	8,611	5,604
Exploration and business development	2,487	2,369
Depreciation, depletion and amortization	36,180	22,921
Severance and acquisition related costs	19,161	—
Total costs and expenses	71,172	33,509
Operating income	24,723	17,990
Gain on royalty restructuring	—	31,500
Interest and other income	2,158	2,038
Interest and other expense	(1,730)	(769)
Income before income taxes	25,151	50,759
Income tax expense	(10,606)	(17,660)
Net income	14,545	33,099
Less: Net income attributable to non-controlling interests	(3,558)	(1,810)
Net income attributable to Royal Gold stockholders	$ 10,987	$ 31,289
Net income	$ 14,545	$ 33,099
Adjustments to comprehensive income, net of tax Unrealized change in market value of available for sale securities	93	(97)
Comprehensive income	$ 14,638	$ 33,002
Comprehensive income attributable to non-controlling interests	(3,558)	(1,810)
Comprehensive income attributable to Royal Gold stockholders	$ 11,080	$ 31,192
Net income per share attributable to Royal Gold stockholders:		
Basic earnings per share	$ 0.26	$ 0.92
Basic weighted average shares outstanding	41,825,974	33,965,171
Diluted earnings per share	$ 0.26	$ 0.91
Diluted weighted average shares outstanding	42,118,943	34,402,551
Cash dividends declared per common share	$ 0.26	$ 0.23

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC.
Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	For The Nine Months Ended March 31, 2010	For The Nine Months Ended March 31, 2009
Cash flows from operating activities:		
Net income	$ 14,545	$ 33,099
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	36,180	22,921
Gain on distribution to non-controlling interest	(1,942)	(1,016)
Deferred tax benefit	(5,205)	(2,072)
Non-cash employee stock compensation expense	5,636	2,225
Gain on royalty restructuring	—	(31,500)
Tax benefit of stock-based compensation exercises	(878)	(289)
Other	371	—
Changes in assets and liabilities:		
Royalty receivables	(13,219)	(1,961)
Prepaid expenses and other assets	2,940	(857)
Accounts payable	(8,737)	1,500
Income taxes (receivable) payable	(1,675)	190
Other	(673)	(835)
Net cash provided by operating activities	$ 27,343	$ 21,405
Cash flows from investing activities:		
Acquisition of royalty interests in mineral properties	(217,942)	(186,110)
Acquisition of International Royalty Corporation, net of cash acquired	(270,233)	—
Proceeds from royalty restructuring	—	31,500
Change in restricted cash — compensating balance	19,250	(3,500)
Proceeds on sale of Inventory — restricted	3,442	2,660
Deferred acquisition costs	(413)	(967)
Other	(85)	(97)
Net cash used in investing activities	$(465,981)	$(156,514)
Cash flows from financing activities:		
Borrowings from credit facilities	255,000	—
Tax benefit of stock-based compensation exercises	878	289
(Prepayment of) borrowings under Chilean loan facility	(19,250)	3,500
Common stock dividends	(10,206)	(7,504)
Repayment of debenture	(29,513)	—
Proceeds from foreign exchange contract	4,101	—
Distribution to non-controlling interests	(3,442)	(2,660)
Proceeds from issuance of common stock	1,471	772
Debt issuance costs	(1,319)	(785)
Other	2	—
Net cash provided by (used in) financing activities	$ 197,722	$ (6,388)
Net decrease in cash and equivalents	(240,916)	(141,497)
Cash and equivalents at beginning of period	294,566	192,035
Cash and equivalents at end of period	$ 53,650	$ 50,538
Non-cash investing and financing activities:		
Acquisition of International Royalty Corporation	$(309,863)	$ —
Acquisition of royalty interests in mineral properties	$ (53,428)	$ —
Treasury stock	$ (3,557)	$ —

ROYAL GOLD, INC.
Notes to Consolidated Financial Statements
(Unaudited)

1. OPERATIONS, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Operations

Royal Gold, Inc. ("Royal Gold", the "Company", "we", "us", or "our"), 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.

Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for a fair presentation of our interim financial statements have been included in this Form 10-Q. Operating results for the three and nine months ended March 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2010. These interim unaudited financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2009 filed with the Securities and Exchange Commission on August 21, 2009 ("Fiscal 2009 10-K").

Recently Adopted Accounting Standards

Accounting Standards Codification

Effective September 15, 2009, the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") has become the source of authoritative U.S. GAAP. The FASB ASC only changes the referencing of financial accounting standards and does not change or alter existing U.S. GAAP. The adoption of the FASB ASC has had no impact on the Company's consolidated financial statements.

Business Combinations

On July 1, 2009, the Company adopted a new accounting standard included in FASB ASC 805, " *Business Combinations.* " The new accounting standard changes the way companies account for business combinations and will generally require more assets acquired and liabilities assumed to be measured at their acquisition date fair value. The new accounting standard also requires legal fees and other transaction-related costs to be expensed as incurred. The adoption of the new accounting standard is to be applied prospectively for any business combinations which would close after July 1, 2009 (see Note 2).

Non-controlling Interests in Consolidated Financial Statements

On July 1, 2009, the Company adopted a new accounting standard included in FASB ASC 810, *"Consolidation."* The adoption of the new accounting standard changed the presentation of its non-controlling (minority) interests. Except for presentation changes, the adoption of the new accounting standard had no impact on the Company's consolidated financial position, results of operations or cash flows.

Fair Value Measurements

On July 1, 2009, the Company adopted a new accounting standard in FASB ASC 820, *"Fair Value Measurements and Disclosures,"* which delayed the effective date for disclosing all non-financial assets and non-financial liabilities, except for items that are recognized or disclosed at fair value on a recurring basis (at least annually). This standard did not have a material impact on the Company's consolidated financial position, results of operations or cash flows. Refer to Note 11 for a discussion regarding the Company's fair value measurements as of March 31, 2010.

Recently Issued Accounting Standards

Variable Interest Entities

In June 2009, new accounting guidance was issued that is expected to be included in FASB ASC 810, *"Consolidation."* This statement amends the consolidation guidance applicable to variable interest entities and is effective for our fiscal year beginning July 1, 2010. We are evaluating the impact, if any, this new accounting guidance will have on our consolidated financial statements.

Fair Value Measurements

In January 2010, the accounting guidance for fair value measurements and disclosure (FASB ASC 820) was updated to require additional disclosures related to: (1) transfers in and out of Level 1 and 2 fair value measurements, and (2) enhanced detail in the Level 3 reconciliation. The new guidance was amended to provide clarity about the level of disaggregation required for assets and liabilities and the disclosures required for inputs and valuation techniques used to measure fair value for both recurring and non-recurring measurements that fall in either Level 2 or Level 3. The updated guidance is effective for the Company's fiscal year beginning July 1, 2010, with the exception of the Level 3 disaggregation, which is effective for the Company's fiscal year beginning July 1, 2011. We are evaluating the potential impact, if any, this new accounting guidance will have on our consolidated financial statements.

2. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION

On February 22, 2010, Royal Gold, through RG Exchangeco Inc. (formerly known as 7296355 Canada Ltd.), a wholly-owned Canadian subsidiary of Royal Gold ("RG Exchangeco"), acquired all of the issued and outstanding common shares of International Royalty Corporation ("IRC"), a company incorporated in Canada (the "IRC Transaction"). IRC's royalty portfolio as of February 22, 2010, included 11 producing royalties, 10 development stage royalties, 24 evaluation stage royalties and 35 exploration stage royalties. The IRC Transaction further complements and expands our royalty portfolio.

The purchase price for the IRC Transaction consisted of approximately $350 million in cash, 5,234,086 shares of Royal Gold common stock (valued at $230.4 million on February 22, 2010) and 1,806,649 exchangeable shares of RG Exchangeco (valued at $79.5 million on February 22, 2010), which shares are convertible on a one-for-one basis for Royal Gold common stock. As discussed in Note 5, the Company funded $225 million of the cash consideration portion of the purchase price from its existing debt facilities. For the nine months ended March 31, 2010, the Company incurred approximately $8.6 million of transaction costs for financial advisory, legal, accounting, tax and consulting services as part of the IRC Transaction. The Company also incurred approximately $10.6 million in severance related payments

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as part of the termination of IRC's officers and certain employees upon acquisition of IRC. The transaction and severance payment costs are included in *Severance and acquisition-related costs* on our consolidated statements of operations and comprehensive income (loss) and were recognized separately from the purchase price for the IRC Transaction.

The Company followed the acquisition method of accounting in accordance with the new accounting standard related to business combinations, which the Company adopted on July 1, 2009 (see Note 1). The following table summarizes the preliminary estimated fair values of the assets acquired and liabilities assumed from IRC on February 22, 2010, based on the current best estimates and information received by management. The Company is in the process of finalizing its assessment of the fair value of the assets acquired and liabilities assumed. Royalty interests in mineral properties, deferred income taxes, and certain other tax matters were based on preliminary valuation data and estimates. Accordingly, the fair values of these assets and liabilities are subject to change.

	(in thousands)
Purchase price	$ 659,871
Current assets	83,851
Royalty interests in mineral properties	771,639
Other assets	14,304
Current liabilities	(10,839)
Senior secured debentures	(28,769)
Net deferred tax liabilities	(140,188)
Other liabilities	(9,422)
Non-controlling interest	(20,705)
Total allocated purchase price	$ 659,871

The non-controlling interest arising from the IRC Transaction was the result of IRC's indirect ownership of a 90% interest in the Labrador Nickel Royalty Limited Partnership ("LNRLP"), which owns 100% of the Voisey's Bay Net Smelter Return ("NSR") royalty. The owner of the remaining 10% interest in LNRLP is Altius Resources Inc. ("Altius"), a company unrelated to Royal Gold and IRC. Due to the legal structure of LNRLP and certain related factors, the Company determined that LNRLP should be fully consolidated. The fair value of the non-controlling interest was determined based on its proportionate share to the underlying assets and liabilities of the partnership.

The Company's consolidated financial statements include the results of the IRC Transaction from the date of acquisition. The following unaudited pro forma information is presented as if the IRC Transaction had been completed as of the beginning of the periods presented. The pro forma results are not necessarily indicative of what would have been achieved had the IRC Transaction been in effect for the periods presented.

	Three months ended March 31,		Nine months ended March 31,	
	2010	2009	2010	2009
	(in thousands)			
Royalty revenues	$ 37,924	$ 28,555	$112,051	$84,373
Net income (loss) attributable to Royal Gold stockholders	$(14,474)	$(10,319)	$ (2,204)	$22,790

For the period February 22, 2010, through March 31, 2010, approximately $2.1 million of royalty revenue was recorded on the Company's consolidated statements of operations and comprehensive income (loss)

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related to the IRC Transaction. Net loss attributable to Royal Gold stockholders included approximately $10.6 million in severance related payments related to the IRC Transaction.

3. ROYALTY ACQUISITIONS

Andacollo

As discussed in more detail in the Company's Fiscal 2009 10-K, on April 3, 2009, the Company entered into a definitive agreement ("Master Agreement") with a Chilean subsidiary of Teck Resources Limited ("Teck"), Compañía Minera Teck Carmen de Andacollo ("CDA"), to acquire an interest in the gold produced from the sulfide portion of the Andacollo project in Chile ("Andacollo Royalty"). On January 25, 2010, the Company completed its acquisition of the Andacollo Royalty for $217.9 million in cash and 1,204,136 shares of the Company's common stock.

The Andacollo Royalty equals 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. The mine, located about 34 miles southeast of the city of La Serena, Chile, produces copper from the oxide portion of the deposit and Teck is currently commissioning facilities to produce both copper and gold from the sulfide portion of the deposit. The Andacollo Royalty will not cover copper production.

The Andacollo Royalty acquisition has been accounted for as an asset acquisition. As such, the total purchase price of $273.0 million, which consisted of $217.9 million in cash, 1,204,136 shares of the Company's common stock (valued at $53.4 million) and approximately $1.7 million of transaction costs, is recorded as a development stage royalty, which is a component of *Royalty interests in mineral properties, net* on our consolidated balance sheets.

Acquisition of Barrick Royalty Portfolio

As discussed in further detail in the Company's Fiscal 2009 10-K, effective October 1, 2008, the Company completed an acquisition of royalties from Barrick Gold Corporation ("Barrick") for cash of approximately $181.3 million, including a restructuring of its GSR2, GSR3 and NVR1 royalties at Cortez, valued at $31.5 million, for net cash of approximately $150.0 million. As part of the royalty restructuring, the Company recognized a gain of $31.5 million during the fiscal quarter ended December 31, 2008. The transactions were completed pursuant to the Royalty Purchase and Sale Agreement dated July 30, 2008. The cash portion of the purchase price was paid from the Company's cash on hand.

The acquisition of Barrick's royalty portfolio has been accounted for as an asset acquisition using the purchase method of accounting. The total purchase price of $181.3 million, plus direct transaction costs of approximately $3.1 million, has been allocated to the acquired royalty interests according to their relative fair values and is recorded as separate components of *Royalty interests in mineral properties, net* on our consolidated balance sheets. The amounts allocated to the acquired royalty interests in mineral properties acquired from Barrick were preliminary as of June 30, 2009, and were subject to change upon completion of final valuations based upon receipt of updated reserve and other information expected to be received from certain operators.

During the quarter ended September 30, 2009, we finalized our purchase accounting for the Barrick royalty portfolio acquisition. As such, we allocated the total purchase price of $181.3 million, plus direct transaction costs of approximately $3.1 million, to the acquired royalty interests according to their relative

ROYAL GOLD, INC.
Notes to Consolidated Financial Statements
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fair market values. The operating impacts of the royalty interests acquired from Barrick have been reflected in the financial results of Royal Gold from October 1, 2008.

4. ROYALTY INTERESTS IN MINERAL PROPERTIES

The following summarizes the Company's royalty interests in mineral properties as of March 31, 2010 and June 30, 2009.

As of March 31, 2010 (Amounts in thousands):	**Cost**	**Accumulated Depletion**	**Net**
Production stage royalty interests:			
Voisey's Bay	$ 150,138	$ (304)	$ 149,834
Peñasquito [(1)]	99,172	(1,448)	97,724
Mulatos	48,092	(9,295)	38,797
Dolores	44,878	(2,069)	42,809
Taparko	33,570	(23,814)	9,756
Robinson	17,825	(7,304)	10,521
Goldstrike	20,788	(10,851)	9,937
Leeville	18,322	(10,203)	8,119
Siguiri	11,000	(7,878)	3,122
Cortez	10,630	(9,469)	1,161
Other	191,460	(25,477)	165,983
	645,875	(108,112)	537,763
Development stage royalty interests:			
Pascua-Lama	298,504	—	298,504
Andacollo	272,998	—	272,998
Canadian Malartic	35,500	—	35,500
Wolverine	39,794	—	39,794
Other	48,989	—	48,989
	695,785	—	695,785
Exploration stage royalty interests	233,936	—	233,936
Total royalty interests in mineral properties	$1,575,596	$ (108,112)	$1,467,484

Note: The cost amount shown for the royalties acquired as part of the IRC Transaction are preliminary. This includes Voisey's Bay, the additional interest at Pascua-Lama, Wolverine and certain royalties included within the Other category in the above table.

(1) Includes the value for the oxide and sulfide circuits.

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As of June 30, 2009 (Amounts in thousands):	Cost	Accumulated Depletion	Net
Production stage royalty interests:			
Dolores	$ 44,878	$ (607)	$ 44,271
Mulatos	34,214	(5,618)	28,596
Taparko	33,570	(10,709)	22,861
Goldstrike	20,788	(10,247)	10,541
Leeville	18,322	(8,246)	10,076
Robinson	17,825	(6,238)	11,587
Siguiri	10,946	(3,659)	7,287
Cortez	10,630	(9,192)	1,438
Peñasquito (oxide circuit)	4,026	(591)	3,435
Other	66,678	(18,437)	48,241
	261,877	(73,544)	188,333
Development stage royalty interests:			
Peñasquito (sulfide circuit)	95,146	—	95,146
Canadian Malartic	34,031	—	34,031
Pascua-Lama	20,446	—	20,446
Other	27,743	—	27,743
	177,366	—	177,366
Exploration stage royalty interests	90,267	—	90,267
Total royalty interests in mineral properties	$529,510	$ (73,544)	$455,966

5. DEBT

The Company’s current and non-current long-term debt as of March 31, 2010 and June 30, 2009 consists of the following:

	As of March 31, 2010 (Amounts in thousands)		As of June 30, 2009 (Amounts in thousands)	
	Current	Non-current	Current	Non-current
Credit facility	$ —	$ 125,000	$ —	$ —
Term loan	26,000	104,000	—	—
Chilean loan facility	—	—	—	19,250
Total debt	$26,000	$ 229,000	$ —	$ 19,250

Credit Facility

The Company maintains a $125 million revolving credit facility with HSBC Bank USA, National Association (“HSBC Bank”) and Scotiabanc Inc. as lenders. The credit facility has a maturity date of October 30, 2013. Borrowings under the credit facility bear interest at a floating rate of LIBOR plus a spread ranging from 1.75% to 2.25%, based on the Company’s leverage ratio, as defined in the credit facility agreement. As of March 31, 2010, the Company had $125 million outstanding under the credit facility, which was due to the partial funding of the IRC Transaction as discussed in Note 2.

