

ROYAL GOLD INC

FORM 10-Q (Quarterly Report)

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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 December 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)

1660 Wynkoop Street, Suite 1000
Denver, Colorado
(Address of Principal Executive Office)

54-0835164
(I.R.S. Employer
Identification No.)

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 ☐

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 53,807,744 shares of the Company's common stock, par value \$0.01 per share, outstanding as of January 31, 2011. In addition,

as of such date, there were 1,537,544 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)

	December 31, 2010	June 30, 2010
ASSETS		
Cash and equivalents	\$ 71,409	\$ 324,846
Royalty receivables	52,869	40,363
Income tax receivable	2,147	3,432
Prepaid expenses and other current assets	1,962	2,627
Total current assets	128,387	371,268
Royalty interests in mineral properties, net (Note 4)	1,715,477	1,467,983
Other assets	19,760	22,082
Total assets	<u>\$ 1,863,624</u>	<u>\$ 1,861,333</u>
LIABILITIES		
Current portion of long-term debt (Note 5)	\$ 26,000	\$ 26,000
Accounts payable	2,624	2,367
Dividends payable	6,087	4,970
Other current liabilities	3,243	2,437
Total current liabilities	37,954	35,774
Long-term debt (Note 5)	199,500	222,500
Net deferred tax liabilities	151,375	152,583
Other long-term liabilities	19,754	16,928
Total liabilities	408,583	427,785
Commitments and contingencies (Note 11)		
EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; and 0 shares issued	—	—
Common stock, \$.01 par value, 100,000,000 shares authorized; and 53,470,710 and 53,324,171 shares outstanding, respectively	535	534
Exchangeable shares, no par value, 1,806,649 shares issued, less 206,425 and 176,540 redeemed shares, respectively	70,426	71,741
Additional paid-in capital	1,285,296	1,284,087
Accumulated other comprehensive income (loss)	117	(34)
Accumulated earnings	70,935	51,862
Treasury stock, at cost (0 and 96,675 shares, respectively)	—	(4,474)
Total Royal Gold stockholders' equity	1,427,309	1,403,716
Non-controlling interests	27,732	29,832
Total equity	1,455,041	1,433,548
Total liabilities and equity	<u>\$ 1,863,624</u>	<u>\$ 1,861,333</u>

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 Three Months Ended	
	December 31, 2010	December 31, 2009
Royalty revenues	\$ 56,316	\$ 34,740
Costs and expenses		
Costs of operations (exclusive of depreciation, depletion and amortization shown separately below)	3,949	1,638
General and administrative	3,930	2,972
Exploration and business development	827	2,828
Depreciation, depletion and amortization	16,006	12,101
Total costs and expenses	24,712	19,539
Operating income	31,604	15,201
Interest and other income	2,285	150
Interest and other expense	(1,797)	(166)
Income before income taxes	32,092	15,185
Income tax expense	(11,374)	(4,833)
Net income	20,718	10,352
Net income attributable to non-controlling interests	(2,406)	(737)
Net income attributable to Royal Gold stockholders	\$ 18,312	\$ 9,615
Net income	\$ 20,718	\$ 10,352
Adjustments to comprehensive income, net of tax		
Unrealized change in market value of available for sale securities	145	94
Comprehensive income	20,863	10,446
Comprehensive income attributable to non-controlling interests	(2,406)	(737)
Comprehensive income attributable to Royal Gold stockholders	\$ 18,457	\$ 9,709
Net income per share available to Royal Gold common stockholders:		
Basic earnings per share	\$ 0.33	\$ 0.24
Basic weighted average shares outstanding	55,043,160	40,578,426
Diluted earnings per share	\$ 0.33	\$ 0.23
Diluted weighted average shares outstanding	55,308,709	40,962,137
Cash dividends declared per common share	\$ 0.11	\$ 0.09

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 Six Months Ended	
	December 31, 2010	December 31, 2009
Royalty revenues	\$ 101,654	\$ 60,853
Costs and expenses		
Costs of operations (exclusive of depreciation, depletion and amortization shown separately below)	5,140	2,839
General and administrative	7,654	5,167
Exploration and business development	1,514	3,713
Depreciation, depletion and amortization	34,930	23,179
Total costs and expenses	49,238	34,898
Operating income	52,416	25,955
Interest and other income	3,708	1,903
Interest and other expense	(4,102)	(521)
Income before income taxes	52,022	27,337
Income tax expense	(18,301)	(7,864)
Net income	33,721	19,473
Net income attributable to non-controlling interests	(3,577)	(2,733)
Net income attributable to Royal Gold stockholders	\$ 30,144	\$ 16,740
Net income	\$ 33,721	\$ 19,473
Adjustments to comprehensive income, net of tax		
Unrealized change in market value of available for sale securities	152	147
Comprehensive income	33,873	19,620
Comprehensive income attributable to non-controlling interests	(3,577)	(2,733)
Comprehensive income attributable to Royal Gold stockholders	\$ 30,296	\$ 16,887
Net income per share available to Royal Gold common stockholders:		
Basic earnings per share	\$ 0.55	\$ 0.41
Basic weighted average shares outstanding	55,014,930	40,540,283
Diluted earnings per share	\$ 0.55	\$ 0.41
Diluted weighted average shares outstanding	55,279,193	40,942,564
Cash dividends declared per common share	\$ 0.20	\$ 0.17

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 Six Months Ended	
	December 31, 2010	December 31, 2009
Cash flows from operating activities:		
Net income	\$ 33,721	\$ 19,473
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	34,930	23,179
Gain on distribution to non-controlling interest	(2,709)	(1,742)
Deferred tax benefit	(1,208)	(1,446)
Non-cash stock-based compensation expense	3,207	3,087
Tax benefit of stock-based compensation exercises	(952)	(739)
Changes in assets and liabilities:		
Royalty receivables	(12,505)	(13,416)
Prepaid expenses and other assets	1,631	634
Accounts payable	(301)	1,417
Income taxes payable (receivable)	2,237	(2,007)
Other liabilities	3,303	(557)
Net cash provided by operating activities	<u>\$ 61,354</u>	<u>\$ 27,883</u>
Cash flows from investing activities:		
Acquisition of royalty interests in mineral properties	(279,500)	—
Change in restricted cash - compensating balance	—	19,250
Proceeds on sale of Inventory - restricted	4,260	3,108
Deferred acquisition costs	(2,057)	(343)
Other	(96)	(81)
Net cash (used in) provided by investing activities	<u>\$ (277,393)</u>	<u>\$ 21,934</u>
Cash flows from financing activities:		
Tax benefit of stock-based compensation exercises	952	739
(Prepayment of) borrowings under Chilean loan facility	—	(19,250)
Repayment of debt	(23,000)	—
Common stock dividends	(9,953)	(6,522)
Proceeds from issuance of common stock	—	594
Distribution to non-controlling interests	(5,123)	(3,108)
Other	(274)	1
Net cash (used in) financing activities	<u>\$ (37,398)</u>	<u>\$ (27,546)</u>
Net increase (decrease) in cash and equivalents	<u>(253,437)</u>	<u>22,271</u>
Cash and equivalents at beginning of period	<u>324,846</u>	<u>294,566</u>
Cash and equivalents at end of period	<u>\$ 71,409</u>	<u>\$ 316,837</u>

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

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 and similar interests. 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 six months ended December 31, 2010, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2011. 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, 2010 filed with the Securities and Exchange Commission on August 26, 2010 (“Fiscal 2010 10-K”).

Recently Adopted Accounting Standards

Variable Interest Entities

In June 2009, the Accounting Standards Codification (“ASC”) guidance for consolidation accounting was updated to require an entity to perform a qualitative analysis to determine whether the enterprise’s variable interest gives it a controlling financial interest in a Variable Interest Entity (“VIE”). This qualitative analysis identifies the primary beneficiary of a VIE as the entity that has both of the following characteristics: (i) the power to direct the activities of a VIE that most significantly impact the entity’s economic performance, and (ii) the obligation to absorb losses or receive benefits from the entity that could potentially be significant to the VIE. The updated guidance also requires ongoing reassessments of the primary beneficiary of a VIE. Adoption of the updated guidance, effective for the Company’s fiscal year beginning July 1, 2010, had no impact on the Company’s consolidated financial position, results of operations or cash flows.

Fair Value Measurements

In January 2010, the ASC guidance for fair value measurements and disclosure 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 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 was 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. The adoption had no impact on the Company’s financial position, results of operations or cash flows. Refer to Note 10 for further details regarding the Company’s fair value measurements as of December 31, 2010.

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

2. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION

As discussed in more detail in the Company's Fiscal 2010 10-K, on February 22, 2010, Royal Gold, through a wholly-owned Canadian subsidiary, RG Exchangeco Inc. ("RG Exchangeco"), acquired all of the issued and outstanding common shares of International Royalty Corporation (the "IRC Transaction"). The purchase price for the IRC Transaction consisted of approximately \$350.0 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 at any time on a one-for-one basis for Royal Gold common stock.

The Company is in the process of finalizing its assessment of the fair value of the assets acquired and liabilities assumed as part of the IRC Transaction. 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	\$ 83,720
Royalty interests in mineral properties	774,291
Other assets	14,304
Current liabilities	(10,839)
Senior secured debentures	(28,769)
Net deferred tax liabilities	(140,891)
Uncertain tax positions	(8,362)
Other liabilities	(2,878)
Non-controlling interest	(20,705)
Total allocated purchase price	\$ 659,871

There were no changes made to the purchase price allocation during the three and six months ended December 31, 2010 when compared to the purchase price allocation as of June 30, 2010, included in the Company's Fiscal 2010 10-K. The Company expects to finalize the IRC purchase price allocation during the quarter ended March 31, 2011.

3. ROYALTY ACQUISITIONS

Mt. Milligan Gold Stream Acquisition

On October 20, 2010, the Company entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") pursuant to which a wholly-owned subsidiary of the Company, RGL Royalty AG ("RGL"), acquired the right to 25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia (the "Gold Purchase Transaction") from Terrane Metals Corp. ("Terrane"), a wholly-owned subsidiary of Thompson Creek Metals Company Inc. ("Thompson Creek"). The parties entered into the Purchase and Sale Agreement and consummated the Gold Purchase Transaction concurrently with the consummation of Thompson Creek's acquisition of Terrane.

Pursuant to the Purchase and Sale Agreement, RGL paid \$226.5 million at the closing of the Gold Purchase Transaction. In the future, upon satisfaction of certain conditions set forth in the Purchase and Sale Agreement, RGL will make additional payments to Terrane in an amount not to exceed \$85 million in the aggregate to fund a portion of the development costs of the Mt. Milligan project. Upon commencement of production at the Mt. Milligan project, RGL will purchase 25% of the payable gold with a cash payment equal to the lesser of \$400 or the prevailing market price for each payable ounce of gold until 550,000 ounces have been delivered to RGL and the lesser of \$450 or the prevailing market price for each additional ounce thereafter. The Purchase and Sale Agreement also contains representations and warranties, covenants, conditions and indemnification provisions in respect of each party.

The acquisition of the Mt. Milligan gold stream has been accounted for as an asset acquisition. The \$226.5 million paid at closing, plus direct transaction costs of approximately \$1.1 million, has been recorded as a development stage royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets. The Company paid the \$226.5 million portion of the total consideration from cash on hand.

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

Acquisition of Additional Royalty Interests at Pascua-Lama

On July 1, 2010, the Company entered into two separate assignment of rights agreements with two private Chilean citizens whereby Royal Gold acquired an additional 0.75% NSR sliding-scale royalty on the Pascua-Lama project, which is owned and operated by Barrick Gold Corporation (“Barrick”) and located on the border between Argentina and Chile, for a purchase price of \$53 million. Of this amount, \$25 million was paid on July 1, 2010 to acquire 0.35% of the 0.75% royalty interest. A deferred payment of \$28 million was made on October 28, 2010, to acquire the remaining 0.40% royalty interest. Upon the October 28, 2010, closings, Royal Gold’s total gold NSR royalty interest in the Pascua-Lama project increased to 5.23%, at gold prices above \$800 per ounce. Pursuant to the assignment of rights agreements, Royal Gold also acquired a 0.20% fixed-rate net smelter return copper royalty that takes effect after January 1, 2017, increasing Royal Gold’s copper royalty interest in the Pascua-Lama project to 1.05%.

The acquisition of the additional royalty interests at Pascua-Lama has been accounted for as an asset acquisition. The total purchase price of \$53 million, plus direct transaction costs of approximately \$1.1 million, has been recorded as a development stage royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets. The Company paid the \$53.0 million of the total consideration from cash on hand.