Term Loan

In connection with the IRC Transaction described in Note 2, on January 20, 2010, we entered into an agreement to obtain a new $100 million term loan from HSBC Bank (the “Term Loan”) to partially fund our acquisition of IRC. The Term Loan was funded on February 17, 2010 in conjunction with the closing of the IRC Transaction. HSBC Securities (USA) Inc. acted as sole lead arranger for the Term Loan. The Term Loan was scheduled to mature 18 months from the funding date with principal repayments equal to 10% of the funded amount scheduled to occur every three months, beginning three months after funding, and with interest to accrue at LIBOR plus 2.25%. The Term Loan was guaranteed by three wholly-owned subsidiaries of Royal Gold (the "Guarantors"). The obligations under the Term Loan are secured by certain Canadian assets of Royal Gold that will be replaced with certain Chilean assets of Royal Gold.

On March 26, 2010, the Company amended the Term Loan with HSBC Bank and the Bank of Nova Scotia joined the Term Loan as a lender. The modifications to the Term Loan included, among other things: 1) an increase in the principal balance available under the Term Loan from $100 million to $130 million; 2) an extension of the final maturity date from 18 to 36 months from the initial funding date of February 17, 2010; 3) increases in the applicable LIBOR margin (currently set at 2.25%) by 0.50% every six months, commencing 18 months after the initial funding date until maturity; and 4) a reduction in the amortization rate from 10% of the initial funded amount per quarter to 5% of the fully funded principal amount per quarter. The additional Term Loan proceeds were used to redeem the 5.5% senior secured debentures assumed as part of the IRC Transaction.

The Term Loan contains covenants limiting the ability of Royal Gold and its subsidiaries to, among other things, incur certain debt or liens, dispose of assets, enter into certain transactions with affiliates, make certain investments or consummate certain mergers, as well as a cross default provision to certain other permitted debt and royalty contracts. In addition, the Term Loan contains financial covenants relating to, among other things: (1) maintaining a leverage ratio (as defined) of 3.0 to 1.0 or less, (2) maintaining a minimum consolidated net worth (as defined) of not less than a base amount that increases according to cumulative positive quarterly net income, (3) maintaining an interest coverage ratio (as defined) of greater than 3.0 to 1.0, and (4) maintaining a current ratio (as defined) for the periods ending March 31, 2010 and June 30, 2010 of at least 1.0 to 1.0, and for all times thereafter, of at least 1.5 to 1.0.

Chilean Loan Facility

Royal Gold Chile Limitada ("RGCL"), a wholly-owned subsidiary of Royal Gold, had a $19.25 million term loan outstanding bearing interest at LIBOR plus 0.25% pursuant to an Amended and Restated Term Loan Agreement (the "Amended and Restated Agreement") between RGCL and HSBC Bank. On September 23, 2009, RGCL prepaid the full $19.25 million outstanding, plus interest, under the Amended and Restated Agreement. In addition to prepaying all outstanding amounts, RGCL notified HSBC Bank of its intention to terminate the Amended and Restated Agreement. Termination of the Amended and Restated Agreement was effective September 24, 2009.

To secure RGCL's obligations under the Amended and Restated Agreement, the Company maintained $19.25 million in a Collateral Account at HSBC Bank. The Collateral Account balance was recorded as *Restricted cash — compensating balance* on the Company's consolidated balance sheets. Upon the full prepayment and termination of the Amended and Restated Agreement, the Collateral Account was closed and the $19.25 million was reclassified to *Cash and equivalents* on the Company's consolidated balance sheets.

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6. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense as follows:

	For The Three Months Ended (In thousands)		For The Nine Months Ended (In thousands)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Stock options	$ 344	$ 134	$ 604	$ 648
Stock appreciation rights	163	76	355	124
Restricted stock	460	450	1,690	1,351
Performance stock	1,582	14	2,987	102
Total stock-based compensation expense	$ 2,549	$ 674	$ 5,636	$ 2,225

Stock-based compensation expense is allocated among cost of operations, general and administrative, and exploration and business development in our consolidated statements of operations and comprehensive income (loss) as summarized below:

	For The Three Months Ended (In thousands)		For The Nine Months Ended (In thousands)	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Stock-based compensation expense allocation:				
Costs of operations	$ 564	$ 115	$ 1,223	$ 300
General and administrative	1,331	329	2,995	1,261
Exploration and business development	654	230	1,418	664
Total stock-based compensation expense	$ 2,549	$ 674	$ 5,636	$ 2,225

There were no stock options granted during the three months ended March 31, 2010 and 2009. For the nine months ended March 31, 2010 and 2009, 21,060 and 24,000 stock options, respectively, were granted at an exercise price of $53.00 and $30.96, respectively. As of March 31, 2010, there was $0.7 million of unrecognized compensation expense related to non-vested stock options, which is expected to be recognized over a weighted-average period of 1.93 years.

There were no stock settled stock appreciation rights (“SSARs”) granted during the three months ended March 31, 2010 and 2009. For the nine months ended March 31, 2010 and 2009, 51,640 and 50,500 SSARs, respectively, were granted at an exercise price of $53.00 and $30.96, respectively. As of March 31, 2010, there was $1.3 million of unrecognized compensation expense related to non-vested SSARs, which is expected to be recognized over a weighted-average period of 2.26 years.

There was no restricted stock granted during the three months ended March 31, 2010 and 2009. For the nine months ended March 31, 2010 and 2009, 60,000 and 96,500 shares of restricted stock, respectively, were granted at a grant date fair market value of $53.00 and $30.96, respectively. As of March 31, 2010 there was $6.3 million of unrecognized compensation expense related to non-vested restricted stock, which is expected to be recognized over a weighted-average period of 4.32 years.

There was no performance stock granted during the three months ended March 31, 2010 and 2009. For the nine months ended March 31, 2010 and 2009, 53,000 and 46,500 shares of performance stock,

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respectively, were granted at a grant date fair market value of $53.00 and $30.96, respectively. During the three months ended March 31, 2010 and 2009, 20,375 and 0 shares of performance stock, respectively, vested at a weighted average grant date fair market value of $30.02 and $0, respectively. During the nine months ended March 31, 2010 and 2009, 31,875 and 9,000 shares of performance stock, respectively, vested at a weighted average grant date fair market value of $29.93 and $28.78, respectively. As of March 31, 2010, there was $2.3 million of unrecognized compensation expense related to non-vested performance stock, which is expected to be recognized over a remaining estimated vesting period of 0.90 years.

7. EARNINGS PER SHARE ("EPS")

Basic earnings (loss) per common share were computed using the weighted average number of common stock outstanding during the period. Diluted earnings (loss) per share include the additional dilutive effect of our potentially dilutive securities, which include stock options, SSARs, restricted stock and performance stock. The dilutive effects of our potentially dilutive securities are calculated using the treasury stock method.

The following tables summarize the effects of dilutive securities on diluted EPS for the period:

	For the three months ended		For the nine months ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	(in thousands, except share data)			
Net income (loss) available to Royal Gold stockholders	$ (5,754)	$ 4,142	$ 10,987	$ 31,289
Weighted average shares for basic EPS	44,976,419	34,008,758	41,825,974	33,965,171
Effect of other dilutive securities	—	438,411	292,969	437,380
Weighted average shares for diluted EPS	44,976,419	34,447,169	42,118,943	34,402,551
Basic earnings (loss) per share	$ (0.13)	$ 0.12	$ 0.26	$ 0.92
Diluted earnings (loss) per share	$ (0.13)	$ 0.12	$ 0.26	$ 0.91

For the three months ended March 31, 2010, approximately 800,000 stock-based compensation awards were excluded from the computation of diluted EPS as the result would be anti-dilutive.

Our calculation of weighted average shares includes all of our outstanding stock: common stock and exchangeable shares. Exchangeable shares are the equivalent of common shares in that they have the same dividend rights and share equitably in undistributed earnings and are exchangeable on a one-for-one basis for shares of our common stock. See Note 9 for the further discussion of the features of the exchangeable shares.

8. STOCKHOLDERS' EQUITY

Exchangeable Shares

In connection with the IRC Transaction discussed in Note 2, certain holders of IRC common stock received exchangeable shares of RG Exchangeco for each share of common stock held. The exchangeable shares are convertible, at the option of the holder, into shares of Royal Gold common stock on a one-for-one basis, and entitle holders to dividends and other rights economically equivalent to

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holders of Royal Gold common stock. As of March 31, 2010, the value of these no-par shares was included in *Additional paid-in capital* on the Company's consolidated balance sheet.

9. INCOME TAXES

	Three Months Ended March 31, (In thousands)		Nine Months Ended March 31, (In thousands)	
	2010	**2009**	**2010**	**2009**
Income tax expense	$2,742	$2,534	$10,606	$17,660
Effective tax rate	(125%)	31.9%	42.2%	34.8%

The significant income tax returns filed by the Company are the U.S. federal income tax return, which has a three year statute of limitations, Colorado state income tax return, which has a four year statute of limitations and Canadian tax returns, which have a seven year statute of limitations. The U.S. federal return for tax years ended on or after June 30, 2007, and the Colorado state return for tax years ended on or after June 30, 2006, are subject to examination by the relevant taxing authority.

As a result of the IRC Transaction on February 22, 2010, the Company recorded a liability for unrecognized tax benefits of approximately $8.4 million. As of March 31, 2010, the Company's total unrecognized tax benefits were $9.9 million for uncertain tax positions. The liability for unrecognized tax benefits is reflected within *Other long-term liabilities* on the Company's consolidated balance sheets.

Interest and penalties associated with the liability for unrecognized tax benefits is approximately $0.2 million at March 31, 2010, and is included in *Other long-term liabilities* on the Company's consolidated balance sheets.

10. SEGMENT INFORMATION

We manage our business under one operating segment, consisting of royalty acquisition and management activities. All of our assets and revenues are attributable to the royalty operating segment.

Royal Gold's royalty revenue and long-lived assets (royalty interests in mineral properties, net) are geographically distributed as shown in the following table.

	Royalty Revenue				Royalty Interests in Mineral Properties, net	
	Three Months Ended March 31,		Nine Months Ended March 31,		As of March 31,	As of June 30,
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
United States	43%	46%	45%	59%	5%	13%
Mexico	16%	14%	15%	13%	14%	45%
Canada	3%	1%	2%	1%	26%	19%
Chile	2%	—	2%	—	41%	6%
Africa (1)	29%	34%	29%	20%	3%	8%
Other	7%	5%	7%	7%	11%	9%

(1) Consists of royalties on properties in Burkina Faso and Guinea.

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11. FAIR VALUE MEASUREMENTS

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1: Quoted prices for identical instruments in active markets;

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets; and

Level 3: Prices or valuation techniques requiring inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth the Company's financial assets measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. The Company's financial liabilities are not within the scope of FASB ASC 820.

	Fair Value at March 31, 2010 (In thousands)			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Money market investments	$ 1,084	$ 1,084	$ —	$ —
	$ 1,084	$ 1,084	$ —	$ —

The Company invests in money market funds, which are traded by dealers or brokers in active over-the-counter markets. The Company's money market funds, which are invested in United States treasury bills or United States treasury backed securities, are classified within Level 1 of the fair value hierarchy.

As of March 31, 2010, the Company also had assets that, under certain conditions, are subject to measurement at fair value on a non-recurring basis like those associated with royalty interests in mineral properties, intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition are applicable if any of these assets are determined to be impaired; however, no triggering events have occurred relative to any of these assets during the nine months ended March 31, 2010. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

12. COMMITMENTS AND CONTINGENCIES

Voisey's Bay

On February 22, 2010, as part of the IRC Transaction discussed in Note 2, we acquired a royalty on the Voisey's Bay Mine in Newfoundland and Labrador owned by Vale Inco Newfoundland & Labrador Limited ("VINL"). The royalty is owned by the LNRLP, in which the Company's wholly-owned indirect subsidiary Canadian Minerals Partnership is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius (10%), a company unrelated to Royal Gold and IRC, and the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation (0.01%).

On October 16, 2009, LNRLP filed a claim in the Supreme Court of Newfoundland and Labrador Trial Division against Vale Inco Limited ("Vale Inco") and its wholly owned subsidiaries, Vale Inco Atlantic Sales Limited ("VIASL") and VINL, related to calculation of the NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay Mine to Vale Inco. The claim asserts that Vale Inco is incorrectly calculating the NSR. The claim requests specific damages for underpayment of past royalties and an order in respect of the correct calculation of future payments. Vale Inco, VIASL and VINL responded with a Statement of Defense dated December 22, 2009. The litigation is in the discovery phase and was not measured as part of the purchase price allocation discussed in Note 2.

Holt

On October 1, 2008, as part of the Company's acquisition of a portfolio of royalties from Barrick, we acquired a royalty on the Holt portion of the development stage Holloway-Holt mining project in Ontario, Canada, owned by St Andrew Goldfields Ltd. ("St Andrew"). St Andrew succeeded Newmont Canada Corporation ("Newmont Canada") as owner of the Holloway-Holt mining project in November 2006. By virtue of the Company's acquisition of Barrick's royalty portfolio, RGLD Gold Canada, Inc. ("RGLD Gold") succeeded Barrick as the royalty payee under the royalty agreement.

On or about November 3, 2008, St Andrew filed an action in the Ontario Superior Court of Justice (the "Court") seeking, among other things, declarations by the Court that St Andrew's obligation in respect of the royalty is limited to only a portion of the total royalty payable, and that any additional royalty obligations under the royalty agreement remain the responsibility of Newmont Canada. Newmont Canada responded that St Andrew is responsible for all royalty obligations under the royalty agreement.

Royal Gold and RGLD Gold (collectively "Royal Gold") and Barrick were joined as necessary parties to the litigation in January 2009. Trial concerning calculation of the royalty and the party or parties responsible for paying it was held from January 30, 2009 to February 12, 2009. On July 23, 2009, the Court held that Royal Gold is entitled to payment from Newmont Canada of the full amount of the sliding-scale NSR royalty on gold produced from the Holt mine. The Court also held that St Andrew's sole obligation is to reimburse Newmont Canada for payment of the royalty up to a flat rate of 0.013% of the net smelter returns for gold, silver and other metals. On August 21, 2009, Newmont Canada appealed the Court's decision to the Court of Appeal of Ontario and on December 9, 2009, made Royal Gold a party to the appeal.

The Holt royalty is currently classified as a development stage royalty interest and the Company does not currently receive revenue from the royalty.

13. RELATED PARTY

Crescent Valley Partners, L.P. ("CVP") was formed as a limited partnership in April 1992. It owns a 1.25% net value royalty ("NVR1") on production of minerals from a portion of Cortez. Denver Mining Finance Company ("DMFC"), our wholly-owned subsidiary, is the general partner and holds a 2.0% interest in CVP. In addition, Royal Gold holds a 29.6% limited partner interest in the partnership, while our Chairman of the Board of Directors, the Chairman of our Audit Committee and one other member of our board of directors hold an aggregate 35.56% limited partner interest. The general partner performs administrative services for CVP in receiving and processing the royalty payments from the operator,

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including the disbursement of royalty payments and record keeping for in-kind distributions to the limited partners, which includes certain directors and our Chairman.

CVP receives its royalty from the Cortez Joint Venture in-kind. The Company, as well as certain other limited partners, sell their pro-rata shares of such gold immediately and receive distributions in cash, while CVP holds gold for certain other limited partners. Such gold inventories, which totaled 22,725 and 24,977 ounces of gold as of March 31, 2010 and June 30, 2009, respectively, are held by a third party refinery in Utah for the account of the limited partners of CVP. The inventories are carried at historical cost and are classified as *Inventory — restricted* on the consolidated balance sheets. The carrying value of the gold in inventory was approximately $10.5 million and $10.6 million as of March 31, 2010 and June 30, 2009, respectively, while the fair value of such ounces was approximately $25.3 million and $23.3 million as of March 31, 2010 and June 30, 2009, respectively. None of the gold currently held in inventory as of March 31, 2010 and June 30, 2009, is attributed to Royal Gold, as the gold allocated to Royal Gold's CVP partnership interest is typically sold within five days of receipt.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist you in better understanding and evaluating our financial condition and results of operations. We recommend that you read this MD&A in conjunction with our consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended June 30, 2009 filed with the Securities and Exchange Commission (the "SEC") on August 21, 2009 (the "Fiscal 2009 10-K").

This MD&A contains forward-looking information. You should review our important note about forward-looking statements following this MD&A.

We refer to "GSR," "NSR," and other types of royalty interests throughout this MD&A. These terms are defined in our Fiscal 2009 10-K.

Overview

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. We seek to acquire existing royalties or to finance projects that are in production or in development stage in exchange for royalty interests. We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalties through the financing of mine development or exploration, or to acquire companies that hold royalties. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest, participation in preliminary discussions and involvement as a bidder in competitive auctions.

The Company owns royalties on 33 producing properties, 23 development stage properties and 136 exploration stage properties, of which the Company considers 41 to be evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs, exploration costs, environment costs or other mining costs on the properties in which we hold royalty interests. During the quarter ended March 31, 2010, we focused on the management of our existing royalty interests, the acquisition of royalty interests, the acquisition and integration of International Royalty Corporation ("IRC"), and the creation of royalty interests through financing and strategic exploration alliances.