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

4. ROYALTY INTERESTS IN MINERAL PROPERTIES

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

As of December 31, 2010
(Amounts in thousands):

	Cost	Accumulated Depletion	Net
Production stage royalty interests:			
Andacollo	\$ 272,998	\$ (6,622)	\$ 266,376
Voisey's Bay	150,138	(7,570)	142,568
Peñasquito	99,172	(3,783)	95,389
Las Cruces	57,230	(1,418)	55,812
Mulatos	48,092	(12,230)	35,862
Dolores	44,878	(2,822)	42,056
Taparko	34,858	(33,676)	1,182
Gwalia Deeps	22,854	(953)	21,901
Leeville	18,322	(11,954)	6,368
Robinson	17,825	(8,378)	9,447
Cortez	10,630	(9,577)	1,053
Other	157,022	(60,414)	96,608
	934,019	(159,397)	774,622
Development stage royalty interests:			
Pascua-Lama	369,714	—	369,714
Mt. Milligan	227,600	—	227,600
Canadian Malartic	35,500	—	35,500
Wolverine	39,794	—	39,794
Other	49,662	—	49,662
	722,270	—	722,270
Exploration stage royalty interests	218,585	—	218,585
Total royalty interests in mineral properties	<u>\$ 1,874,874</u>	<u>\$ (159,397)</u>	<u>\$ 1,715,477</u>

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

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

As of June 30, 2010

(Amounts in thousands):

	Cost	Accumulated Depletion	Net
Production stage royalty interests:			
Andacollo	\$ 272,998	\$ (1,143)	\$ 271,855
Voisey's Bay	150,138	(2,052)	148,086
Peñasquito	99,172	(2,162)	97,010
Las Cruces	57,230	(490)	56,740
Mulatos	48,092	(10,177)	37,915
Dolores	44,878	(2,278)	42,600
Taparko	33,570	(29,242)	4,328
Leeville	18,322	(10,764)	7,558
Robinson	17,825	(7,678)	10,147
Gwalia Deeps	15,970	(416)	15,554
Cortez	10,630	(9,499)	1,131
Other	149,085	(49,285)	99,800
	<u>917,910</u>	<u>(125,186)</u>	<u>792,724</u>
Development stage royalty interests:			
Pascua-Lama	315,610	—	315,610
Canadian Malartic	35,500	—	35,500
Wolverine	39,794	—	39,794
Other	50,733	—	50,733
	<u>441,637</u>	<u>—</u>	<u>441,637</u>
Exploration stage royalty interests	233,622	—	233,622
Total royalty interests in mineral properties	<u>\$ 1,593,169</u>	<u>\$ (125,186)</u>	<u>\$ 1,467,983</u>

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

5. DEBT

The Company's current and non-current debt as of December 31, 2010 and June 30, 2010 consists of the following:

	As of December 31, 2010 (Amounts in thousands)		As of June 30, 2010 (Amounts in thousands)	
	Current	Non-current	Current	Non-current
Credit facility	\$ —	\$ 115,000	\$ —	\$ 125,000
Term loan	26,000	84,500	26,000	97,500
Total debt	<u>\$ 26,000</u>	<u>\$ 199,500</u>	<u>\$ 26,000</u>	<u>\$ 222,500</u>

During the quarter ended September 30, 2010, the Company added one of its wholly-owned subsidiaries, RGLD Gold Canada, Inc., as a guarantor to the Company's credit facility.

As discussed in the Company's Fiscal 2010 10-K, the Company has financial covenants associated with its revolving credit facility and term loan. At December 31, 2010, the Company was in compliance with each financial covenant.

Please refer to Note 13 for updates to our debt facilities that occurred subsequent to December 31, 2010.

6. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense as follows:

	For The Three Months Ended		For The Six Months Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Amounts in thousands)		(Amounts in thousands)	
Stock options	\$ 113	\$ 126	\$ 244	\$ 261
Stock appreciation rights	202	115	368	192
Restricted stock	800	761	1,270	1,229
Performance stock	808	935	1,325	1,405

Total stock-based compensation expense	\$ 1,923	\$ 1,937	\$ 3,207	\$ 3,087

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 as summarized below:

	For The Three Months Ended		For The Six Months Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Amounts in thousands)		(Amounts in thousands)	
Stock-based compensation expense allocation:				
Cost of operations	\$ 340	\$ 389	\$ 605	\$ 659
General and administrative	1,150	1,097	1,832	1,663
Exploration and business development	433	451	770	765
Total stock-based compensation expense	<u>\$ 1,923</u>	<u>\$ 1,937</u>	<u>\$ 3,207</u>	<u>\$ 3,087</u>

For the three and six months ended December 31, 2010 and 2009, 24,800 and 21,060 stock options, respectively, were granted at an exercise price of \$49.66 and \$53.00, respectively. As of December 31, 2010, there was \$0.8 million of unrecognized compensation expense related to non-vested stock options, which is expected to be recognized over a weighted-average vesting period of 2.28 years.

During the three and six months ended December 31, 2010 and 2009, 51,500 and 51,640 stock settled stock appreciation rights ("SSARs"), respectively, were granted at an exercise price of \$49.66 and \$53.00, respectively. As of December 31, 2010, there was \$1.8 million of unrecognized compensation expense related to non-vested SSARs, which is expected to be recognized over a weighted-average vesting period of 2.25 years.

During the three and six months ended December 31, 2010 and 2009, 53,100 and 60,000 shares of restricted stock, respectively, were granted at a grant date fair market value of \$49.66 and \$53.00, respectively. As of December 31, 2010, there was \$7.2 million of unrecognized compensation expense related to non-vested restricted stock, which is expected to be recognized over a weighted-average vesting period of 4.29 years.

During the three and six months ended December 31, 2010 and 2009, 60,500 and 53,000 shares of performance stock, respectively, were granted at a grant date fair market value of \$49.66 and \$53.00, respectively. No performance shares vested during the three months ended December 31, 2010, while 11,500 performance shares vested during the three months ended December 31, 2009, at a grant date fair market value of \$29.75. During the six months ended December 31, 2010 and 2009, 74,500 and 11,500 shares of performance stock, respectively, vested at a weighted average grant date fair market value of \$42.53 and \$29.75, respectively. As of December 31, 2010, there was \$3.1 million of unrecognized compensation expense related to non-vested performance stock, which is expected to be recognized over a remaining estimated vesting period of 1.49 years.

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

7. EARNINGS PER SHARE (“EPS”)

Basic earnings per common share were computed using the weighted average number of shares of common stock outstanding during the period, considering the effect of participating securities. Diluted earnings per share include the additional dilutive effect of our potentially dilutive securities, which include stock options, stock appreciation rights, 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 Six Months Ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(in thousands, except share data)		(in thousands, except share data)	
Net income available to Royal Gold common stockholders	\$ 18,312	\$ 9,615	\$ 30,144	\$ 16,740
Weighted-average shares for basic EPS	55,043,160	40,578,426	55,014,930	40,540,283
Effect of other dilutive securities	265,549	383,711	264,263	402,281
Weighted-average shares for diluted EPS	55,308,709	40,962,137	55,279,193	40,942,564
Basic earnings per share	\$ 0.33	\$ 0.24	\$ 0.55	\$ 0.41
Diluted earnings per share	\$ 0.33	\$ 0.23	\$ 0.55	\$ 0.41

For the three and six months ended December 31, 2010 and 2009, 72,700 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.