Our financial results are primarily tied to the prices of gold, silver, copper and other metals, as well as production from our producing royalty interests. Royalty revenue for the quarter ended March 31, 2010 was $35.0 million (which includes $0.7 million of non-controlling interests), compared to $20.8 million (which includes $0.3 million of non-controlling interests) for the quarter ended March 31, 2009. For the quarters ended March 31, 2010 and 2009, the price of gold averaged $1,109 and $908 per ounce, respectively, the price of silver averaged $16.93 and $12.60 per ounce, respectively, and the price of copper averaged $3.30 and $1.56 per pound, respectively. For the three months ended March 31, 2010, Royal Gold derived 81% of its total royalty revenue from gold royalties, 3% of its total royalty revenue from silver royalties, 10% of its total royalty revenue from copper royalties and 6% of its total royalty revenue from other metal and energy royalties, compared to 89% of its total royalty revenue from gold royalties, 3% of its total royalty revenue from silver royalties, 7% of its total royalty revenue from copper royalties, and 1% of its total royalty revenue from other metal royalties for the three months ended March 31, 2009.

Principal Royalties

Our principal producing royalty interests are shown in the following table. The Company considers both historical and future potential revenues in determining which royalties in our portfolio are principal to our business. Estimated future potential royalty revenues from both producing and development properties are based on a number of factors, including reserves subject to our royalty interests, production estimates, feasibility studies, metal price assumptions, mine life, legal status and other factors and assumptions, any of which could change and could cause Royal Gold to conclude that one or more of such royalties is no longer principal to our business.

Please refer to our Fiscal 2009 10-K for further discussion of our principal producing royalty interests.

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Cortez	Nevada, USA	Barrick Gold Corporation ("Barrick")	GSR1: 0.40% to 5.0% sliding-scale GSR GSR2: 0.40% to 5.0% sliding-scale GSR GSR3: 0.71% GSR NVR1: 0.39% NVR
Robinson	Nevada, USA	Quadra Mining Ltd. ("Quadra")	3.0% NSR (copper, gold, silver, molybdenum)
Leeville	Nevada, USA	Newmont Mining Corporation ("Newmont")	1.8% NSR
Goldstrike	Nevada, USA	Barrick	0.9% NSR
Peñasquito (1)	Zacatecas, Mexico	Goldcorp Inc. ("Goldcorp")	2.0% NSR (gold, silver, lead, zinc)
Mulatos (2)	Sonora, Mexico	Alamos Gold, Inc. ("Alamos")	1.0% to 5.0% sliding-scale NSR
Voisey's Bay (3)	Newfoundland and Labrador, Canada	Vale Inco Ltd. ("Vale")	2.7% NSR (nickel, copper, cobalt)
Taparko (4)	Burkina Faso, West Africa	High River Gold Mines Ltd. ("High River")	15% GSR (TB-GSR1) and a 0% to 10% sliding-scale GSR (TB-GSR2)
Siguiri (5)	Guinea, West Africa	AngloGold Ashanti ("Anglogold")	0.0% to 1.875% sliding-scale NSR
Dolores	Chihuahua, Mexico	Minefinders Corporation, Ltd. ("Minefinders")	3.25% NSR; 2.0% NSR (silver)

(1) The Peñasquito project consists of oxide and sulfide portions. The sulfide portion began production during the fourth quarter of calendar 2009.

(2) The Mulatos royalty is capped at 2.0 million gold ounces of production. Approximately 548,000 cumulative ounces of gold have been produced as of March 31, 2010.

(3) Royalty acquired as part of the IRC Transaction. Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the IRC Transaction.

(4) TB-GSR1 will remain in effect until cumulative production of 804,420 ounces of gold is achieved or until cumulative payments of $35 million have been made to Royal Gold, whichever occurs first. TB-GSR2 will remain in effect until the termination of TB-GSR1. As of March 31, 2010, we have recognized approximately $24.9 million in royalty revenue associated with TB-GSR1, which is attributable to cumulative production of approximately 171,000 ounces of gold. Refer to "Recent Developments, Property Developments" below within this MD&A for a further discussion on developments at Taparko.

(5) The Siguiri royalty is subject to a dollar cap of approximately $12.0 million. As of March 31, 2010, approximately $3.4 million remains under the cap.

Our principal development royalties are shown in the following table and are not yet in production. Please refer to our Fiscal 2009 10-K for further discussion of our principal development stage royalty interests.

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Andacollo [1]	Region IV, Chile	Compañia Minera Teck Carmen de Andacollo ("CDA")	75% NSR
Pascua-Lama [2]	Region III, Chile	Barrick	0.63% to 4.23% sliding-scale NSR 0.85% fixed rate royalty (copper)
Canadian Malartic [3]	Quebec, Canada	Osisko Mining Corporation ("Osisko")	2.0% to 3.0% sliding-scale NSR
Holt [4]	Ontario, Canada	St Andrew Goldfields Ltd. ("St Andrew")	0.00013 x quarterly average gold price NSR
Wolverine [5]	Yukon Territory, Canada	Yukon Zinc	3.78% to 9.45% sliding-scale NSR (gold and silver)

(1) On January 25, 2010, the Company acquired a production interest in the gold produced from the sulfide portion of the Andacollo copper and gold project in Chile ("Andacollo Royalty"). The Andacollo Royalty entitles the Company to receive 75% of the gold produced from the sulfide portion of the deposit at the Andacollo project until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable gold ounces. Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the Andacollo Royalty acquisition.

(2) The Company acquired an additional 0.47% to 3.15% gold sliding-scale NSR royalty interest and a 0.63% fixed rate copper royalty as part of the IRC Transaction. Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the IRC Transaction. Prior to the IRC Transaction, the Company's gold royalty at Pascua-Lama was a 0.16% to 1.08% sliding-scale NSR royalty and a 0.22% fixed rate copper royalty.

(3) The Canadian Malartic royalty is subject to a buy down right, which if exercised by Osisko would lower the sliding-scale NSR royalty to 1.0% to 1.5%.

(4) Refer to "Recent Developments, Property Developments" as discussed below within this MD&A for a further discussion on recent developments at Holt.

(5) Royalty acquired as part of the IRC Transaction. Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the IRC Transaction.

Operators’ Production Estimates by Royalty for Calendar 2010

We received annual production estimates from the operators of our producing mines during the first calendar quarter of 2010. The following table shows such production estimates for our principal producing properties for calendar 2010 as well as the actual production reported to us by the various operators through March 31, 2010. 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.

Operators’ Production Estimate by Royalty for Calendar 2010 and Reported Production
Principal Producing Properties
For the period January 1, 2010 through March 31, 2010

	Calendar 2010 Operator’s Production Estimate (1)			Reported Production through March 31, 2010 (2)		
Royalty	**Gold (oz.)**	**Silver (oz.)**	**Base Metals (lbs.)**	**Gold (oz.)**	**Silver (oz.)**	**Base Metals (lbs.)**
Cortez GSR1	241,000	—	—	98,556	—	—
Cortez GSR2	—	—	—	588	—	—
Cortez GSR3	241,000	—	—	99,144	—	—
Cortez NVR1	188,000	—	—	94,218	—	—
Robinson	80,000	—		23,978	—	
Copper			135 million			28.0 million
Leeville	429,000	—	—	117,722	—	—
Goldstrike	465,000	—	—	99,740	—	—
Peñasquito	180,000	13.4 million		25,254	1.7 million	
Lead			107 million			11.1 million
Zinc			135 million			14.4 million
Mulatos	160,000	—	—	41,600	—	—
Dolores (3)	95,000	2.5 million	—	19,684	0.3 million	—
Andacollo (4)	26,000			—	—	—
Voisey’s Bay (5)						
Copper			N/A			1.3 million
Nickel			N/A			3.2 million
Taparko	137,000	—	—	28,795	—	—
Siguiri (6)	300,000	—	—	72,811	—	—

(1) 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 2009 10-K for information regarding factors that could affect actual results.

(2) Reported production relates to the amount of metal sales, subject to our royalty interests, for the period January 1, 2010 through March 31, 2010, as reported to us by the operators of the mines.

(3) Minefinders estimates that calendar 2010 production for gold will be between 91,000 ounces and 100,500 ounces of gold and silver production is estimated between 2.3 million ounces and 2.6 million ounces of silver.

(4) The operator estimates that the mine will produce on average approximately 55,000 ounces of gold in concentrate annually for the first ten years of commercial production. The production estimate shown represents the expected ramp-up of production, beginning April 2010, to commercial production, which is expected by the third quarter of calendar 2010.

(5) The Company has not yet received calendar 2010 production guidance from the operator. The reported production shown through March 31, 2010, was estimated by the Company based on previous information received from the operator.

(6) The operator estimates that calendar 2010 production for gold will be between 295,000 ounces and 308,000 ounces of gold. As of March 31, 2010, and due to the dollar cap on the Siguiri royalty, the Company estimates that, based on current gold prices, approximately 178,000 ounces of production remains before the dollar cap is reached.

Recent Developments

Business Developments

Acquisition of International Royalty Corporation

On February 22, 2010 Royal Gold and IRC consummated their previously announced Plan of Arrangement (the “Plan of Arrangement”), whereby Royal Gold, through RG Exchangeco Inc. (formerly known as 7296355 Canada Ltd.), a wholly-owned Canadian subsidiary of Royal Gold (“RG Exchangeco”), acquired all of the issued and outstanding common shares of IRC. Pursuant to the Plan of Arrangement, IRC shareholders received, in the aggregate: (i) cash consideration of approximately $350 million, (ii) 5,234,086 common shares of Royal Gold, and (iii) 1,806,649 exchangeable shares of RG Exchangeco (the “Exchangeable Shares”), which Exchangeable Shares are convertible on a one-for-one basis for common shares of Royal Gold.

Due to the pro-rationing mechanism in the Plan of Arrangement, IRC shareholders who elected all cash consideration received C$4.20 of their consideration in cash (or the US$ equivalent thereof based on the Bank of Canada noon spot rate of $1.0420, as of February 19, 2010, if they elected to receive their cash consideration denominated in US$) and 0.0593 Royal Gold Shares or Exchangeable Shares for each IRC common share properly submitted. IRC shareholders who elected all share consideration received 0.1385 Royal Gold Shares or Exchangeable Shares per IRC common share. Holders who elected or were deemed to have elected a combination of cash and shares have received their proportionate cash and share consideration as pro-rated under the Plan of Arrangement.

IRC is a global royalty company whose royalty portfolio included 11 producing royalties, 10 development stage royalties, 24 evaluation stage royalties and 35 exploration stage royalties as of February 22, 2010. The IRC Transaction further complements and expands our royalty portfolio. The producing royalties acquired from IRC generated royalty revenue of approximately $2.1 million from the completion of the acquisition on February 22, 2010 through March 31, 2010. The key royalty assets acquired from IRC include the following properties/royalties:

Pascua-Lama — A 0.47% to 3.15% sliding-scale NSR royalty on the Chilean portion of the Pascua-Lama project which is operated by Barrick. The Pascua-Lama project is currently under construction and is classified as a development stage royalty interest on the Company’s consolidated balance sheets. Barrick has estimated commissioning in late calendar 2012 and production in early calendar 2013. Prior to the acquisition of IRC, the Company’s gold royalty at Pascua-Lama was a 0.16% to 1.08% sliding-scale NSR royalty and a 0.22% fixed rate copper royalty;

Voisey’s Bay — A 3.0% NSR royalty on the Voisey’s Bay nickel-copper-cobalt mine located in Newfoundland and Labrador, Canada and operated by Vale. The Company owns 90% of the 3.0% NSR (or 2.7%) while a non-controlling interest owns the remaining portion of the 3.0% NSR. The Voisey’s Bay royalty is currently in production and is classified as a production stage royalty interest on the Company’s consolidated balance sheets. The Company recognized approximately $0.6 (which includes $0.1 million of non-controlling interests) million in royalty revenue from the Voisey’s Bay royalty since the acquisition of IRC through March 31, 2010;

Inata — A 2.5% GSR royalty on the Inata gold mine located in northern Burkina Faso, West Africa and operated by a subsidiary of Avocet Mining PLC. Production at Inata began during the fourth quarter of calendar 2009 and is classified as a production stage royalty interest on the Company’s consolidated balance sheets. The Company recognized approximately $0.5 million in royalty revenue from the Inata royalty since the acquisition of IRC through March 31, 2010;

Las Cruces — A 1.5% NSR royalty on the Las Cruces copper project located in Andalusia, Spain and operated by Inmet Mining. The Las Cruces mine is currently in production and is classified as a production stage royalty interest on the Company's consolidated balance sheets. The Company recognized approximately $0.2 million in royalty revenue from the Las Cruces royalty since the acquisition of IRC through March 31, 2010;

Western Australia — A 1.5% NSR royalty on gold produced from approximately three million acres in Western Australia. The primary producing operations covered by the 1.5% NSR royalty are Southern Cross (production stage), Gwalia Deeps (production stage) and South Laverton (production stage). The Company recognized approximately $0.6 million in royalty revenue from the producing Western Australian royalties since the acquisition of IRC through March 31, 2010; and

Wolverine — A 3.78% to 9.45% sliding-scale NSR royalty on all gold and silver production from the Wolverine sulfide project located in Yukon Territory, Canada, and operated by Yukon Zinc. The Wolverine royalty is classified as a development stage royalty on the Company's consolidated balance sheets.

Please refer to Note 2 of the notes to consolidated financial statements for further discussion on the IRC Transaction.

Acquisition of Andacollo Royalty

On April 3, 2009, the Company entered into a definitive agreement ("Master Agreement") with a Chilean subsidiary of Teck Resources Limited ("Teck"), Compañía Minera Teck Carmen de Andacollo ("CDA"), to acquire an interest in the gold produced from the sulfide portion of the Andacollo project in Chile. The purchase price for the Andacollo Royalty consisted of $217.9 million in cash and 1,204,136 of the Company's common shares. On January 25, 2010, the Company completed its acquisition of the Andacollo Royalty.

The Andacollo Royalty equals 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. The mine, located about 34 miles southeast of the city of La Serena, Chile, produces copper from the oxide portion of the deposit and Teck is currently commissioning facilities to produce both copper and gold from the sulfide portion of the deposit. The Andacollo Royalty will not cover copper production.

Proven and probable reserves, as estimated by the operator as of December 31, 2009, for the sulfide portion are 396.6 million tonnes (437.2 million tons) with a grade of 0.42% copper and 0.13 g/t (0.004 ozs/ton) gold. This equates to 1.6 million contained ounces of gold. Reserves were estimated using a copper price of $1.60 per pound and a gold price of $500 per ounce. Gold will be produced as a by-product of copper production, with a gold recovery rate estimated by the operator to be approximately 61%.

Once the mine is in full production, the operator expects the mill to have a capacity of 55,000 tonnes (60,630 tons) per day. The operator estimates that the mine will produce on average approximately 55,000 ounces of gold and 80,000 tonnes (88,185 tons) of copper in concentrate annually for the first ten years of commercial production, with an estimated mine life of 20 years. Ore has been introduced to the mill and shipment of copper concentrate is expected to commence in early May 2010. Full commercial production is expected to be reached in the third quarter of calendar 2010.

Please also see Part I, Item 1A, Risk Factors — *Additional risks that Royal Gold may face as a result of the Teck Transaction are set forth below*, in our Fiscal 2009 10-K for further discussion on potential risks associated with the acquisition of the Andacollo Royalty.

Property Developments

Cortez

Royalty revenue at Cortez for the three months ended March 31, 2010, was significantly above the operator's plan as the sequencing of ore within the Pipeline complex covered by our royalty interests was favorable. As the focus of production shifts to Cortez Hills, the production related to our royalty interests will decline. Barrick received a favorable court ruling in April 2010 allowing them to continue mining at Cortez Hills as planned. With this operating plan, management expects approximately 240,000 ounces of gold to be produced from the Company's royalty interest during calendar 2010 compared to approximately 362,000 ounces of gold produced in calendar 2009.

Taparko

The Taparko mine commenced gold production in August 2007 and has contributed approximately $40.8 million in royalty revenue (from TB-GSR1 and TB-GSR2) since production commenced. Gold sales at Taparko for the three months ended March 31, 2010, and March 31, 2009 were approximately 28,795 ounces and 22,963 ounces, respectively. The increase in gold sales during the period was attributable to improved mill throughput, mill availability, grade, and recoveries. Management estimates that, based on Taparko's last two quarters of production and its calendar 2010 production guidance, the $35 million cap associated with TB-GSR1 could be met by the fourth quarter of calendar 2010. Upon achieving the $35 million cap, the TB-GSR1 and TB-GSR2 royalties will terminate and the 2.0% GSR royalty (TB-GSR3) will become effective. The TB-GSR3 royalty covers all gold produced from the Taparko mine.

Somita SA ("Somita"), a 90% owned subsidiary of High River and the operator of Taparko, is in breach of certain obligations under the Amended and Restated Funding Agreement dated February 22, 2006 (the "Funding Agreement") between Royal Gold, Inc. and Somita. Royal Gold has invested $35 million for the development of the Taparko mine under the Funding Agreement. As security for the Company's investment in Somita, two of High River's subsidiaries have pledged their equity interests in Somita and High River (West Africa) Ltd., the corporate parent of Somita. This pledge will remain in effect until certain production and performance standards have been attained at the Taparko mine, sufficient to satisfy the Completion Test, as defined in the Funding Agreement. High River has notified the Company that Somita is attempting to satisfy the Completion Test. The Completion Test commenced on December 1, 2009, and continued for 90 days. The results of the Completion Test have been reported to the Company and are currently under review by management. If management determines that Somita has satisfied the requirements of the Completion Test, the pledge of the equity interests in Somita and its corporate parent (High River (West Africa) Ltd.) will terminate and this security will be released.

In addition, Royal Gold obtained as collateral a pledge of shares of certain equity investments in public companies held by High River. The market value of the pledged shares, based on March 31, 2010 closing price, is approximately $61.2 million.. The Company's carrying value of its royalty interests at Taparko was approximately $11.2 million as of March 31, 2010. The pledge of High River's equity investments will remain in effect until the satisfaction of certain requirements as provided in the construction contract between Somita and its construction contractor, so long as there are no outstanding claims by the Company against the pledged securities.

Royal Gold has not agreed to forbear pursuing any of its remedies under the Funding Agreement or other agreements with High River and its affiliates.

Peñasquito

As of March 31, 2010, royalty revenue at Peñasquito reflects combined oxide and sulfide production of gold, silver, lead and zinc. Lead and zinc concentrates are produced from the sulfide circuit. During the project's inaugural ceremony on March 23, 2010, Goldcorp reported that ramp up of the first sulfide processing line is likely to reach designed production levels of 50,000 tonnes (55,115 tons) per day during the third calendar quarter of 2010, and that productivity during March 2010 was approximately 46,000 tonnes (50,705 tons) per day. Goldcorp expects an additional 50,000 tonnes (55,115 tons) per day to be produced from the second sulfide line sometime during the fourth quarter of calendar 2010.

Voisey's Bay

As part of the IRC Transaction, the Company acquired an effective 2.7% NSR royalty on the Voisey's Bay property, which is operated by Vale and located in Newfoundland and Labrador, Canada. Monthly production capacity at Voisey's Bay is approximately 7.0 million pounds of nickel and 5.6 million pounds of copper. Since August 1, 2009, about 200 workers at Voisey's Bay have been on strike. On March 12, 2010, Vale reported that it had resumed production from the Voisey's Bay Ovoid mine and mill, which supplies nickel concentrate to Vale's operations at Thompson and Sudbury and copper concentrates to clients in Europe. The Voisey's Bay site is reported to be operating two weeks on, two weeks off, producing 3.5 million pounds of nickel and 2.8 million pounds of copper per month.

Robinson

Quadra reported that full access has been re-established into the Veteran pit, additional flotation cells are fully operational and concentrate contracts allow for more flexibility with respect to concentrate grades. Although the complex nature of the Veteran pit ore is likely to introduce monthly variability, Quadra expects Robinson to finish calendar 2010 at its annual production guidance of approximately 135 million pounds of copper and approximately 80,000 ounces of gold.

Mulatos

In March 2010, Alamos announced a 17% increase in proven and probable reserves at Mulatos and plans to increase crusher throughput by up to 20% by the fourth quarter of calendar 2010. A closed circuit crushing system was installed recently which is also expected to improve recovery.

Holt

On October 1, 2008, as part of the Company's acquisition of a portfolio of royalties from Barrick, we acquired a royalty on the Holt portion of the development stage Holloway-Holt mining project in Ontario, Canada, owned by St Andrew. St Andrew succeeded Newmont Canada Corporation ("Newmont Canada") as owner of the Holloway-Holt mining project in November 2006. By virtue of the Company's acquisition of Barrick's royalty portfolio, RGLD Gold Canada, Inc. ("RGLD Gold") succeeded Barrick as the royalty payee under the royalty agreement.

On or about November 3, 2008, St Andrew filed an action in the Ontario Superior Court of Justice (the "Court") seeking, among other things, declarations by the Court that St Andrew's obligation in respect of the royalty is limited to only a portion of the total royalty payable, and that any additional royalty obligations under the royalty agreement remain the responsibility of Newmont Canada. Newmont Canada responded that St Andrew is responsible for all royalty obligations under the royalty agreement.

Royal Gold and RGLD Gold (collectively "Royal Gold") and Barrick were joined as necessary parties to the litigation in January 2009. Trial concerning calculation of the royalty and the party or parties responsible for paying it was held from January 30, 2009 to February 12, 2009. On July 23, 2009, the Court held that Royal Gold is entitled to payment from Newmont Canada of the full amount of the sliding-scale NSR royalty on gold produced from the Holt mine. The Court also held that St Andrew's sole obligation is to reimburse Newmont Canada for payment of the royalty up to a flat rate of 0.013% of the net smelter returns for gold, silver and other metals. On August 21, 2009, Newmont Canada appealed the Court's decision to the Court of Appeal of Ontario and on December 9, 2009, made Royal Gold a party to the appeal.

The Holt royalty is classified as a development stage royalty interest and the Company does not currently receive revenue from the royalty.

Canadian Malartic

Osisko reported that the Canadian Malartic gold project is advancing well and estimates that the project will be fully operational during the second quarter of calendar 2011, with average annual gold production of 630,000 ounces. The Canadian Malartic royalty is classified as a development stage royalty interest and the Company does not currently receive revenue from the royalty.

Results of Operations

Quarter Ended March 31, 2010, Compared to Quarter Ended March 31, 2009

For the quarter ended March 31, 2010, we recorded a net loss attributable to Royal Gold stockholders of $5.8 million, or ($0.13) per basic and diluted share, as compared to net income attributable to Royal Gold stockholders of $4.1 million, or $0.12 per basic share and diluted share, for the quarter ended March 31, 2009. The decrease in our earnings per share during the period was due to one-time IRC severance and acquisition related costs of approximately $16.9 million and a tax charge of approximately $2.0 million associated with the Company's intention to make a United States tax election to step-up the basis of IRC assets. The effect of these one-time costs during the quarter ended March 31, 2010, was $0.33 per basic share, after taxes.

For the quarter ended March 31, 2010, we recognized total royalty revenue of $35.0 million (which includes $0.7 million of non-controlling interests), at an average gold price of $1,109 per ounce and an average copper price of $3.30 per pound, compared to royalty revenue of $20.8 million (which includes $0.3 million of non-controlling interests), at an average gold price of $908 per ounce and an average copper price of $1.56 per pound for the quarter ended March 31, 2009. Royalty revenue and the corresponding production, attributable to our royalty interests, for the quarter ended March 31, 2010 compared to the quarter ended March 31, 2009 is as follows:

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Royalty Revenue and Production Subject to Our Royalty Interests
Quarter Ended March 31, 2010 and 2009
(In thousands, except reported production ozs. and lbs.)

Royalty	Metal(s)	Three Months Ended March 31, 2010 Royalty Revenue	Three Months Ended March 31, 2010 Reported Production [1]	Three Months Ended March 31, 2009 Royalty Revenue	Three Months Ended March 31, 2009 Reported Production [1]
Taparko [2]	Gold	$ 7,984	28,795 oz.	$ 5,091	22,963 oz.
Cortez	Gold	$ 7,233	99,144 oz.	$ 3,758	63,956 oz.
Robinson		$ 3,403		$ 1,849	
	Gold		23,978 oz.		30,257 oz.
	Copper		28.0 million lbs.		34.5 million lbs.
Leeville	Gold	$ 2,354	117,722 oz.	$ 1,731	106,767 oz.
Mulatos	Gold	$ 2,307	41,600 oz.	$ 1,875	41,871 oz.
Peñasquito [2]		$ 1,839		$ 361	
	Gold		25,254 oz.		12,027 oz.
	Silver		1.7 million oz.		608,416 oz.
	Lead		11.1 million lbs.		N/A
	Zinc		14.4 million lbs.		N/A
Siguiri	Gold	$ 1,514	72,811 oz.	$ 1,292	79,836 oz.
Goldstrike	Gold	$ 1,086	99,740 oz.	$ 1,114	136,733 oz.
Dolores		$ 1,050		$ 161	
	Gold		19,684 oz.		14,169 oz.
	Silver		0.3 million oz.		N/A
Voisey's Bay [3]		$ 600		N/A	
	Nickel		3.2 million lbs.		N/A
	Copper		1.3 million lbs.		N/A
Other [4]	Various	$ 5,673	N/A	$ 3,565	N/A
Total Royalty Revenue		**$ 35,043**		**$ 20,797**	

(1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the three months ended March 31, 2010 and March 31, 2009, as reported to us by the operators of the mines.

(2) Refer to "Recent Developments, Property Developments" earlier within this MD&A for further discussion of recent developments at the property.

(3) Royalty acquired as part of the IRC Transaction. Refer to "Recent Developments, Business Developments" for further discussion on the IRC Transaction and "Recent Developments, Property Developments" for further discussion on recent developments at the property. The reported production shown was estimated by the Company based on previous information received from the operator.

(4) "Other" includes all of the Company's non-principal producing royalties as of March 31, 2010 and 2009. Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the quarter ended March 31, 2010, compared with the quarter ended March 31, 2009, resulted primarily from an increase in gold and copper prices, additional revenue from the recently acquired IRC producing royalties and an increase in production at Cortez and Taparko. These increases were partially offset by a decrease in production at Robinson and Goldstrike. Please refer to "Recent Developments, Property Developments" earlier within this MD&A for further discussion on recent developments regarding properties covered by certain of our royalty interests.

Costs of operations increased to $1.9 million for the quarter ended March 31, 2010, compared to $1.2 million for the quarter ended March 31, 2009. The increase was primarily due to an increase in non-cash stock compensation allocated to costs of operations of approximately $0.4 million. An increase in the Nevada Net Proceeds Tax expense of approximately $0.2 million, which resulted from an increase in royalty revenue from Cortez and Robinson, also contributed to the overall increase.

General and administrative expenses increased to $3.4 million for the quarter ended March 31, 2010, from $1.8 million for the quarter ended March 31, 2009. The increase was primarily due to an increase in the non-cash stock compensation allocated to general and administrative expense of approximately $1.0 million and an increase in accounting/tax services and general corporate costs of approximately $0.3 million.

The Company recorded total non-cash stock compensation expense related to our equity compensation plans of $2.5 million for the quarter ended March 31, 2010, compared to $0.7 million for the quarter ended March 31, 2009. The increase is primarily due to an increase in the number of performance share awards the Company has estimated will vest. Our non-cash stock compensation is allocated among costs of operations, general and administrative, and exploration and business development in our consolidated statements of operations and comprehensive income (loss). Please refer to Note 6 of the notes to consolidated financial statements for further discussion of the allocation of non-cash stock compensation for the quarters ended March 31, 2010 and 2009.

Depreciation, depletion and amortization increased to $13.0 million for the quarter ended March 31, 2010, from $10.0 million for the quarter ended March 31, 2009. The increase was primarily due to production from the royalties acquired as part of the IRC Transaction, which resulted in additional depletion of approximately $1.4 million from the acquisition date through March 31, 2010. An increase in production at Taparko also resulted in additional depletion of approximately $1.2 million during the period.

As discussed earlier within this MD&A and in Note 2 to the notes to consolidated financial statements, the Company incurred approximately $16.9 million in restructuring and acquisition related costs associated with the IRC Transaction during the three months ended March 31, 2010. These one-time, non-recurring costs were related to financial advisory, legal, accounting, tax and consulting services associated with the IRC Transaction as well as severance related payments as part of the termination of IRC's officers and certain employees upon acquisition of IRC.

Interest and other income decreased to $0.3 million for the quarter ended March 31, 2010, from $1.1 million for the quarter ended March 31, 2009. The decrease was primarily due to a $1.0 million gain on a distribution of *Inventory — Restricted* to a non-controlling interest during the quarter ended March 31, 2009, compared to a $0.2 million gain on distribution during the quarter ended March 31, 2010.

Interest and other expense increased to $1.2 million for the three months ended March 31, 2010, from $0.3 million for the nine months ended March 31, 2009. The increase was primarily due to an increase in interest of approximately $0.6 million, which was associated with the outstanding balances on the Company's debt facilities, as discussed in Note 5 of the notes to consolidated financial statements.

During the quarter ended March 31, 2010, we recognized income tax expense totaling $2.7 million compared with $2.5 million during the quarter ended March 31, 2009. This resulted in a negative effective tax rate of 125% in the current period, compared with 31.9% in the quarter ended March 31, 2009. The effective tax rate was negative due to the net loss for the period, but due to permanent differences for tax purposes, there was taxable income for the period. The items that impacted our effective tax rate for the three months ended March 31, 2010 were capitalized transaction costs related to the IRC Transaction, foreign income taxable in the United States under Subpart F, foreign taxes credible in the United States and United States tax due by IRC under the Foreign Investment in Real Property Tax Act.

Nine Months Ended March 31, 2010, Compared to Nine Months Ended March 31, 2009

For the nine months ended March 31, 2010, we recorded net income attributable to Royal Gold stockholders of $11.0 million, or $0.26 per basic share and diluted share, as compared to net income attributable to Royal Gold stockholders of $31.3 million, or $0.92 per basic share and $0.91 per diluted share, for the nine months ended March 31, 2009. The decrease in our earnings per share during the nine months ended March 31, 2010 was due to (1) the IRC one-time severance and acquisition related costs of approximately $19.2 million, (2) a $2.0 million tax charge associated with the Company's intention to make a United States tax election to step-up basis of IRC assets, and (3) the one-time royalty restructuring gain of $31.5 million during the quarter ended December 31, 2008, as part of the Barrick royalty portfolio acquisition. The after tax effect of the one-time IRC related costs during the nine months ended March 31, 2010, was $0.39 per basic share. The after tax effect of the one-time royalty restructuring gain during the nine months ended March 31, 2009, was $0.60 per basic.

For the nine months ended March 31, 2010, we recognized total royalty revenue of $95.9 million (including $1.7 million in non-controlling interests), at an average gold price of $1,055 per ounce and an average copper price of $2.99 per pound, compared to total royalty revenue of $51.5 million (including $0.8 million in non-controlling interest), at an average gold price of $859 per ounce and an average copper price of $2.29 per pound for the nine months ended March 31, 2009. Royalty revenue and the corresponding production, attributable to our royalty interests, for the nine months ended March 31, 2010 compared to the nine months ended March 31, 2009 is as follows:

Royalty Revenue and Production Subject to Our Royalty Interests
Nine Months Ended March 31, 2010 and 2009
(In thousands, except reported production ozs. and lbs.)

		Nine Months Ended March 31, 2010		**Nine Months Ended March 31, 2009**	
Royalty	**Metal(s)**	**Royalty Revenue**	**Reported Production [1]**	**Royalty Revenue**	**Reported Production [1]**
Taparko [2]	Gold	$ 22,813	86,347 oz.	$ 6,490	30,585 oz.
Cortez	Gold	$ 21,930	318,982 oz.	$ 11,770	190,057 oz.
Robinson		$ 8,903		$ 5,363	
	Gold		66,304 oz.		90,588 oz.
	Copper		80.8 million lbs.		104.1 million lbs.
Leeville	Gold	$ 7,626	401,872 oz.	$ 5,362	352,264 oz.
Mulatos [3]	Gold	$ 6,975	131,968 oz.	$ 3,949	121,732 oz.
Siguiri [4]	Gold	$ 4,521	228,654 oz.	$ 2,505	161,267 oz.
Peñasquito [2]		$ 3,566		$ 839	
	Gold		76,274 oz.		26,967 oz.
	Silver		3.6 million oz.		1.7 million oz.
	Lead		13.7 million lbs.		N/A
	Zinc		15.6 million lbs.		N/A
Goldstrike	Gold	$ 2,689	273,889 oz.	$ 4,527	597,299 oz.
Dolores		$ 2,558		$ 185	
	Gold		59,390 oz.		16,609 oz.
	Silver		1.0 million oz.	N/A	
Voisey's Bay [5]		$ 600			N/A
	Nickel		3.2 million lbs.		N/A
	Copper		1.3 million lbs.		N/A
Other [6]	Various	$ 13,714	N/A	$ 10,509	N/A
Total Royalty Revenue		**$ 95,895**		**$ 51,499**	

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(1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the nine months ended March 31, 2010 and March 31, 2009, as reported to us by the operators of the mines.

(2) Refer to "Recent Developments, Property Developments" earlier within this MD&A for a further discussion on recent developments at the property.

(3) Effective October 1, 2008, the sliding-scale royalty rate increased to 5.0% from 1.5%, at current gold prices.

(4) Royalty acquired on October 1, 2008.

(5) Royalty acquired as part of the IRC Transaction. Refer to “Recent Developments, Business Developments” earlier within this MD&A for further discussion on the IRC Transaction and “Recent Developments, Property Developments” earlier within this MD&A for further discussion on recent developments at the property. The reported production shown was estimated by the Company based on previous information received by the operator.

(6) “Other” includes all of the Company’s non-principal producing royalties as of March 31, 2010 and 2009. Individually, no royalty included within the “Other” category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the nine months ended March 31, 2010, compared with the nine months ended March 31, 2009, resulted primarily from an increase in the average gold and copper prices, an increase in production at Taparko, Cortez, Leeville and Mulatos mines and production from the royalties acquired as part of the IRC Transaction. These increases were partially offset by a decrease in production at Goldstrike during the nine months ended March 31, 2010. Please refer to “Recent Developments, Property Developments” earlier within this MD&A for a further discussion on recent developments regarding properties covered by certain of our royalty interests.

Costs of operations increased to $4.7 million for the nine months ended March 31, 2010, compared to $2.6 million for the nine months ended March 31, 2009. The increase was primarily due to an increase in non-cash compensation allocated to costs of operations of approximately $0.9 million and an increase in the Nevada Net Proceeds Tax expense of approximately $0.5 million, which resulted primarily from an increase in royalty revenue from Cortez and Robinson.

General and administrative expenses increased to $8.6 million for the nine months ended March 31, 2010, from $5.6 million for the nine months ended March 31, 2009. The increase was primarily due to an increase in non-cash compensation allocated to general and administrative expense of approximately $1.7 million, an increase in accounting and tax related expenses of approximately $0.4 million and an increase in general corporate costs of approximately $0.2 million during the nine months ended March 31, 2010.