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8. INCOME TAXES

	For The Three Months Ended		For The Six Months Ended	
	December 31,	December 31,	December 31,	December 31,
	2010	2009	2010	2009
	(Amounts in thousands, except rate)		(Amounts in thousands, except rate)	
Income tax expense	\$ 11,374	\$ 4,833	\$ 18,301	\$ 7,864
Effective tax rate	35.4%	31.8%	35.2%	28.8%

The increase in the effective tax rate for the three month and six month periods ended December 31, 2010 is primarily related to (i) an increase in tax expense related to earnings from non-U.S. subsidiaries, (ii) the increase in tax expense resulting from the change in valuation allowance on deferred tax assets, and (iii) an increase in tax expense related to unrealized foreign exchange gains.

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state and local, and non-U.S. income tax examinations by tax authorities for fiscal years before 2007.

As of December 31, 2010 and June 30, 2010, the Company had \$15.0 million and \$11.9 million of total gross unrecognized tax benefits, respectively. The liability for unrecognized tax benefits is reflected within *Other long-term liabilities* on the Company's consolidated balance sheets. The increase in gross unrecognized tax benefits was primarily related to tax positions of IRC entities taken prior to or upon the acquisition by the Company during fiscal year 2010. If recognized, these unrecognized tax benefits would impact the Company's effective income tax rate.

The Company's continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At December 31, 2010 and June 30, 2010, the amount of accrued income-tax-related interest and penalties was \$0.8 million and \$0.6 million, respectively. This amount is included in the liability for unrecognized tax benefits and is reflected in *Other long-term liabilities* on the Company's consolidated balance sheets.

9. 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 Property, net	
	Three Months Ended		Six Months Ended		As of	As of
	December 31,		December 31,		December 31,	June 30,
	2010	2009	2010	2009	2010	2010
United States	31%	48%	29%	47%	4%	5%
Africa	6%	30%	13%	29%	1%	2%
Chile	21%	1%	20%	1%	39%	42%
Mexico	19%	13%	16%	15%	11%	13%
Canada	16%	2%	13%	2%	36%	27%
Australia	5%	4%	6%	4%	5%	6%
Other	2%	2%	3%	2%	4%	5%

10. 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;

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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.

	Fair Value at December 31, 2010 (In thousands)			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market investments(1)	\$ 284	\$ 284	\$ —	\$ —
Marketable equity securities(2)	341	341	—	—
	<u>\$ 625</u>	<u>\$ 625</u>	<u>\$ —</u>	<u>\$ —</u>

(1) Included in *Cash and equivalents* in the Company's consolidated balance sheets.

(2) Included in *Other assets* in the Company's consolidated balance sheets.

The carrying amount of our long-term debt (including the current portion) approximates fair value as of December 31, 2010.

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.

The Company's marketable equity securities classified within Level 1 of the fair value hierarchy are valued using quoted market prices in active markets. The fair value of the Level 1 marketable equity securities is calculated as the quoted market price of the marketable equity security multiplied by the quantity of shares held by the Company.

As of December 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 six months ended December 31, 2010. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

11. 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 Newfoundland & Labrador Limited ("VNL"). 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 (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 VNL, 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 and requests an order in respect of the correct calculation of future payments. The claim also requests specific damages for underpayment of past royalties to the date of the claim in an amount not less than \$29 million, together with additional damages until the date of trial, interest, costs and other damages. The litigation is in the discovery phase and was not valued as part of the purchase price allocation discussed in Note 2 as the outcome cannot be reasonably estimated.

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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 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. 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. Oral argument of the appeal has been set for March 28, 2011.

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

12. 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, 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 Cortez 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 15,136 and 18,067 ounces of gold as of December 31, 2010 and June 30, 2010, 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 within *Other assets* on the Company's consolidated balance sheets. The carrying value of the gold in inventory was approximately \$7.4 million and \$8.7 million as of December 31, 2010 and June 30, 2010, respectively, while the fair value of such ounces was approximately \$21.3 million and \$22.5 million as of December 31, 2010 and June 30, 2010, respectively. None of the gold currently held in inventory as of December 31, 2010 and June 30, 2010, is attributed to Royal Gold, as the gold allocated to Royal Gold's CVP partnership interest is typically sold within five days of receipt.

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13. SUBSEQUENT EVENT

Debt

On February 1, 2011, the Company amended and restated its term loan and revolving credit facility (collectively, the “Bank Facilities”). Key modifications to the Bank Facilities include, among other items: 1) an increase in the maximum availability under the revolving credit facility from \$125 million to \$225 million; 2) an increase in the total borrowing under the term loan from \$110.5 million to \$130 million; 3) an extension of the final maturity date for each of the Bank Facilities to February 1, 2014; 4) a restructuring of the interest rate applicable to the term loan, making it consistent with the interest rate under the revolving credit facility, which results in a reduction in the current effective rate from LIBOR plus 2.25% to LIBOR plus 1.875%; 5) a reduction in the amortization rate for principal payments under the term loan from 5% of the initial funded principal amount per quarter to 3% of the currently funded principal amount per quarter; and 6) a change to the revolving credit facility financial covenants deleting the current forward-looking facility coverage ratio (as defined) and adding a debt service ratio (as defined), which is required to be maintained at 1.25 to 1.0, making the revolving credit facility financial covenant package consistent with the financial covenant package under the term loan. As of December 31, 2010, the Company was in compliance with each financial covenant, including the added debt service ratio, under the revolving credit facility and term loan.

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, 2010 filed with the Securities and Exchange Commission (the “SEC”) on August 26, 2010 (the “Fiscal 2010 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 2010 10-K.

Overview

Royal Gold, together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties and similar interests. 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 royalties or similar interests. We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalties or similar interests 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.

As of December 31, 2010, the Company owns royalties on 34 producing properties, 24 development stage properties and 130 exploration stage properties, of which the Company considers 38 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, environmental costs or other mining costs on the properties in which we hold royalty interests. During the three months ended December 31, 2010, we focused on the management of our existing royalty interests and the acquisition of royalty and similar interests.

Our financial results are primarily tied to the price of gold, silver, copper, nickel and other metals, as well as production from our producing stage royalty interests. The price of gold, silver, copper, nickel and other metals have fluctuated widely in recent years. The marketability and the price of gold, silver, copper, nickel and other metals are influenced by numerous factors beyond the control of the Company and may have a material and adverse effect on the Company’s results of operations and financial condition.