The Company recorded total non-cash stock compensation expense related to our equity compensation plans of $5.6 million for the nine months ended March 31, 2010, compared to $2.2 million for the nine months ended March 31, 2009. The increase is primarily due to an increase in the number of performance share awards the Company has estimated will vest. Our non-cash stock compensation is allocated among costs of operations, general and administrative, and exploration and business development in our consolidated statements of operations and comprehensive income. Please refer to Note 6 of the notes to consolidated financial statements for further discussion of the allocation of non-cash stock compensation for the nine months ended March 31, 2010 and 2009.

Depreciation, depletion and amortization increased to $36.2 million for the nine months ended March 31, 2010, from $22.9 million for the nine months ended March 31, 2009. Increased production at Taparko, Mulatos and Dolores resulted in additional depletion of approximately $11.6 million during the period. Also, the producing royalties acquired as part of the IRC Transaction resulted in additional depletion of approximately $1.4 million from the acquisition date through March 31, 2010.

As discussed earlier within this MD&A and in Note 2 to the notes to consolidated financial statements, the Company incurred approximately $19.2 million in restructuring and acquisition related costs associated with the IRC Transaction during the nine months ended March 31, 2010. These one-time, non-recurring costs were related to financial advisory, legal, accounting, tax and consulting services associated with the IRC Transaction as well as severance related payments as part of the termination of IRC’s officers and certain employees upon acquisition of IRC.

Interest and other expense increased to $1.7 million for the nine months ended March 31, 2010, from $0.8 million for the nine months ended March 31, 2009. The increase was primarily due to an increase in interest of approximately $0.6 million, which was associated with the outstanding balances on the Company's debt facilities, as discussed in Note 5 of the notes to consolidated financial statements.

During the nine months ended March 31, 2010, we recognized income tax expense totaling $10.6 million compared with $17.7 million during the nine months ended March 31, 2009. This resulted in an effective tax rate of 42.2% in the current period, compared with 34.8% during the nine months ended March 31, 2009. The increase in our effective tax rate is the result of capitalized transaction costs related to the IRC Transaction, foreign income taxable in the United States under Subpart F, foreign taxes credible in the United States and United States tax due by IRC under the Foreign Investment in Real Property Tax Act.

Liquidity and Capital Resources

Overview

At March 31, 2010, we had current assets of $93.0 million compared to current liabilities of $36.7 million for a current ratio of 2.5 to 1. This compares to current assets of $318.7 million and current liabilities of $6.2 million at June 30, 2009, resulting in a current ratio of approximately 51 to 1. The decrease in the Company's current ratio was due to a decrease in cash and equivalents during the period due to the IRC Transaction and an increase in the Company's current portion of long-term debt, which was also due to the IRC Transaction.

As further discussed earlier within this MD&A under "Recent Developments, Business Developments," on January 25, 2010, the Company completed the purchase of the Andacollo Royalty. The purchase price for the Andacollo Royalty consisted of $217.9 million in cash and 1,204,136 shares of the Company's Common Stock. The cash portion of the purchase price was funded using cash on hand.

Also as discussed earlier within this MD&A under "Recent Developments, Business Developments," on February 22, 2010, the Company completed the IRC Transaction. The purchase price for the IRC Transaction consisted of approximately $350 million in cash, 5,234,086 shares of Royal Gold common stock and 1,806,649 exchangeable shares of RG Exchangeco, which exchangeable shares are convertible on a one-for-one basis for Royal Gold common stock. The cash portion of the total purchase price was sourced from cash on hand, cash acquired in the acquisition and from committed credit facilities, which totaled $225 million, including the HSBC Term Loan as discussed below and in Note 5 to the notes to consolidated financial statements.

During the nine months ended March 31, 2010, liquidity needs were met from $95.9 million in royalty revenues (including $1.7 million of non-controlling interests) and our available cash resources, including our credit facilities.

We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service (current and long-term), cost of operation expenses, general and administrative expense costs, exploration and business development costs, and capital expenditures for the foreseeable future. Our current financial resources are also available for royalty acquisitions and to fund dividends. 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 a substantial royalty or other acquisition, we would likely need to seek additional debt or equity financing opportunities.

Please refer to our risk factors included in Part I, Item 1A of our Fiscal Year 2009 10-K for a discussion on certain risks that may impact the Company's liquidity and capital resources.

Recent Liquidity and Capital Resource Developments

Term Loan

In connection with the IRC Transaction described earlier in this MD&A, on January 20, 2010, we entered into an agreement to obtain a new $100 million term loan from HSBC Bank (the "Term Loan") to partially fund our acquisition of IRC. The Term Loan was funded on February 17, 2010 in conjunction with the closing of the IRC Transaction. HSBC Securities (USA) Inc. acted as sole lead arranger for the Term Loan. The Term Loan was scheduled to mature 18 months from the funding date with principal repayments equal to 10% of the funded amount scheduled to occur every three months, beginning three months after funding, and with interest to accrue at LIBOR plus 2.25%. The Term Loan was guaranteed by three wholly-owned subsidiaries of Royal Gold (the "Guarantors"). The obligations under the Term Loan are secured by certain Canadian assets of Royal Gold that will be replaced with certain Chilean assets of Royal Gold.

On March 26, 2010, the Company amended the Term Loan with HSBC Bank and the Bank of Nova Scotia joined the Term Loan as a lender. The modifications to the Term Loan included, among other things: 1) an increase in the principal balance available under the Term Loan from $100 million to $130 million; 2) an extension of the final maturity date from 18 to 36 months from the initial funding date of February 17, 2010; 3) increases in the applicable LIBOR margin (currently set at 2.25%) by 0.50% every six months, commencing 18 months after the initial funding date until maturity; and 4) a reduction in the amortization rate from 10% of the initial funded amount per quarter to 5% of the fully funded principal amount per quarter. The additional Term Loan proceeds were used to redeem the 5.5% senior secured debentures assumed as part of the IRC Transaction.

The Term Loan contains covenants limiting the ability of Royal Gold and its subsidiaries to, among other things, incur certain debt or liens, dispose of assets, enter into certain transactions with affiliates, make certain investments or consummate certain mergers, as well as a cross default provision to certain other permitted debt and royalty contracts. In addition, the Term Loan contains financial covenants relating to, among other things: (1) maintaining a leverage ratio (as defined) of 3.0 to 1.0 or less, (2) maintaining a minimum consolidated net worth (as defined) of not less than a base amount that increases according to cumulative positive quarterly net income, (3) maintaining an interest coverage ratio (as defined) of greater than 3.0 to 1.0, (4) maintaining a current ratio (as defined) for the periods ending March 31, 2010 and June 30, 2010 of at least 1.0 to 1.0, and for all times thereafter, of at least 1.5 to 1.0.

Prepayment and Termination of Chilean Term Loan Facility

Royal Gold Chile Limitada ("RGCL"), a wholly-owned subsidiary of Royal Gold, had a $19.25 million term loan outstanding bearing interest at LIBOR plus 0.25% pursuant to an Amended and Restated Term Loan Agreement ("Amended and Restated Agreement") between RGCL and HSBC Bank. On September 23, 2009, RGCL prepaid the full $19.25 million outstanding, plus interest, under the Amended and Restated Agreement. In addition to prepaying all outstanding amounts, RGCL notified HSBC Bank of its intention to terminate the Amended and Restated Agreement. Termination of the Amended and Restated Agreement was effective September 24, 2009.

To secure RGCL's obligations under the Amended and Restated Agreement, the Company maintained $19.25 million in a Collateral Account at HSBC Bank. The Collateral Account balance was recorded as *Restricted cash — compensating balance* on the Company's consolidated balance sheets. Upon the full prepayment and termination of the Amended and Restated Agreement, the Collateral Account was closed and the $19.25 million was reclassified to *Cash and equivalents* on the Company's consolidated balance sheets.

Recently Adopted and Issued Accounting Standards

Please refer to Note 1 of the notes to consolidated financial statements for a discussion on recently adopted and issued accounting standards.

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 report 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 statements regarding projected production estimates and estimates pertaining to timing and commencement of production from the operators of our royalty properties; 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, and our expectation that substantially all our revenues will be derived from royalty interests. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- changes in gold and other metals prices on which our royalties are paid or prices associated with the primary metal mined at our royalty properties;
- the production at or performance of our producing royalty properties;
- decisions and activities of the operators of our royalty properties;
- the ability of operators to bring projects into production and operate in accordance with feasibility studies;
- liquidity or other problems our operators may encounter;
- unanticipated grade and geological, metallurgical, processing or other problems at the royalty properties;
- mine operating and ore processing facility problems, pit wall or tailings dam failures, natural catastrophes such as floods or earthquakes and access to raw materials, water and power;
- changes in project parameters as plans of the operators are refined;
- changes in estimates of reserves and mineralization by the operators of our royalty properties;
- economic and market conditions;
- future financial needs;
- federal, state and foreign legislation governing us or the operators of our royalty properties;
- the availability of royalties 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 royalty payments when making acquisitions;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental and permitting laws, community unrest and labor disputes, and enforcement and uncertain political and economic environments;
- risks associated with issuances of substantial additional common stock or incurrence of substantial indebtedness in connection with acquisitions or otherwise;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the royalty properties;
- changes to management and key employees; and
- failure to complete future acquisitions;

as well as other factors described elsewhere in this report and our other reports filed with the Securities and Exchange Commission. 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. We disclaim any obligation to update any forward-looking statements made herein. 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 flow are significantly impacted by changes in the market price of gold, silver, copper and other metals. Gold, silver, copper 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, copper and other metal prices may have an adverse impact on the value of our royalty interests and reduce our royalty revenues* ," under Part I, Item 1A of our Fiscal 2009 10-K, for more information that can affect gold and other prices as well as historical gold, silver and copper prices.

During the nine month period ended March 31, 2010, we reported royalty revenues of $95.9 million, with an average gold price for the period of $1,055 per ounce and an average copper price of $2.99 per pound. Approximately 84% of our total recognized revenues for the nine months ended March 31, 2010, were attributable to gold sales from our gold producing royalty interests, as shown within the MD&A. For the nine months ended March 31, 2010, if the price of gold had averaged higher or lower by $50 per ounce, we would have recorded an increase in revenue of approximately $4.6 million or a decrease in revenue of approximately $3.5 million. Approximately 9% of our total recognized revenues for the nine months ended March 31, 2010, were attributable to copper sales from our copper producing royalty interests. For the nine months ended March 31, 2010, if the price of copper had averaged higher or lower by $0.50 per pound, we would have recorded an increase or decrease in revenues of approximately $1.2 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of March 31, 2010, the Company's management, with the participation of the President and Chief Executive Officer and its Chief Financial Officer and Treasurer, 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 March 31, 2010, 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 March 31, 2010, 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

On February 22, 2010, as part of the IRC Transaction discussed earlier in MD&A, we acquired a royalty on the Voisey's Bay Mine in Newfoundland and Labrador owned by Vale Inco Newfoundland & Labrador Limited ("VINL"). The royalty is owned by the Labrador Nickel Royalty Limited Partnership ("LNRLP"), in which the Company's wholly-owned indirect subsidiary Canadian Minerals Partnership is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius Resources Inc. (10%), a company unrelated to Royal Gold and IRC, and the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation (0.01%).

On October 16, 2009, LNRLP filed a claim in the Supreme Court of Newfoundland and Labrador Trial Division against Vale Inco Limited ("Vale Inco") and its wholly owned subsidiaries, Vale Inco Atlantic Sales Limited ("VIASL") and VINL, related to calculation of the NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay Mine to Vale Inco. The claim asserts that Vale Inco is incorrectly calculating the NSR. The claim requests specific damages for underpayment of past royalties and an order in respect of the correct calculation of future payments. Vale Inco, VIASL and VINL responded with a Statement of Defense dated December 22, 2009. The litigation is in the discovery phase and was not measured as part of the purchase price allocation discussed in Note 2 to the notes to consolidated financial statements.

Holt

Refer to our Quarterly Report on Form 10-Q for the period ended December 31, 2009, for a discussion on litigation associated with our Holt royalty. There was no material development to this litigation during the three months ended March 31, 2010.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in Item 2 "MD&A — Forward-Looking Statements," and various risks faced by us are also discussed elsewhere in Item 2 "MD&A" of this Quarterly Report on Form 10-Q. In addition, risk factors are included in Part I, Item 1A of our Fiscal 2009 10-K.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

The exhibits to this report 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: May 7, 2010	By: */ s/ Tony Jensen* Tony Jensen President and Chief Executive Officer
Date: May 7, 2010	By: */s/ Stefan Wenger* Stefan Wenger Chief Financial Officer and Treasurer

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ROYAL GOLD, INC.
EXHIBIT INDEX

Exhibit Number	Description
2.1	Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report of Form 8-K on January 22, 2010).
3.1	Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q on February 8, 2008).
3.2	Amended and Restated Bylaws, as amended (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on November 23, 2009).
3.3	Amended and Restated Certificate of Designations of Series A Junior Participating Preferred Stock of Royal Gold, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on September 10, 2007).
3.4	Certificate of Designations, Preferences and Rights of the Special Voting Preferred Stock of Royal Gold, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on February 23, 2010).
4.1	Amendment No. 1 to the Stockholder Agreement, dated January 12, 2010 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on January 15, 2010).
4.2	Appendix I to Schedule B of the Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on January 22, 2010).
10.1	Amended and Restated Master Agreement by and between Royal Gold, Inc. and Compañía Minera Teck Carmen de Andacollo, dated as of January 12, 2010, along with the related Form of Royalty Agreement attached thereto as Exhibit C (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 15, 2010).
10.2	Amended and Restated Term Loan Facility Agreement, dated as of March 26, 2010, among Royal Gold, Inc., as a Borrower, Royal Gold Chile Limitada, as a Guarantor, RGLD Gold Canada, Inc., as a Guarantor, High Desert Mineral Resources, Inc., as a Guarantor, the other Guarantors from time to time party thereto, HSBC Bank USA, National Association, as Administrative Agent and a Lender, Bank of Nova Scotia, as Sole Syndication Agent and a Lender and HSBC Securities (USA) Inc., as Sole Lead Arranger (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on April 1, 2010).
10.3	Pledge, Security and Subordination Agreement, dated as of January 20, 2010, by Royal Gold, Inc. in favor of HSBC Bank USA, National Association (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on January 22, 2010).
10.4	Amendment to Pledge, Security and Subordination Agreement, dated March 26, 2010, by Royal Gold in favor of HSBC Bank USA, National Association (filed as Exhibit

Exhibit Number	Description
	10.4 to the Company's Current Report on Form 8-K on April 1, 2010).
10.5	General Security Agreement, dated as of January 20, 2010, by RGLD Gold Canada, Inc. in favor of HSBC Bank USA, National Association (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K on January 22, 2010).
10.6	Amendment to General Security Agreement, dated March 26, 2010, by RGLD Gold Canada, Inc. in favor of HSBC Bank USA, National Association (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K on April 1, 2010).
10.7	Amended and Restated Promissory Note, dated March 26, 2010, by Royal Gold, Inc. to HSBC Bank USA, National Association (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on April 1, 2010).
10.8	Amended and Restated Promissory Note, dated March 26, 2010, by Royal Gold, Inc. to The Bank of Nova Scotia (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K on April 1, 2010).
10.9	Form of Amended and Restated Indemnification Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on February 22, 2010).
10.10	Support Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Callco Inc., and RG Exchangeco Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on February 23, 2010).
10.11	Voting and Exchange Trust Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Exchangeco Inc. and Computershare Trust Company of Canada (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on February 23, 2010).
10.12	Consent and First Amendment to Third Amended and Restated Credit Agreement, dated March 26, 2010, among Royal Gold, Inc., as a Borrower, High Desert Mineral Resources, Inc., as a Borrower, RG Mexico, Inc., as a Guarantor, HSBC Bank USA, National Association, as Administrative Agent and a Lender, Scotiabanc Inc., as a Lender, Bank of Nova Scotia, as Sole Syndication Agent and HSBC Securities (USA) Inc., as Sole Lead Arranger (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K on April 1, 2010).
10.13	Labrador Option Agreement, dated May 18, 1993, between Diamond Fields Resources Inc. and Archean Resources Ltd., as amended.
31.1	Certification of President and Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Written Statement of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Written Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 10.13

LABRADOR

OPTION AGREEMENT

BETWEEN

DIAMOND FIELDS RESOURCES INC.

AND

ARCHEAN RESOURCES LTD .

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THIS AGREEMENT made as of the 18th day of May, 1993.

BETWEEN:

DIAMOND FIELDS RESOURCES INC. , a corporation incorporated under the laws of the Province of British Columbia,

(hereinafter called "DFRI" or the "Optionee")

OF THE FIRST PART

AND:

ARCHEAN RESOURCES LTD., a corporation incorporated under the laws of the Province of Newfoundland,

(hereinafter called the "ARL" or the "Owner")

OF THE SECOND PART

WHEREAS:

(A) The Owner is the sole beneficial owner of the Property (as hereinafter defined);

(B) The Owner has agreed to grant to the Optionee an exclusive option to earn a 100% interest in the Property upon and subject to the terms and conditions hereinafter set out; and

(C) Upon the Optionee earning its 100% interest in the Property, the Owner shall retain no interest in the Property but shall be entitled to a royalty equal to:

(i) 3.0% net smelter returns on base metals, precious metals, rare earth metals, elements and any other minerals normally subject to net smelter returns; and

(ii) 3% gross royalty on raw diamonds and/or gem stones.

all upon and subject to the terms and conditions hereinafter set out.