For the three and six months ended December 31, 2010 and 2009, gold, silver, copper and nickel price averages and percentage of royalty revenues by metal were as follows:

Metal	Three months ended				Six months ended			
	December 31, 2010		December 31, 2009		December 31, 2010		December 31, 2009	
	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold (\$/ounce)	\$ 1,367	65%	\$ 1,100	84%	\$ 1,295	69%	\$ 1,028	85%
Silver (\$/ounce)	\$ 26.43	6%	\$ 17.57	2%	\$ 22.67	5%	\$ 16.12	2%
Copper (\$/pound)	\$ 3.92	11%	\$ 3.01	9%	\$ 3.60	10%	\$ 2.83	8%
Nickel (\$/pound)	\$ 10.70	12%	\$ 7.96	2%	\$ 10.15	11%	\$ 7.97	2%
Other	N/A	6%	N/A	3%	N/A	5%	N/A	3%

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 revenues from both producing and development properties are based on a number of factors, including reserves subject to our 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 2010 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
Peñasquito	Zacatecas, Mexico	Goldcorp Inc. ("Goldcorp")	2.0% NSR (gold, silver, lead, zinc)
Mulatos(1)	Sonora, Mexico	Alamos Gold, Inc. ("Alamos")	1.0% to 5.0% sliding-scale NSR
Dolores	Chihuahua, Mexico	Minefinders Corporation, Ltd. ("Minefinders")	3.25% NSR; 2.0% NSR (silver)
Voisey's Bay	Newfoundland and Labrador, Canada	Vale Inco Ltd. ("Vale")	2.7% NSR (nickel, copper, cobalt)
Andacollo	Region IV, Chile	Compañía Minera Teck Carmen de Andacollo ("Teck")	75% of gold produced
Gwalia Deeps	Western Australia, Australia	St. Barbara Limited ("St. Barbara")	1.5% NSR
Taparko(2)	Burkina Faso, West Africa	High River Gold Mines Ltd. ("High River")	15% GSR (TB-GSR1); 0% to 10% sliding-scale GSR (TB-GSR2); 2.0% GSR (TB-GSR3)
Las Cruces	Andalucía, Spain	Inmet Mining Corporation ("Inmet")	1.5% NSR (copper)

(1) The Mulatos royalty is capped at 2.0 million gold ounces of production. Approximately 658,000 cumulative ounces of gold have been produced as of December 31, 2010.

(2) The Company has fully recognized the \$35.0 million cap associated with TB-GSR1. In October 2010, the Company received the remaining amounts due associated with the \$35.0 million cap. Upon receipt of the remaining amounts due, TB-GSR1 and TB-GSR2 were terminated, and the Company's perpetual 2.0% GSR royalty (TB-GSR3) became effective. The TB-GSR3 royalty covers all gold produced from the Taparko mine. The Company does not consider the TB-GSR3 royalty at Taparko to be principal to our business.

Our principal development royalties are shown in the following table and are not yet in production. Please refer to our Fiscal 2010 10-K for further discussion of our principal development stage royalty interests.

Mine	Location	Operator	Royalty or similar interests (Gold unless otherwise stated)
Pascua-Lama(1)	Region III, Chile	Barrick	0.78% to 5.23% sliding-scale NSR 1.05% fixed rate royalty (copper)
Canadian Malartic (2)	Quebec, Canada	Osisko Mining Corporation ("Osisko")	2.0% to 3.0% sliding-scale NSR
Holt(3)	Ontario, Canada	St Andrew Goldfields Ltd. ("St Andrew")	0.00013 x quarterly average gold price NSR
Mt. Milligan(4)	British Columbia, Canada	Thompson Creek Metals Company Inc. ("Thompson Creek")	25% of the payable gold
Wolverine	Yukon Territory, Canada	Yukon Zinc Corporation ("Yukon Zinc")	0.00% to 9.45% sliding-scale NSR (gold and silver)

(1) Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the acquisition of additional royalty interests at Pascua-Lama.

(2) 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%.

(3) Operator has contested the royalty rate and its obligation to pay the royalty. See Note 11 to our consolidated financial statements for further information.

(4) Refer to "Recent Developments, Business Developments" below within this MD&A for a further discussion on the acquisition of the Mt. Milligan gold stream.

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 December 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 December 31, 2010

Royalty	Calendar 2010 Operator's Production Estimate(1)			Reported Production through December 31, 2010(2)		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Andacollo(3)	27,000			24,137	—	—
Cortez GSR1	241,000	—	—	258,878	—	—
Cortez GSR2	—	—	—	1,459	—	—
Cortez GSR3	241,000	—	—	260,337	—	—
Cortez NVR1	188,000	—	—	173,993	—	—
Dolores(4),(5)	91,000	2.3 million	—	57,073	1.1 million	—
Gwalia Deeps	102,000			102,319	—	—
Las Cruces(4)						
<i>Copper</i>			161 million			55.0 million
Leeville	429,000	—	—	449,291	—	—
Mulatos	160,000	—	—	151,445	—	—
Peñasquito(4)	180,000	13.4 million		157,343	13.6 million	
<i>Lead</i>			107 million			94.4 million
<i>Zinc</i>			135 million			144.4 million
Robinson	75,000	—		75,442	—	
<i>Copper</i>			115 million			107.8 million
Taparko(4)	137,000	—	—	126,681	—	—
Voisey's Bay(4),(6)						
<i>Copper</i>			N/A			52.2 million
<i>Nickel</i>			N/A			59.7 million

- (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 2010 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 December 31, 2010, as reported to us by the operators of the mines.
- (3) 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 occurred during October 2010.
- (4) Please refer to "Recent Developments, Property Developments" below within this MD&A for further discussion on updates at this property.
- (5) Minefinders estimated that calendar 2010 production for gold would be between 91,000 ounces and 100,500 ounces of gold and silver production would be between 2.3 million ounces and 2.6 million ounces of silver.
- (6) The Company did not receive calendar 2010 production guidance from the operator.

Recent Developments

Business Developments

Mt. Milligan Gold Stream Acquisition

On October 20, 2010, the Company entered into a Purchase and Sale Agreement (the “Purchase and Sale Agreement”) pursuant to which a wholly-owned subsidiary of the Company, RGL Royalty AG (“RGL”), acquired the right to 25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia (the “Gold Purchase Transaction”) from Terrane Metals Corp. (“Terrane”), a wholly-owned subsidiary of Thompson Creek. The parties entered into the Purchase and Sale Agreement and consummated the Gold Purchase Transaction concurrently with the consummation of Thompson Creek’s acquisition of Terrane.