NOW, THEREFORE, THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, the parties hereto mutually agree as follows:

1. INTERPRETATION

1.1 **Definitions** : In this Agreement the following words and phrases shall have the following meanings:

(a) " **Acquisition Date** " means the date on which the Optionee earns its 100% interest in the Property in accordance with Article 3.

(b) " **Associated Company** " means, in respect of a party hereto:

(i) any corporation which beneficially owns securities carrying more than 30% of the voting rights attached to the outstanding securities of such party;

(ii) any corporation in respect of which such party beneficially owns securities carrying more than 30% of the voting rights attached to the outstanding securities of such corporation; or

(iii) any corporation in respect of which corporations referred to in clauses (i) and (ii) hereof beneficially own, in the aggregate, more than 30% of the voting rights attached to the outstanding securities of such corporation.

For the purposes hereof, beneficial ownership shall include securities deemed beneficially owned within the meaning of subsection 1(5) and (6) of the Securities Act (Ontario).

(c) "Business Day" means a day, other than a Saturday or Sunday, on which the main branch of Bank of Montreal in Toronto, Ontario is open to the public for the transaction of business.

(d) "Mineral Products" means the end products derived from operating the Property as a mine.

(e) "Net Smelter Royalty" Means a percentage interest in net smelter returns obtained for Mineral Products derived from the Property calculated and payable in accordance with the provisions of Schedule 2 and the parties agree that the Net Smelter Royalty is not an interest in the Property.

(f) "Property" means an undivided 100% right, title and interest in and to the mining properties, claims, interests and other rights more particularly described in Schedule 1 and, shall include any renewal thereof and any other form of successor or substitute title therefor but shall exclude any mineral properties, claims or interests transferred or abandoned in accordance with paragraphs 3.9 and 3.11.

1.2 **Included Words:** This Agreement shall be read with such changes in gender or number as the context shall require.

1.3 **Headings:** The headings to the articles, paragraphs, parts or clauses of this

Agreement and the table of contents are inserted for convenience only and shall not affect the construction hereof.

1.4 **References:** Unless otherwise stated, a reference herein to a numbered or lettered article, paragraph, clause or schedule refers to the article, paragraph, clause or schedule bearing that number or letter in this Agreement. A reference to “this” article, paragraph, clause or schedule means the article, paragraph, clause or schedule in which the reference appears. A reference to “this Agreement”, “hereof”, “hereunder”, “herein”, or words of similar meaning, means this agreement including the schedules hereto, together with any amendments thereof.

1.5 **Currency:** All dollar amounts expressed herein refer to lawful currency of the United States of America.

1.6 **Statute References:** A reference to a statute, regulation, or other legislation herein shall be deemed to extend to and include any amendments thereto and successor legislation.

1.7 **Schedules:** The following schedules are incorporated into this Agreement by reference:

Schedule	Description
1	Description of Property
2	Net Smelter Royalty
3	Gross Diamond Royalty

1.8 **Governing Law:** This Agreement shall be construed and governed by the laws in force in the Province of Newfoundland and, except as provided in Article 6, the courts of said Province shall have exclusive jurisdiction to hear and determine all disputes arising hereunder. Each of the parties hereto irrevocably attorns to the jurisdiction of said courts and consents to the commencement of proceedings in such courts in accordance with Article 7. This paragraph shall not be construed to affect the rights of a party to enforce a judgment or award outside the said Province, including the right to record or enforce a judgment or award in any jurisdiction in which the Property is situated.

1.9 **Severability:** If any provision of this Agreement is or shall become illegal, invalid or unenforceable, in whole or in part, the remaining provisions shall nevertheless be and remain valid and subsisting and the said remaining provisions shall be construed as if this Agreement had been executed without the illegal, invalid or unenforceable portion.

END OF ARTICLE 1

2. REPRESENTATIONS AND WARRANTIES

2.1 Each Party represents and warrants to the other party that:

(a) it is a body corporate duly incorporated, organized and validly subsisting under the laws of its incorporating jurisdiction;

(b) it has full power and authority to carry on its business and to enter into this Agreement and any agreement or instrument referred to or contemplated by this Agreement;

(c) neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party; and

(d) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto or of its constating documents.

2.2 The Owner represents and warrants to the Optionee that:

(a) the mineral claims and other interests comprising the Property are accurately described in Schedule 1, are presently in good standing under the laws of the jurisdiction in which they are located and are free and clear of all liens, charges and encumbrances;

(b) the Owner has the exclusive right to enter into this Agreement and to dispose of an interest in the Property in accordance with the terms of this Agreement;

(c) the Owner is the sole beneficial owner of the Property;

(d) any mineral claims included in the Property as described in Schedule 1 have been properly and legally staked, recorded and tagged;

(e) there is no adverse claim or challenge against or to the ownership of or title to any of the mineral claims and other interests comprising the Property, nor to the knowledge of the Owner is there any basis therefor or interest therein, and there are no outstanding agreements or options to acquire or purchase the Property or any portion thereof, and no person other than the Owner, pursuant to the provisions hereof, has any royalty or other interest whatsoever in production from any part of the Property;

(f) no proceedings are pending for and the Owner is unaware of any basis for the placing of it into bankruptcy or subjecting it to any other laws governing the affairs of insolvent persons;

(g) neither the execution and delivery of this Agreement nor any of the agreements referred to herein or contemplated hereby, nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which the Owner is a party nor does it require any further corporate proceedings on the part of the Owner nor the consent of any other person in order to be enforceable, in accordance with its terms, against the Owner; and

(h) the execution and delivery of this Agreement and the agreements contemplated hereby will not violate or result in the breach of the laws of any jurisdiction applicable or pertaining thereto.

2.3 The representations and warranties hereinbefore set our are conditions on which the parties have relied in entering into this Agreement and shall survive the acquisition of any interest in the Property hereunder and each party will indemnify and save the other harmless from all loss, damage, costs, actions and suits arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by him and contained in this Agreement.

END OF ARTICLE 2

3. OPTION

3.1 Subject as hereinafter provided, the Owner hereby grants to the Optionee the sole and exclusive right and option to acquire an undivided 100% right, title and interest in and to the Property. Forthwith after execution of this Agreement, the Owner shall execute and deliver to the Optionee (or, at the Optionee's written, request, to an escrow agent designated by the Optionee) a transfer or transfers of the Property in recordable form. Prior to the Acquisition Date, title to the Property shall be held by the Optionee (or such escrow agent) subject to the provisions of this Article.

3.2 On or before the 31st day of May, 1993 the Optionee shall pay to the Owner $78,000.00 as follows:

(a) on or before the execution of this Agreement the Optionee shall pay the Owner $40,000.00; and

(b) on or before May 31, 1993 the Optionee shall pay to the Owner $38,000.00.

3.3 Within 90 days of the execution of this Agreement the Optionee shall have obtained all requisite regulatory approvals for and shall have taken all necessary corporate action to and shall have issued 15,000 free trading full paid common shares of DFRI in the name of the Owner and shall have made arrangements satisfactory to the Owner, for delivery of such shares to the Owner or its Agent. If the Optionee fails to issue common shares as aforesaid the Optionee shall be in default of its obligations hereunder and the Owner may at any time on or before March 31, 1994, either directly or through its Agent, provide the Optionee with notice to forthwith remedy such default. If the Optionee fails to remedy its default as aforesaid within 30 days of its receipt of notice so to do this Agreement shall, subject to paragraph 3.8, be terminated and of no further force or effect.

3.4 The option granted to the Optionee pursuant to paragraph 3.1 shall, subject to paragraph 3.5, terminate:

(a) on May 1, 1994, unless on or before that date the Optionee has paid to the Owner an additional $88,000;

(b) on May 1, 1995, unless on or before that date the Optionee has paid to the Owner an additional $98,000;

(c) on May 1, 1996, unless on or before that date the Optionee has paid to the Owner an additional $108,000; or

(d) if the Optionee gives notice in accordance with paragraph 3.8 or this Agreement is otherwise terminated prior to the Acquisition Date in accordance with the terms hereof.

3.5 The time limits under paragraph 3.4 herein, shall be extended by a period of time equal to the period of time that the Optionee is not permitted to proceed with

Newfoundland which come into force after the date of this Agrement, which for greater certainty shall include any orders and directives issued by a government authority.

3.6 During the periods set out in paragraph 3.4 (subject to paragraph 3.5), the Optionee and its employees, agents and independent contractors shall have the right and option to:

(a) enter upon the Property;

(b) have exclusive and quiet possession thereof;

(c) do such prospecting, exploration, development or other mining work thereon and thereunder as the Optionee may consider advisable and including the removal of ores from the Property but only for the purpose of testing; and

(d) bring upon and erect upon the Property such facilities as the Optionee may consider advisable.

3.7 Unless, by written notice to the Owner, the Optionee abandons the Property sooner, the Optionee shall, during the currency of its option under this Article:

(a) keep the Property free and clear of all liens, charges and encumbrances arising from its operations hereunder (except liens for taxes not yet due, other inchoate liens and liens contested in good faith by the Optionee) and shall proceed with all diligence to contest and discharge any such lien that is filed and shall keep the Property in good standing by the doing and filing of all necessary work and by the doing of all other acts and things and making all other payments which may be necessary in that regard but for greater certainty the Optionee shall under no circumstances be responsible to remedy any work or matter that did not arise directly from its operations;

(b) provide to the Owner annually within a reasonable period of time after the end of the year, one copy of a technical report respecting work done on the Property during the year and the results thereof and the obligation under this clause (b) shall continue during the term of this Agreement;

(c) obtain and maintain, or cause any contractor engaged hereunder to obtain and maintain, during any period in which active work is carried out hereunder, such insurance as the Optionee reasonably considers to be appropriate in the circumstances in light of general industry practice; and

(d) conduct all work on or with respect to the Property in a careful and minerlike manner and in compliance with all applicable laws, rules, orders and regulations, and indemnify and save the Owner harmless from any and all claims, suits or actions made or brought against him as a result of work done by the Optionee on or with respect to the

Property.

3.8 At any time prior to the Acquisition Date, the Optionee may terminate this Agreement so long as it is not in default of any of its obligations under this Agreement by giving notice in writing to that effect to the Owner and, on receipt of such notice, or if the Optionee is in default of its obligations under paragraph 3.3 and shall have failed to remedy such default within 30 days of its receipt of notice so to do from the Owner, or if the Optionee fails to make the payments under paragraph 3.4, but subject to paragraph 3.5, this Agreement shall be of no further force or effect and the Optionee shall have no interest in the Property; provided, however, that the Optionee shall:

(a) remain liable for any amount owing under paragraph 3.2;

(b) leave the Property in good standing under the applicable mining laws without the necessity of doing assessment work in respect of the Property for a period of 365 days from the date of termination, free and clear of all liens, charges and encumbrances arising from operations of the Optionee hereunder (except for taxes not yet due, other inchoate liens and liens contested in good faith by the Optionee) and in good standing with respect to all applicable environmental, safety and other statutory rules, regulations and orders with respect to work carried by or on behalf of the Optionee; provided always that the Optionee shall have no liability or obligation hereunder in respect of claims arising or damages suffered after the termination of this Agreement if upon such termination any workings on or improvements to the Property arising from the Optionee’s operations hereunder have been left in good standing;

(c) have the right to remove from the Property and, if so requested in writing by the Owner within 30 days of the effective date of termination, the Optionee shall remove from the Property, all within 365 days of the effective date of termination all temporary structures, equipment and supplies erected, installed or brought upon the Property by or at the instance of the Optionee; and

(d) deliver to the Owner an acknowledgement of abandonment and release of any interest in the Property or under this Agreement, together with a bill of sale or other appropriate deed or transfer in recordable form whereby the Property is transferred or quit claimed back to the Owner, free of any liens or charges arising from the Optionee’s activities in respect of the Property.

3.9 At any time prior to the Acquisition Date, the Optionee may elect to abandon any one or more of the mineral claims comprised in the Property by giving notice to the Owner of such intention. For a period of 30 days after the date of delivery of such notice the Owner may elect to have any or all of the mineral claims in respect of which such notice has been given, transferred and quit claimed back to the Owner by delivery of a request therefor to the Optionee, whereupon the Optionee shall deliver to the Owner a bill of sale or other appropriate deed or assurance in recordable form transferring or releasing such mineral claims back to the Owner and the provisions of subparagraphs 3.8 (b) and (c) shall apply with respect mutatis mutandis. If the Owner fails to make a request for the transfer of any mineral claims as aforesaid with such 30-day period, the Optionee may then abandon such mineral claims without further notice to the Owner. Upon any such transfer, release or abandonment the mineral claims so transferred, released or abandoned shall for all purposes of this Agreement cease to form part of the Property. For greater certainty, there shall be no abatement of the payment requirements under this Article as a result of such transfer, release or abandonment.

3.10 Subject to earlier termination hereunder, the Acquisition Date shall be that date on which the Optionee has exercised its option by paying to the Owner the total of $372,000, all within the time referred to in paragraphs 3.2 and 3.4 (subject to paragraph 3.5) and issued 15000 free trading fully paid common shares of DFRI to the Owner pursuant to paragraph 3.3. On the Acquisition Date, the Optionee shall be deemed to have earned a 100% right, title and interest in the Property. The Owner shall thereupon be entitled to the Net Smelter Royalty and Gross Diamond Royalty.

3.11 At any time after the Acquisition Date, the Optionee may elect to abandon any one or more of the mineral claims comprised in the Property as at the date of this Agreement, by giving notice to the Owner of such intention. For a period of 30 days after the date of delivery of such notice the Owner may elect to have any or all of the mineral claims in respect of which such notice has been given, transferred and quit claimed back to the Owner by delivery of a request therefor to DFRI, whereupon DFRI shall deliver to the Owner a bill of sale or other appropriate deed or assurance in recordable form transferring or releasing such mineral claims back to the Owner and the provisions of subparagraphs 3.8(b) and (c) shall apply with respect thereto, mutatis mutandis. If the Owner fails to make a request for the transfer of any mineral claims as aforesaid within such 30-day period, DFRI may then abandon such mineral claims without further notice to the Owner. Upon any such transfer, release or abandonment the mineral claims so transferred, released or abandoned shall for all purposes of this Agreement cease to form part of the Property and shall cease to form part of the Mining Claims under Schedule 2.

END OF ARTICLE 3

4. CONFIDENTIAL INFORMATION

4.1 The Owner agrees that all information obtained hereunder shall be the exclusive property of DFRI and shall not be publicly disclosed or used other than for the activities contemplated hereunder, except as required by law or by the rules and regulations of any regulatory authority or stock exchange having jurisdiction, or with the written consent of DFRI, which consent DFRI may in its discretion withhold.

4.2 The provisions of this Article do not apply to information which is or becomes part of the public domain other than through a breach of the terms hereof.

4.3 The Owner shall consult with DFRI prior to issuing any press release or other public statement regarding the Property or the activities of the parties with respect thereto. In addition, the Owner shall obtain prior approval from DFRI before issuing any press release or public statement using DFRI’s name or the name of any of DFRI’s Associated Companies or of any of the officers, directors or employees of DFRI or its Associated Companies.

END OF ARTICLE 4

5. RESTRICTIONS ON ALIENATION

5.1 Except in accordance with this Agreement the Owner shall not transfer, convey, assign, mortgage or grant an option in respect of or grant a right to purchase or in any manner transfer or alienate any or all of its Net Smelter Royalty or Gross Royalty.

5.2 The Owner shall not sell any of its Net Smelter Royalty or Gross Royalty except:

(a) pursuant to an agreement in which the consideration is expressed only in lawful money of the United States of America;

(b) as a single transaction not directly or indirectly part of some other sale or purchase or agreement for any additional consideration of any nature whatsoever; and

(c) when there is no default of any of the covenants and agreements herein contained by such party.

5.3 Subject to the foregoing, if the Owner intends to sell its Net Smelter Royalty or Gross Royalty, it shall first give notice in writing to DFRI of such intention together with the terms and conditions on which the Owner intends to sell its Interest or transfer or assign its rights under this Agreement.

5.4 If the Owner receives any offer to purchase its Net Smelter Royalty or Gross Royalty which it intends to accept, the Owner shall not accept the same unless and until the Owner has first offered to sell such Net Smelter Royalty or Gross Royalty to DFRI on the same terms and conditions as in the offer received and the same has not been accepted by DFRI in accordance with paragraph 5.6.

5.5 Any communication of an intention to sell pursuant to paragraphs 5.3 or 5.4 shall be in writing delivered in accordance with Article 7 and shall:

(a) set out fully and clearly all of the terms and conditions of any intended sale;

(b) if it is made pursuant to paragraph 5.4, include a true copy of the offer received; and

(c) if it is made pursuant to paragraph 5.4, clearly identify the offering party and include such information as is known by the Owner about such offering party;

and such communications will be deemed to constitute an offer (the “Offer”) by the Owner to DFRI to sell the Owner’s Net Smelter Royalty or Gross Royalty to DFRI on the terms and conditions set out in such Offer.

5.6 Any Offer made as contemplated in paragraph 5.5 shall be open for acceptance by DFRI for a period of 60 days from the date of receipt by DFRI.

5.7 If DFRI accepts the Offer within the time provided in paragraph 5.6, then such acceptance shall constitute a binding agreement of purchase and sale between the Owner and DFRI for the Owner’s Net Smelter Royalty or Gross Royalty on the terms and conditions set out in the Offer.