Pursuant to the Purchase and Sale Agreement, RGL paid \$226.5 million at the closing of the Gold Purchase Transaction. In the future, upon satisfaction of certain conditions set forth in the Purchase and Sale Agreement, RGL will make additional payments (each, an “Additional Payment”) to Thompson Creek in an amount not to exceed \$85 million in the aggregate to fund a portion of the development costs of the Mt. Milligan project. Upon commencement of production at the Mt. Milligan project, RGL will purchase 25% of the payable gold with a cash payment equal to the lesser of \$400 or the prevailing market price for each payable ounce of gold until 550,000 ounces have been delivered to RGL and the lesser of \$450 or the prevailing market price for each additional ounce thereafter. The Purchase and Sale Agreement also contains representations and warranties, covenants, conditions and indemnification provisions in respect of each party.

The \$226.5 million paid at closing, plus direct transaction costs of approximately \$1.1 million, has been recorded as a development state royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets. The Company paid the \$226.5 million portion of the total consideration from cash on hand.

Acquisition of Additional Royalty Interests at Pascua-Lama

On July 1, 2010, the Company entered into two separate assignment of rights agreements with two private Chilean citizens whereby Royal Gold acquired an additional 0.75% NSR sliding-scale royalty on the Pascua-Lama project, which is owned and operated by Barrick and located on the border between Argentina and Chile, for a purchase price of \$53 million. Of this amount, \$25 million was paid on July 1, 2010 to acquire 0.35% of the 0.75% royalty interest. A deferred payment of \$28 million was made on October 28, 2010, to acquire the remaining 0.40% royalty interest. Upon the October 28, 2010 closings, Royal Gold’s total gold NSR royalty interest in the Pascua-Lama project increased to 5.23%, at gold prices above \$800 per ounce. Pursuant to the assignment of rights agreements, Royal Gold also acquired a 0.20% fixed-rate NSR copper royalty that takes effect after January 1, 2017, increasing Royal Gold’s copper royalty interest in the Pascua-Lama project to 1.05%. The total purchase price of \$53 million, plus direct transaction costs of approximately \$1.1 million, has been recorded as a development stage royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets.

Property Developments

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

Andacollo

Teck declared commercial production at the Andacollo mine beginning October 1, 2010. The plant has been averaging 53,000 tonnes of ore per day or 97% of design capacity of 55,000 tonnes per day. Royalty payments from our Andacollo interest began with the commencement of shipments in May 2010. At design capacity, Andacollo is estimated to produce about 55,000 ounces of gold in concentrate annually. Teck has not provided its production estimate for calendar 2011.

Cortez

Production at Cortez was higher than estimated for calendar 2010 primarily due to an emphasis on mining Pipeline ore during the fourth quarter of calendar 2010. As Barrick continues to focus on mining at Cortez Hills, we do not expect the fourth quarter of calendar 2010 production level to continue through calendar 2011. The Company is currently awaiting 2011 annual production guidance from Cortez.

Dolores

Minefinders reported that gold and silver production at the Dolores mine decreased in the second and third quarters of calendar 2010 due to lower average ore grades stacked on the leach pad and remediation work required to repair a tear in the Phase 1 leach pad that was discovered towards the end of June 2010. Heavy rains at site hampered the repair work and prompted the removal and placement of a large portion of unleached ore on the Phase 2 leach pad.

In November 2010, Minefinders revised their fourth quarter calendar 2010 guidance to 11,000 – 12,000 from 27,500 – 30,500 ounces of gold and 500,000 – 600,000 from 950,000 – 1,060,000 ounces of silver, while realized production for the fourth quarter of calendar 2010 was 16,102 ounces of gold and 511,544 ounces of silver. With the temporary cessation of leaching on the Phase 1 leach pad, all gold and silver production since mid-September 2010 is coming from the Phase 2 leach pad. As the volume of material stacked and under leach at the Phase 2 pad has increased, production has increased.

Las Cruces

Inmet's Las Cruces copper operation in Spain continues to experience difficulties as they start up production. In November 2010, Inmet revised their copper production objective for calendar 2010 at Las Cruces to 28,000 tonnes of copper cathode to reflect the slower ramp-up.

In January 2011, Inmet reported their calendar 2011 performance objectives for Las Cruces. Inmet estimates its calendar 2011 copper production at Las Cruces will be 50,200 tonnes of copper cathode.

Mt. Milligan

Development at Mt. Milligan is currently on schedule as the winter work program has been implemented.

Mulatos

Alamos reported that gold production at the Mulatos mine was below its 2010 production guidance due to intense rainy conditions during the second and third calendar quarters of 2010, which resulted in production shortfalls. Production at the Mulatos mine increased significantly during the fourth calendar quarter of 2010 due to stacking of ore directly on the liner within the new expanded North Mulatos heap leach area. Alamos also reported that its estimated gold production at the Mulatos mine for calendar 2011 is 160,000 to 175,000 ounces.

Peñasquito

In January 2011, Goldcorp reported that actual calendar 2010 production at Peñasquito was approximately 168,000 ounces of gold. Commissioning of the high pressure grinding roll ("HPGR") was completed during the fourth calendar quarter of 2010. With the addition of the HPGR units, full capacity of 130,000 tonnes per day is expected by the end of the first calendar quarter of 2011. Goldcorp also announced guidance of 350,000 ounces of gold for calendar 2011.

Robinson

In January 2011, Quadra reported that the transition from the Veteran Pit to the Ruth Pit was completed and that production was lower during the fourth calendar quarter of 2010 due to severe weather and grade variability. Quadra also reported that they expect calendar 2011 payable copper production at Robinson to range between 105 and 120 million pounds, while gold production is expected to decline to approximately 45,000 to 50,000 payable ounces for calendar 2011 due to lower gold grades at the Ruth Pit.

Siguiri

The Siguiri royalty was subject to a dollar cap of approximately \$12.0 million and was considered principal to our business during fiscal year 2010. The dollar cap on the Siguiri royalty was met during the quarter ended December 31, 2010. The Company expects its final royalty payment in February 2011.

Taparko

During the quarter ended September 30, 2010, the \$35 million cap associated with TB-GSR1 was achieved and the 2.0% GSR royalty (TB-GSR3) became effective. The TB-GSR1 and TB-GSR2 royalties terminated upon receipt of the remaining amounts due under the \$35 million cap, which occurred in October 2010. The TB-GSR3 royalty covers all gold produced from the Taparko mine. TB-MR1, a 0.75% GSR milling royalty which applies to ore that is mined outside of the defined area of the Taparko project, also remains in effect. The Company does not consider the TB-GSR3 and TB-MR1 royalties at Taparko to be principal to our business.

On January 17, 2011, the Company released its security interests in certain collateral that it held pursuant to the Amended and Restated Funding Agreement dated February 22, 2006 (the "Funding Agreement") between the Company and Somita SA ("Somita"), a 90% owned subsidiary of High River and the operator of the Taparko mine. As security for the Company's \$35 million investment made under the Funding Agreement, High River pledged certain equity investments in public companies held by High River ("Pledge I"), and two of High River's subsidiaries pledged their equity interests in Somita and High River (West Africa) Ltd., the corporate parent of Somita ("Pledge II"). Pursuant to their terms, Pledge I would 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, and Pledge II would remain in effect until satisfaction of certain requirements as provided in the construction contract between Somita and its construction contractor. Following discussions with High River concerning the results of the Completion Test, the Company agreed to release its security interests in the collateral held pursuant to Pledge I and Pledge II, and High River agreed, among other things, to provide certain insurance coverage on the Taparko mine for the benefit of Royal Gold.

Voisey's Bay

Vale and United Steel Workers Local 9508 ("USW 9508") conducted sporadic discussions during the third and fourth calendar quarters of 2010 to address issues surrounding the strike that began August 1, 2009. On January 31, 2011, Vale announced that a new five-year collective agreement has been ratified by the USW 9508 representing mine and mill operations employees at Voisey's Bay, Labrador, thus ending the strike that began August 1, 2009. Vale has reported that the Canadian nickel operations were returning to normalcy, which includes a ramp-up of Voisey's Bay mining and processing operations.

Canadian Malartic

Osisko reported that the commercial production start at its Canadian Malartic project is scheduled to begin in the second quarter of calendar 2011.

Holt

St Andrew continued development and pre-production activities during the quarter. Oral arguments related to the dispute over the payor of the royalty are scheduled to be heard on March 28, 2011.

Wolverine

Yukon Zinc reported that the start-up of the Wolverine project is complete. The processing plant is being commissioned with modification and optimization work on-going. Ore has been processed from surface stockpiles to produce zinc, copper and lead concentrates. The mill processing facility is operating at about 30% of capacity. Yukon Zinc expects to increase production to the design capacity of 1,700 tonnes per day during calendar 2011. The Company did not recognize royalty revenue at Wolverine during the three and six months ended December 31, 2010. The Wolverine royalty is classified as a development stage royalty interest on the Company's consolidated balance sheets.

Results of Operations

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

For the quarter ended December 31, 2010, we recorded net income attributable to Royal Gold stockholders of \$18.3 million, or \$0.33 per basic and diluted share, as compared to net income attributable to Royal Gold stockholders of \$9.6 million, or \$0.24 per basic share and \$0.23 per diluted share, for the quarter ended December 31, 2009. The increase in our earnings per share was primarily attributable to an increase in royalty revenue, as discussed further below. This increase was partially offset by an increase in cost of operation expenses and depletion expenses during the period, which are also discussed further below.

For the quarter ended December 31, 2010, we recognized total royalty revenue of \$56.3 million, at an average gold price of \$1,367 per ounce, an average nickel price of \$10.70 per pound and an average copper price of \$3.92 per pound, compared to royalty revenue of \$34.7 million, at an average gold price of \$1,100 per ounce, an average nickel price of \$7.96 and an average copper price of \$3.01 per pound for the quarter ended December 31, 2009. Royalty revenue and the corresponding production, attributable to our royalty interests, for the quarter ended December 31, 2010 compared to the quarter ended December 31, 2009 is as follows:

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

Royalty	Metal(s)	Three Months Ended December 31, 2010		Three Months Ended December 31, 2009	
		Royalty Revenue	Reported Production(1)	Royalty Revenue	Reported Production(1)
Andacollo(2),(3)	Gold	\$ 11,332	11,087 oz.	N/A	N/A
Voisey's Bay(2),(4)		\$ 8,057		N/A	
	Nickel		22.5 million lbs.		N/A
	Copper		39.6 million lbs.		N/A
Cortez	Gold	\$ 7,640	89,445 oz.	\$ 8,870	124,973 oz.
Peñasquito(2)		\$ 5,849		\$ 1,100	
	Gold		54,775 oz.		28,120 oz.
	Silver		5.1 million oz.		1.2 million oz.
	Lead		38.3 million lbs.		N/A
	Zinc		58.1 million lbs.		N/A
Robinson(2)		\$ 3,461		\$ 3,644	
	Gold		12,655 oz.		24,057 oz.
	Copper		24.7 million lbs.		31.7 million lbs.
Mulatos(2)	Gold	\$ 3,038	47,834 oz.	\$ 2,443	43,928 oz.
Leeville	Gold	\$ 2,588	105,998 oz.	\$ 2,955	150,328 oz.
Taparko(2)	Gold	\$ 993	36,141 oz.	\$ 8,864	32,202 oz.
Las Cruces(2),(4)	Copper	\$ 991	16.7 million lbs.	N/A	N/A
Dolores(2)		\$ 872		\$ 396	
	Gold		13,741 oz.		19,305 oz.
	Silver		466,496 oz.		349,248 oz.
Gwalia Deeps(4)	Gold	\$ 577	28,049 oz.	N/A	N/A
Other(5)	Various	\$ 10,918	N/A	\$ 6,468	N/A
Total Royalty Revenue		\$ 56,316		\$ 34,740	

- (1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the three months ended December 31, 2010 and 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 in January 2010.
- (4) Royalty acquired in February 2010 as part of the acquisition of International Royalty Corporation (“IRC”).
- (5) “Other” includes all of the Company’s non-principal producing royalties as of December 31, 2010. “Other” for the three months ended December 31, 2009 included all of the Company’s non-principal producing royalties, including Siguri and Goldstrike. Siguri and Goldstrike were principal during our fiscal year 2010 and contributed \$1.6 million and \$0.6 million, respectively, during the quarter ended December 31, 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 December 31, 2010, compared with the quarter ended December 31, 2009, resulted primarily from an increase in the average gold and copper prices, revenue from the recently acquired Andacollo royalty, additional revenue from the recently acquired IRC producing royalties (\$13.4 million) and the continued ramp-up at Peñasquito. These increases were partially offset by a decrease in production at Cortez, Leeville and Robinson and a decrease in royalty revenue from Taparko, which was due to the dollar cap being met during the period. 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.

Cost of operations increased to \$3.9 million for the three months ended December 31, 2010, compared to \$1.6 million for the three months ended December 31, 2009. The increase was primarily due an increase in mining proceeds tax expense, which was due to new royalty revenue from the recently acquired Voisey’s Bay royalty.

General and administrative expenses increased to \$3.9 million for the quarter ended December 31, 2010, from \$3.0 million for the quarter ended December 31, 2009. The increase was primarily due to an increase in tax consulting fees and legal fees.