5.8 If DFRI does not accept the Offer within the time limited, the Owner may complete the sale if its Net Smelter Royalty or Gross Royalty on exactly the same terms and conditions set out in the Offer and, where applicable, only to the party making the original offer to the Owner as contemplated in paragraph 5.4, and in any event such sale will be completed within 60 days from the expiration of the right of DFRI to accept such Offer or the Owner must again comply with the provisions of this Article.

5.9 Following an Offer under paragraph 5.5, no other Offer may be made by the Owner unless and until the 60-day period referred to in paragraph 5.8 has expired and no sale of the Owner’s Net Smelter Royalty or Gross Royalty has been completed in accordance with the terms of the first-mentioned Offer.

END OF ARTICLE 5

6. ARBITRATION

6.1 Any matter required or permitted to be referred to arbitration pursuant to Schedule 2 will be determined by a single arbitrator to be appointed by the parties hereto.

6.2 Any party may refer any such matter to arbitration by written notice to the other and, within ten days after receipt of such notice, the parties will agree on the appointment of an arbitrator. No person will be appointed as an arbitrator hereunder unless such person agrees in writing to act.

6.3 If the parties cannot agree on a single arbitrator as provided in paragraph 6.2, or if the person appointed is unwilling or unable to act, either party may submit the matter to arbitration (before a single arbitrator) in accordance with The Arbitrators Act of the Province of Newfoundland (the “Newfoundland Arbitrations Act”).

6.4 Except as specifically provided in this Article, an arbitration hereunder shall be conducted in accordance with the Newfoundland Arbitration Act. The arbitrator shall fix a time and place in St. John’s for the purpose of hearing the evidence and representations of the parties and he shall preside over the arbitration and determine all questions of procedure not provided for under such Act or this Article. After hearing any evidence and representations that the parties may submit, the arbitrator shall make an award and reduce the same to writing and deliver one copy thereof to each of the parties. The decision of the arbitrator will be made within 45 days after his appointment, subject to any reasonable delay due to unforeseen circumstances. The expense of the arbitration shall be paid as specified in the award. The parties agree that the award of the single arbitrator shall be final and binding upon each of them and shall not be subject to appeal.

END OF ARTICLE 6

7. EXPLORATION WORK

7.1 The Optionee hereby agrees with the Owner that where the Optionee is unable or unwilling to use the services of its own employees in conducting exploration, geological, geophysical, drilling, survey, or other work on the Property, as to any exploration, geological, geophysical, drilling, survey or other work activities prior to the Acquisition Date, the Optionee shall first offer to engage the service of the Owner under contract for the conduct and performance of all such work and provided the Owner is willing to conduct such work for a contract price which is competitive and in keeping with industry standards, the Optionee shall award said contract to the Owner.

END OF ARTICLE 7

8. QUARRY MATERIALS

8.1 The Owner and the Optionee hereby mutually agree to conduct their exploration and production activities on the Property in accordance with the provisions of this Agreement and in so conducting their activities shall at all times with a view to identifying and securing quarry material licenses for the extraction and production of any quarry materials, and in particular, dimension stones, which are identified and located in commercial quantities on the property.

8.2 Any quarry material licenses acquired in accordance with clause 1 of this Article shall be acquired and recorded in the names of the Optionee and the Owner as tenants in common with the Optionee being assigned a 75% ownership interest and the Owner being assigned a 25% ownership interest therein.

END OF ARTICLE 8

9. NOTICE

9.1 Any notice, direction or other communication required or permitted to be given under this Agreement shall be in writing and may be given by the delivery of the same or by mailing the same (first class postage prepaid) or by sending the same by telex, facsimile transfer or other similar form of telecommunication, in each case addressed as follows:

(a) If to DFRI at:

P.O. Box 110
Hope, Arkansas
U.S.A.
71801

Attention: Michael McMurrough
Fax: (501) 777-8422

copy to:

De Witt Sedun
Hong Kong Bank of Canada Bldg.
2200-885 W. Georgia Street
Vancouver, BC
V6C 3E8

Attention: Gregg Sedun
Fax: (604) 681-7116

(b) If to the Owner at:

P.O. Box 266
Goulds, Newfoundland
A1S 1G4

Fax: (709) 437-6917

copy to:

Stewart McKelvey Stirling Scales
P.O. Box 5038
St. John’s, NF
A1C 5V3

Attention: Dennis J. Ryan
Fax: (709) 722-4270

9.2 Any notice, direction or other communication aforesaid will, if delivered, be deemed to have been given and received on the day it was delivered and, if mailed, will be deemed to have been given and received on the third Business Day following the day of mailing, except in the event of disruption of the postal service in which event notice will be deemed to be received only when actually received and, if sent by telex, facsimile transfer or other similar form of telecommunication, will be deemed to have been given or received on the next Business Day following the day on which it was sent.

9.3 Any party may at any time give to any other party notice in writing of any change of address of the patty giving such notice, and from and after the giving of such notice, the address therein specified will be deemed to be the address of such party for the purposes of giving notice hereunder. Any change of address notice shall include a contact number for the sending of notices by telecommunication hereunder.

END OF ARTICLE 9

10. FORCE MAJEURE

10.1 DFRI will not be liable for its failure to perform any of its obligations under this Agreement due to a cause beyond its control (except those caused by its own lack of funds) including, but not limited to: acts of God, fire, flood, explosion, strikes, lockouts or other industrial disturbances, laws, rules and regulations or orders of any duly constituted court or governmental authority, or non-availability of materials or transportation (each an "Intervening Event").

10.2 All time limits imposed by this Agreement will be extended by a period equivalent to the period of delay resulting from an Intervening Event described in this Article.

10.3 DFRI, if it is relying on the provisions of this Article, will take all reasonable steps to eliminate any Intervening Event and, if possible, will perform its obligations under this Agreement as far as practical, but nothing herein will require DFRI to settle or adjust any labour dispute or to question or to test the validity of any law, rule, regulation or order of any duly constituted court or governmental authority or to complete its obligations under this Agreement if an intervening Event renders completion impossible.

10.4 DFRI, if it is relying on the provisions of this Article, shall give notice to the Owner forthwith upon the occurrence of the Intervening Event and forthwith after the end of the period of delay when such Intervening Event has been eliminated or rectified.

END OF ARTICLE 10

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11. GENERAL PROVISIONS

11.1 **Entire Agreement:** This Agreement constitutes the entire agreement between the parties and replaces and supersedes all prior agreements, memoranda, correspondence, communications, negotiations and representations, whether oral or written, express or implied, statutory or otherwise between the parties with respect to the subject matter herein. This Agreement may not be amended or modified except by an instrument in writing signed by each of the parties hereto.

11.2 **Waiver:** No consent or waiver, express or implied, by any party to or of any breach or default by any other party of any or all of its obligations under this Agreement will:

(a) be valid unless it is in writing and stated to be a consent or waiver hereunder;

(b) be relied upon as a consent or waiver to or of any other breach or default of the same or any other obligation;

(c) constitute a general waiver under this Agreement; or

(d) eliminate or modify the need for a specific consent or waiver in any other or subsequent instance.

11.3 **Further Assurances:** The parties will execute such further and other documents and do such further and other things as may be necessary or convenient to carry out and give effect to the intent of this Agreement.

11.4 **Future Acquired Interest:** The Owner and DFRI hereby agree that this Agreement shall apply to any mineral interest acquired at any time hereafter in Labrador and, for greater certainty hereby expressly agree that any such mineral interests shall be deemed to be included in Schedule 1 hereto.

11.5 **Manner of Payment:** All payments to be made to any party hereunder may be made by cheque or draft mailed or delivered to such party at its address for notice purposes as provided herein, or for the account of such party at such bank or banks in Canada as such party may designate from time to time by written notice. Such bank or banks shall be deemed the agent of the designating party for the purpose of receiving, collecting and receipting such payment.

11.6 **Termination:** This Agreement shall terminate upon the occurrence of the earliest of:

(a) the written agreement by the parties to terminate;

(b) the termination of the Optionee’s option pursuant to Article 3;

(c) the purchase of the Owner’s Net Smelter Royalty and Gross Royalty pursuant to Article 5;

Such termination shall not affect any amount owing, obligation or liability existing or incurred prior to the date of such termination.

11.7 **Time of Essence:** Time shall be of the essence in the performance of this Agreement.

11.8 **Enurement:** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal representatives or successors, as the case may be and permitted assigns.

11.9 **Remedies:** The Owner agrees that failure to comply with the covenants and restrictions set out in Articles 4 or 5 could constitute an injury and damages to DFRI impossible to measure monetarily and, in the event of any such failure, DFRI shall, in addition and without prejudice to any other rights and remedies at law or in equity, be entitled to injunctive relief restraining, enjoining or specifically enforcing any acquisition, sale, transfer, charge or encumbrance save in accordance with or as required by the provisions of Article 5 or restraining or enjoying any breach of Article 4, as the case may be, and the Owner hereby waives any defence it might have in law to such injunctive or other equitable relief.

END OF ARTICLE 11

EXECUTION

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

DIAMOND FIELDS RESOURCES INC.

[ILLEGIBLE] Witness	by: [ILLEGIBLE]
[ILLEGIBLE] Witness	by: [ILLEGIBLE] c/s

ARCHEAN RESOURCES LTD.

[ILLEGIBLE] Witness	by: [ILLEGIBLE]
[ILLEGIBLE] Witness	by: [ILLEGIBLE] c/s

SCHEDULE 1

to an Agreement between Diamond Fields Resources Inc. (“DFRI”) and
Archean Resources Ltd. (“Archean”) dated as of the 18th day
of May, 1993.

DESCRIPTION OF PROPERTY

The Property consists of the following 241 claims located in Labrador covered by:

(a)

License Number	No. of Claims
489M	10
490M	10
488M	10
487M	10
485M	10
486M	10
494M	10
496M	10
470M	1
471M	1
472M	2
468M	10
475M	1
476M	3
477M	2
473M	2
474M	2
469M	37
482M	88
483M	4
484M	5
493M	1
492M	1
491M	1
	241

; and

(b) Any other mineral claims or interests acquired hereafter by Archean or DFRI in Labrador.

END OF SCHEDULE 1

SCHEDULE 2

to an Agreement between Diamond Fields Resources Inc. (“DFRI”) and
Archean Resources Ltd. (“Archean”) dated as of the 18th day
of May, 1993.

NET SMELTER ROYALTY

1. Interpretation

1.1 Where used herein:

a) “Agreement” shall mean the above-referenced agreement, including any amendments thereto or renewals or extensions thereof.

b) “Mining Claims” shall mean that property and those mineral claims or interests which are listed in Schedule 1 to the Agreement but excluding those claims and properties which are abandoned in accordance with paragraph 3.9 or 3.11 of the Agreement.

c) “Fiscal Period” shall mean each calendar year or other period of twelve consecutive months adopted for tax purposes during the terms of the Agreement.

d) “Royalty Interest” shall mean 3.0% of Net Smelter Returns payable under this Agreement.

2. Net Smelter Returns

“Net Smelter Returns” shall mean the actual proceeds received from any mint, smelter, refinery or other purchaser for the sale of ores, base metals, precious metals, rare earth metals, elements and any other minerals normally subject to net smelter returns or concentrates produced from the Mining Claims and sold, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payment: smelting and refining charges; penalties; smelter assay costs and umpire assay costs; cost of freight and handling of ores, metals or concentrates from the Mining Claims to any mint, smelter, refinery, or other purchaser; marketing costs; insurance on all such ores, metals or concentrates; customs duties; or mineral taxes or the like and export and import taxes or tariffs payable in respect of said ores, metals or concentrates. Any charges to be conducted hereunder which are made to DFRI’s Associated Company must be on commercially reasonable terms or must be approved in writing by the Owner of the Royalty Interest.

3. Payment

3.1 The Royalty Interest shall be paid on a quarterly basis within forty-five days after the end of each fiscal quarter in respect of the actual proceeds received in such fiscal quarter.

3.2 Each payment under Section 3.1 shall be accompanied by a statement indicating the calculation of Net Smelter Returns hereunder. The Owner shall be entitled to audit, during normal business hours, such books and records as are necessary to determine the correctness of the payment of the Royalty Interest, provided, however that such audit shall be made only on an annual basis and within 12 months of the end of the Fiscal Period in respect of which such audit is made.

4. Segregation of Property

The determination of Net Smelter Returns hereunder is based on the premise that production will be developed solely on the Mining Claims. If other properties are incorporated in a single mining project and metals, ores or concentrates pertaining to each are not readily segregated on a practical or equitable basis, the allocation of actual proceeds received and deductions therefrom shall be negotiated between the parties and, if the parties fail to agree on such allocation, shall be referred to a single arbitrator to be appointed in accordance with the Newfoundland Arbitrations Act and the arbitrator shall have reference first to this agreement, and then, if necessary, to practices used in mining operations that are of a similar nature. The arbitrator shall be entitled to retain such independent mining consultants as he considers necessary. The decision of the arbitrator shall be final and binding on the parties hereto and shall not be subject to appeal.

END OF SCHEDULE 2

SCHEDULE 3

to an Agreement between Diamond Fields Resources Inc. and
Archean Resources Ltd. dated as of the 18th day
of May, 1993.

GROSS DIAMOND ROYALTY

1. Interpretation

1.1 Where used herein:

a) "Agreement" shall mean the above-referenced agreement, including any amendments thereto or renewals or extensions thereof.

b) "Mining Claims" shall mean that property and those mineral claims or interests which are listed in Schedule 1 to the Agreement but excluding those claims and properties which are abandoned in accordance with paragraph 3.9 or 3.11 of the Agreement.

c) "Fiscal Period" shall mean each calendar year or other period of twelve consecutive months adopted for tax purposes during the terms of the Agreement.

d) "Royalty Interest" shall mean 3% of raw diamonds or gem stones recovered from the Mining Claims.

2. Gross Diamond Royalty

Gross Diamond Royalty means a percentage of the gross value of raw diamonds or gem stones extracted from the Mining Claims without any discount or deduction for any cost associated with extraction, transportation or marketing.

3. Payment

3.1 The Royalty Interest shall be paid on a quarterly basis within forty-five days after the end of each fiscal quarter in respect of the actual proceeds received in such fiscal quarter.

3.2 Each payment under Section 3.1 shall be accompanied by a statement indicating the calculation gross value hereunder. The Owner shall be entitled to audit, during normal business hours, such books and records as are necessary to determine the correctness of the payment of the Royalty Interest, provided, however that such audit shall be made only on an annual basis and within 12 months of the end of the Fiscal Period in respect of which such audit is made.

4. Segregation of Property

The determination of gross value hereunder is based on the premise that production will be developed solely on the Mining Claims. If other properties are incorporated in a single mining project and metals, ores or concentrates pertaining to each are not readily segregated on a practical or equitable basis, the allocation of actual proceeds received and deductions therefrom shall be negotiated between the parties and, if the parties fail to agree on such allocation, shall be referred to a single arbitrator to be appointed in accordance with the Newfoundland Arbitrations Act and the arbitrator shall have reference first to this agreement, and then, if necessary, to practices used in mining operations that are of a similar nature. The arbitrator shall be entitled to retain such independent mining consultants as he considers necessary. The decision of the arbitrator shall be final and binding on the parties hereto and shall not be subject to appeal.

END OF SCHEDULE 3

END OF AGREEMENT

THIS AMENDMENT AND ADDENDUM AGREEMENT is made as of the 23rd day of April, 1995.

BETWEEN:

DIAMOND FIELDS RESOURCES INC., a British Columbia company registered to carry on undertakings in the Province of Newfoundland

(hereinafter called the "Optionee")
of the first part

AND:

ARCHEAN RESOURCES LIMITED, a Newfoundland company

(hereinafter called the "Owner")
of the second part

WHEREAS:

1. The parties hereto entered into that certain agreement entitled Labrador Option Agreement dated the 18th day of May, 1993 and registered at Volume 6 of the Registry maintained by the Mineral Claims Recorder at Folio 2 (the "Option Agreement").
2. The parties wish to enter into this addendum to the Option Agreement to clarify and amend certain terms thereof in order to better carry out and give effect to the intent of such agreement.

NOW THEREFORE , for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree that the Option Agreement shall be amended as follows:

1. Section 1.5 is amended to read as follows:

   " **1.5 Currency:** All dollar amounts herein and proceeds related to Royalty Interest, Net Smelter Royalty, Net Smelter Returns, Gross Diamond Royalty, Principal Amount , Future N.S.R. Value and Mine Development Financing expressed herein refer to lawful currency of the United States of America."

2. Section 3.7(b) is hereby deleted and the following substituted therefor:

   "During the term of this Agreement including for the avoidance of doubt the period subsequent to the Optionee's exercise of the option herein provided for, the Optionee shall provide to the Owner annually within a reasonable period of time after the end of each calendar year one copy of a technical report respecting work, including as may be applicable mining work, done on the Property during the year and the results, including production results as may be applicable thereto."

3. The following is added as Section 4.4:

"4.4 The Optionee acknowledges that the Owner may wish to sell its Net Smelter Royalty and/or its Gross Diamond Royalty held under the Option Agreement and that in the process of selling the Net Smelter Royalty and/or the Gross Diamond Royalty, the Owner may need to disclose certain confidential information to a third party. The Optionee's consent to disclosure of confidential information hereunder shall not be unreasonably withheld where the Owner wishes to disclose any such information to a third party for the purpose of selling the Net Smelter Royalty and/or the Gross Diamond Royalty reserved by the Option Agreement providing that such third party gives its undertaking to the Optionee (to be in form and content acceptable to the Optionee, acting reasonably) that any such information not theretofore publicly disclosed shall be kept confidential and not disclosed to any other person for a period agreed upon by the Optionee and such third party, which shall not be less than two (2) years in duration."

4. The following is added as Section 5.10:

"5.10 In the event of any sale, assignment or disposition of any nature or kind whatsoever by the Optionee of the Property or any interest therein or any part thereof to a party other than the Owner or an Associated Company of the Owner, including for greater certainty an Associated Company of the Optionee (a "Third Party Purchaser"), the Optionee shall:

(a) furnish to the Third Party Purchaser a true copy of this Agreement;

(b) procure the Third Party Purchaser's written agreement in favour of the Owner that the Third Party Purchaser shall be bound by the terms of this Agreement as if it were a party thereto in the place and stead of the Optionee; and

(c) ensure that in any agreement and deed of sale, assignment or disposition of any nature to a Third Party Purchaser a covenant to the same obligation and effect as this Section 5.10 which would oblige the Third Party Purchaser and its successors and assigns is contained therein and that any such agreement, deed of sale, assignment or disposition is registered at the public registries in which it is required or customary to register mining agreements pertaining to land."

5. The following shall be added as paragraph 5.11:

5.11A In the event that:

(a) the Optionee commits or threatens to commit any act of bankruptcy, or if the Optionee becomes insolvent or bankrupt or makes an authorized assignment, or if any proceedings with respect to the Optionee are commenced under the Companies' Creditors Arrangement Act, R.S.C. 1970 or the Bankruptcy and Insolvency Act, R.S.C. 1985 as both are amended from time to time or any Act or Acts that may hereafter be substituted for either of those Acts; or

(b) default under and any act in commencement of enforcement of the security or securities for Mine Development Financing (as hereinafter defined)

occurs, then and in any such event,

(c) if the then-calculated net present value of the Owner's Net Smelter Royalty (hereinafter referred to as "the Future N.S.R, Value") is less than the then-secured Principal Amount under the Archean Mortgage (as hereinafter defined) then the full Future N.S.R. Value, or

(d) if the Future N.S.R. Value is greater than the then-current Principal Amount (as hereinafter defined), then only such part or portion of the Future N.S.R. Value as is equal to the then-current Principal Amount (as hereinafter defined)

shall become and shall be deemed to be forthwith due and payable and shall be paid by the Optionee to the Owner. For the avoidance of doubt, that part or portion of the Future N.S.R. Value which may not become forthwith due and payable under subparagraph (d) shall be paid in accordance with paragraph 3 of schedule 2 of this Agreement.

5.11B In further consideration for the option granted to the Optionee pursuant to paragraph 3.1, the Optionee shall, forthwith upon exercise of its option hereunder, grant to the Owner a fixed charge or mortgage ("the Archean Mortgage"), in registerable form, on the Property, to secure the Optionee's obligations to pay the Net Smelter Royalty reserved hereunder, which Archean Mortgage shall be granted upon and contain the following terms and conditions:

(a) The Archean Mortgage shall be security which shall be collateral to the Optionee's current and future obligations to pay the Net Smelter Royalty.

(b) The Archean Mortgage shall comprise a charge upon the Property.

(c) The Archean Mortgage shall be and is deemed to be subordinate to any charges or mortgages and any renewals, refinancings or substitutions thereof, granted by the Optionee now or in the future to a first lender to secure borrowings for the purposes of the acquisition, construction, development and operation of a mine site and all related facilities, equipment, infrastructure and buildings reasonably necessary and sufficient for the operation of the mine site and the accommodation of those working at the mine site and the commencement and continuance of the extraction, processing and transportation of minerals (which borrowings are hereinafter referred to as "the Mine Development Financing"), provided that the Archean Mortgage shall comprise a first charge upon the Property subject only to such first lender's security for the Mine Development Financing. As development of the Property may entail more than one mine, the parties further agree that this subordination shall apply to each mine or mine site and, each first lender to such mine or mine site established to develop the Property.

(d) Subject to subparagraph (f), the Archean Mortgage shall secure an amount (hereinafter referred to as the "Principal Amount") which Principal Amount shall be limited and equal to the following amounts as may be determined from time to time:

(i) a minimum of fifty million dollars ($50,000,000.00); and

(ii) the fifty million dollars ($50,000,000.00) set out in subparagraph (i) hereof shall be increased by twenty percent (20%) of the amount that the Mine Development Financing exceeds two hundred and fifty million dollars $250,000,000.00) provided that in no event shall the Principal Amount exceed one hundred million dollars ($100,000,000.00) and provided that if the amount outstanding and owed under the Mine Development Financing is reduced or paid down below an aggregate of five hundred million dollars ($500,000,000.00), then the Principal Amount shall be reduced by twenty percent (20%) of the amount that the Mine Development Financing is reduced below five hundred million dollars ($500,000,000.00) subject always to the minimum amount set out in subparagraph (i) hereof.

(e) Default under the Archean Mortgage shall be limited to the following events of default (an"Event of Default"):

(i) if the Optionee commits or threatens to commit any act of bankruptcy, or if the Optionee becomes insolvent or bankrupt or makes an authorized assignment, or if any proceedings with respect to the Optionee are commenced under the Companies' Creditors Arrangement Act, R.S.C. 1970 or the Bankruptcy and Insolvency Act, R.S.C. 1985 as both are amended from time to time or any Act or Acts that may hereafter be substituted for cither of those Acts; or

(ii) default under and any act in commencement of enforcement of the Mine Development Financing security or securities.

For the purpose of this paragraph, an Event of Default shall be deemed to have been about to occur immediately prior to its occurrence, and if and only if it actually occurs.

If an Event of Default shall occur, then the lesser of the Principal Amount then secured under the Archean Mortgage or the Future N.S.R. Value shall become and shall be deemed to be forthwith due and payable and shall be paid by the Optionee to the Owner.

(f) The Principal Amount shall be reduced by the amounts paid by the Optionee to the Owner on account of the Net Smelter Royalty in excess of fifty million dollars ($50,000,000.00). The Archean Mortgage shall be discharged upon payment by the Optionee to the Owner on account of the Net Smelter Royalty the total sum of one hundred million dollars ($100,000,000.00).

(g) Upon payment of the full Principal Amount, reduced as provided in paragraph (f) hereof, secured by the Archean Mortgage to the Owner, the Archean Mortgage shall be completely discharged and shall be released by the Owner.

(h) The Archean Mortgage shall be assignable by the Owner in the event of a sale by the Owner of its Net Smelter Royalty.

(i) The Archean Mortgage shall be drafted by the parties' solicitors and shall be based on commercially reasonable terms including provision for interest on arrears excepting as to terms herein specifically set forth.

6. The following is added as Section 5.12:

"Notwithstanding the foregoing provisions of this Article, the Optionee agrees and consents to the assignment and transfer of the Net Smelter Royalty and/or the Gross Diamond Royalty reserved by this Agreement from the Owner to a body corporate wholly owned and controlled either by (i) the Owner or (ii) the Owner's principals Albert Chislett and Chris Verbiski (hereinafter referred to as the "Royalty Holding Corporation"), provided that all obligations and provisions of the Owner pertaining to the Net Smelter Royalty and Gross Diamond Royalty, including without limitation the provisions of Article 4 and Article 5 of this Agreement, are assumed by the Royalty Holding Corporation and that the Owner continues to remain responsible for all obligations and covenants under this Agreement. The transfer and assignment pursuant to this paragraph shall be made pursuant to the provisions of an assignment agreement incorporating these principles in form and substance acceptable to the Owner, acting reasonably."

7. Section 11.4 is hereby deleted and the following substituted therefor:

"11.4 **Future Acquired Interest:** The Owner and DFRI hereby agree that this Agreement shall apply to any mineral interest acquired at any time hereafter in Labrador by the Owner, DFRI and companies controlled by either party, and, for greater certainty, hereby expressly agree that any such mineral interests shall be deemed to be included in Schedule 1 hereto."

8. The following is added as Section 11.10:

"11.10 If any right, power or interest of any party in any property under this Agreement would violate the rule against perpetuities, then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen

Elizabeth II of England, living on the date of the execution of this Agreement."

9. The following is added as Section 11.11:

"11.11 The Optionee covenants and agrees that, upon acquisition of the Property, the Optionee shall generally undertake its work and operations on and in respect of the Property with the general view to establishing a mine provided always that the decision to establish or not establish a mine shall be entirely a matter for the exercise of the Optionee's discretion and judgment as to the feasibility of establishing a mine based on its bona fide assessment of factors generally recognized by the Canadian mining industry being determinative of the feasibility of establishing a mine."

10. Schedule 1 is hereby deleted and Schedule 1 in the form annexed hereto substituted therefor.

11. Section 3.2 of Schedule 2 is amended to add the following immediately after the second sentence thereof:

"In the event any Owner's audit results in the confirmation that the Optionee's record keeping and maintenance is below mining industry standards, the Optionee will promptly cure such defects and, in the event the results of such audit confirm an underpayment of revenue arising out of the Owner's Royalty Interest, then the Optionee will promptly remit the underpayment plus the average yield that would have accrued if underpayment funds had been invested in 90 days U.S. Treasury Notes during the period of underpayment."

12. Section 2 of Schedule 3 is hereby deleted and the following substituted therefor:

"2. Gross Diamond Royalty

Gross Diamond Royalty means a percentage of the gross value of raw diamonds or precious stones and/or semiprecious stones of any nature and quality recovered or extracted from the Property including without limitation rubies, emeralds, sapphires, hyacinths and topazes without any discount or deduction for any cost associated with extraction, transportation or marketing."

13. Section 3.2 of Schedule 3 is amended to add the following immediately after the second sentence thereof:

"In the event any Owner's audit results in the confirmation that the Optionee's record keeping and maintenance is below mining industry standards, the Optionee will promptly cure such defects and, in the event the results of such audit confirm an underpayment of revenue arising out of the Owner's Royalty

Interest, then the Optionee will promptly remit the underpayment plus the average yield that would have accrued if underpayment funds had been invested in 90 days U.S. Treasury Notes during the period of underpayment."

14. The Option Agreement shall remain in full force and effect from and after the date hereof unamended except to the extent necessary to give effect to the provisions hereof.

IN WITNESS WHEREOF the parties have caused this Agreement to be duly executed and delivered this 23 rd day of April, 1995, as of the day and year first written above.

SIGNED SEALED AND DELIVERED The Corporate Seal of Diamond Fields Resources Inc. was hereunto affixed in the presence of:

DIAMOND FIELDS RESOURCES INC.

[ILLEGIBLE] Barrister (Nfld.)

[ILLEGIBLE]

SIGNED SEALED AND DELIVERED The Corporate Seal of Archean Resources Ltd. was hereunto affixed in the presence of:

ARCHEAN RESOURCES LTD.

[ILLEGIBLE] Barrister (Nfld.)

[ILLEGIBLE]

SCHEDULE “1”

MINERAL PROPERTIES

to and comprising part of an Agreement
dated as of the 23rd day of April, A.D.
1995 made between DIAMOND FIELDS RESOURCES INC. (“the Optionee”)
and ARCHEAN RESOURCES LIMITED (“the Owner”)

DESCRIPTION OF PROPERTIES

(a) The Property consists of the following mineral claims in Labrador held by the Optionee and the Owner by the following mineral licenses:

(i) Licenses held by the Optionee:

License No. 468M for 10 claims at Saglek

License No. 469M for 37 claims at Cape Makkovik

License No. 470M for 1 claim at Saglek

License No. 471M for 1 claim at Saglek

License No. 472M for 2 claims at Saglek

License No. 473M for 2 claims at Satok Island

License No. 474M for 2 claims at Nusdutnsk Islan

License No. 475M for 1 claim at Kangerdluarsuks

License No. 476M for 3 claims at Jerusalem Harbo

License No. 477M for 2 claims at Jerusalem Harbo

License No. 482M for 88 claims at Takkstat Inlet

License No. 483M for 4 claims at Takkatat Inlet

License No. 484M for 5 claims at Takkatat Inlet

License No. 485M for 10 claims at Takkatat Inlet

License No. 486M for 10 claims at Hebron Fiord

License No. 487M for 10 claims at Hebron Fiord

License No. 488M for 10 claims at Hebron Fiord

License No. 489M for 10 claims at Hebron Fiord

License No. 490M for 10 claims at Hebron Fiord

License No. 491M for 1 claim at Hebron Fiord

License No. 492M for 1 claim at Hebron Fiord

License No. 493M for 1 claim at Hebron Fiord

License No. 494M for 10 claims at Cape Uivak-Fish

License No. 496M for 10 claims at Cape Uivak-Fish

License No. 507M for 30 claims at Ailik Bay

License No. 508M for 30 claims at Tornavik Island

License No. 509M for 49 claims at Big Island

License No. 510M for 4 claims at White Point

License No. 511M for 1 claim at White Point

License No. 512M for 1 claim at White Point

License No. 513M for 6 claims at West Turnavik I

License No. 514M for 2 claims at North of Iterun

License No. 515M for 6 claims at North of Iterug

License No. 516M for 2 claims at Iternugner Fior

License No. 517M for 4 claims at North of Iterun

License No. 518M for 8 claims at Winnie Bay

License No. 519M for 4 claims at South of Winnie

License No. 520M for 3 claims at Iterungnek

License No. 521M for 3 claims at Hebron

License No. 522M for 3 claims at Hebron

License No. 523M for 1 claim at Hebron

License No. 524M for 4 claims at Hebron

License No. 525M for 1 claim at Hebron

License No. 531M for 4 claims at Makkovik Bay

License No. 532M for 20 claims at Saglek

(ii) Licenses held by the Owner:

License No. 657M for 256 claims at Reid Brook

License No. 658M for 32 claims at Reid Brook

License No. 669M for 160 claims at Kangeklualuk Ba

License No. 670M for 192 claims at Kangeklualuk Ba

License No. 671M for 128 claims Ikadlivik Brook

License No. 686M for 96 claims at Voisey Bay

License No. 687M for 96 claims at Voisey Bay

License No. 688M for 96 claims at Voisey Bay

License No. 689M for 92 claims at Kangeklukuluk B

License No. 690M for 240 claims at Kangeklukuluk B

License No. 691M for 128 claims at Trout Pond

License No. 692M for 64 claims at Ikadlivik Brook

License No. 693M for 200 claims at Reid Boook

License No. 694M for 88 claims at Reid Boook

License No. 695M for 256 claims at Medusa Bay

License No. 696M for 86 claims at Tikkegaksuak Pe

License No. 697M for 236 claims at Port Manvers

License No. 698M for 208 claims at Man O’war Peak

License No. 699M for 68 claims at Man O’war Peak

License No. 700M for 256 claims at Kiglapait Mount

License No. 701M for 214 claims at Kiglapait Mount

License No. 702M for 164 claims at Kiglapait Mount

License No. 703M for 248 claims at Kiglapait Mount

License No. 704M for 256 claims at Kiglapait Mount

License No. 705M for 180 claims at Kiglapait Mount

License No. 706M for 243 claims at Kiglapait Mount

License No. 707M for 86 claims at Makhavinekh Lak

License No. 708M for 64 claims at Frances Bay

License No. 710M for 8 claims at Akuliakatak Pen

License No. 711M for 8 claims at Akuliakatak Pen

License No. 712M for 8 claims at Akuliakatak Pen

License No. 713M for 146 claims at Akuliakatak Pen

License No. 714M for 58 claims at Nain Bay

License No. 715M for 101 claims at Nain Bay

License No. 716M for 231 claims at South Aulatsivi

License No. 717M for 240 claims at South Aulatsivi

License No. 718M for 214 claims at South Aulatsivi

License No. 719M for 34 claims at Akpiksai Bay

License No. 720M for 54 claims at Barth Island

License No. 721M for 160 claims at Nain Bay

License No. 722M for 228 claims at Manvers Run

License No. 723M for 170 claims at Webb Hill

License No. 724M for 56 claims at Webb Hill

License No. 725M for 244 claims at Webb Brook

License No. 726M for 252 claims at Manvers Brook

License No. 727M for 240 claims at Man O'War Creak

License No. 728M for 256 claims at Kiglapait Tasia

License No. 729M for 48 claims at Kiglapait Tasia

License No. 730M for 28 claims at Kiglapait Tasia

License No. 731M for 148 claims at Kiglapait Tasia

License No. 732M for 238 claims at Tasiyuyaksuk Br

License No. 733M for 184 claims at Anaktalik Brook

License No. 734M for 24 claims at Akuliakatak Pen

(b) Any other mineral claims or interests acquired hereafter by the Optionee and the Owner in Labrador.

END OF SCHEDULE 1

EXHIBIT 31.1

I, Tony Jensen, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Royal Gold, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f), and 15d-a5(f), for the registrant and have:

  (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

  (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

  (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

  (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I, have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

  (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

  (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

May 7, 2010

/s/ Tony Jensen

Tony Jensen
President and Chief Executive Officer

EXHIBIT 31.2

I, Stefan Wenger, certify that:

(1) I have reviewed this report on Form 10-Q of Royal Gold, Inc.;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact nor omits to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f), and 15d-a5(f), for the registrant and have:

(a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officer and I, have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

May 7, 2010

/s/ Stefan Wenger

Stefan Wenger
Chief Financial Officer and Treasurer

EXHIBIT 32.1

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the "Company"), for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tony Jensen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 7, 2010

/s/ Tony Jensen
Tony Jensen
President and Chief Executive Officer

EXHIBIT 32.2

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the “Company”), for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Wenger, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

May 7, 2010

/s/ Stefan Wenger
Stefan Wenger
Chief Financial Officer and Treasurer