The Company recorded total non-cash stock-based compensation expense related to our equity compensation plans of \$1.9 million for the quarters ended December 31, 2010 and 2009. Our non-cash stock-based compensation expense 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-based compensation expense for the quarters ended December 31, 2010 and 2009.

Exploration and business development expense decreased to \$0.8 million for the quarter ended December 31, 2010, from \$2.8 million for the quarter ended December 31, 2009. The decrease is primarily due to a decrease in legal fees of approximately \$1.1 million and a decrease in tax, accounting and consulting fees of approximately \$1.0 million, all of which related to professional services work done as part of the IRC transaction.

Depreciation, depletion and amortization increased to \$16.0 million for the quarter ended December 31, 2010, from \$12.1 million for the quarter ended December 31, 2009. The increase was primarily due to production from the royalties acquired from IRC, which resulted in additional depletion of approximately \$6.8 million during the period. The increase was also attributable to depletion from

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the recently acquired Andacollo royalty, which resulted in additional depletion expense of approximately \$3.1 million during the period. These increases were partially offset by a decrease in depletion at Taparko (\$5.0 million) and Siguiri (\$1.2 million), which was due to the dollar caps being met during the period.

Interest and other income increased to \$2.3 million for the three months ended December 31, 2010, from \$0.2 million for the three months ended December 31, 2009. The increase was primarily due to a \$1.8 million gain on distributions of *Inventory — restricted* attributable to non-controlling interest holders.

Interest and other expense increased to \$1.8 million for the three months ended December 31, 2010, from \$0.2 million for the three months ended December 31, 2009. The increase was primarily due to an increase in interest expense of approximately \$1.5 million, which was associated with the outstanding balances on the Company's debt facilities during the period.

During the quarter ended December 31, 2010, we recognized income tax expense totaling \$11.4 million compared with \$4.8 million during the quarter ended December 31, 2009. This resulted in an effective tax rate of 35.4% in the current period, compared with 31.8% in the quarter ended December 31, 2009. The increase in the effective tax rate for the three months ended December 31, 2010 is primarily related to (i) an increase in tax expense related to earnings from non-U.S. subsidiaries, (ii) the increase in tax expense resulting from the change in valuation allowance on deferred tax assets, and (iii) an increase in tax expense related to unrealized foreign exchange gains.

Six Months Ended December 31, 2010, Compared to Six Months Ended December 31, 2009

For the six months ended December 31, 2010, we recorded net income attributable to Royal Gold stockholders of \$30.1 million, or \$0.55 per basic and diluted share, as compared to net income attributable to Royal Gold stockholders of \$16.7 million, or \$0.41 per basic share and diluted share, for the six months ended December 31, 2009. The increase in our earnings per share was primarily attributable to an increase in royalty revenue, as discussed further below. This increase was partially offset by an increase in general and administrative expenses and depletion expenses during the period, which are also discussed further below.

For the six months ended December 31, 2010, we recognized total royalty revenue of \$101.7 million, at an average gold price of \$1,295 per ounce and an average copper price of \$3.60 per pound, compared to total royalty revenue of \$60.9 million, at an average gold price of \$1,028 per ounce and an average copper price of \$2.83 per pound for the six months ended December 31, 2009. Royalty revenue and the corresponding production, attributable to our royalty interests, for the six months ended December 31, 2010 compared to the six months ended December 31, 2009 is as follows:

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

Royalty	Metal(s)	Six Months Ended December 31, 2010		Six Months Ended December 31, 2009	
		Royalty Revenue	Reported Production(1)	Royalty Revenue	Reported Production(1)
Andacollo(2),(3)	Gold	\$ 19,506	19,992 oz.	N/A	N/A
Voisey's Bay(2),(4)		\$ 11,563		N/A	
	Nickel		40.7 million lbs.		N/A
	Copper		43.5 million lbs.		N/A
Cortez	Gold	\$ 10,127	122,579 oz.	\$ 14,697	219,837 oz.
Peñasquito(2)		\$ 8,855		\$ 1,727	
	Gold		90,399 oz.		51,020 oz.
	Silver		8.3 million oz.		1.9 million oz.
	Lead		60.3 million lbs.		N/A
	Zinc		97.1 million lbs.		N/A
Taparko(2)	Gold	\$ 8,560	42,372 oz.	\$ 14,829	57,552 oz.
Robinson(2)		\$ 6,589		\$ 5,500	
	Gold		31,667 oz.		42,326 oz.
	Copper		53.2 million lbs.		52.8 million lbs.
Leeville	Gold	\$ 5,222	228,832 oz.	\$ 5,272	284,150 oz.
Mulatos(2)	Gold	\$ 4,761	76,859 oz.	\$ 4,668	90,368 oz.
Las Cruces(2),(4)	Copper	\$ 1,866	34.2 million lbs.	N/A	N/A
Dolores(2)		\$ 1,271		\$ 1,508	
	Gold		22,220 oz.		38,610 oz.
	Silver		626,750 oz.		698,496 oz.
Gwalia Deeps(4)	Gold	\$ 1,070	54,693 oz.	N/A	N/A
Other(5)	Various	\$ 22,264	N/A	\$ 12,652	N/A
Total Royalty Revenue		\$ 101,654		\$ 60,853	

(1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the six months ended December 31, 2010 and December 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) Royalty acquired in January 2010.
- (4) Royalty acquired in February 2010 as part of the acquisition of IRC.

- (5) “Other” includes all of the Company’s non-principal producing royalties as of December 31, 2010. “Other” for the six months ended December 31, 2009 included all of the Company’s non-principal producing royalties, including Siguri and Goldstrike. Siguri and Goldstrike were principal during our fiscal year 2010 and contributed \$3.0 million and \$1.6 million, respectively, during the six months ended December 31, 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 six months ended December 31, 2010, compared with the six months ended December 31, 2009, resulted primarily from an increase in the average gold and copper prices, revenue from the recently acquired Andacollo royalty, additional revenue from the recently acquired IRC producing royalties (\$21.2 million) and the continued ramp-up at Peñasquito. These increases were partially offset during the period due to a decrease in production at Mulatos and Leeville and lower revenue from Taparko and Siguri, which was due to the dollar caps being met during the period. 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.

Cost of operations increased to \$5.1 million for the six months ended December 31, 2010, compared to \$2.8 million for the six months ended December 31, 2009. The increase was primarily due to an increase in mining proceeds tax expense, which was due to new royalty revenue from the recently acquired Voisey’s Bay royalty.

General and administrative expenses increased to \$7.7 million for the six months ended December 31, 2010, from \$5.2 million for the six months ended December 31, 2009. The increase was primarily due an increase in employee related costs of approximately \$0.8 million, increase in general corporate costs of approximately \$0.5 million, an increase in tax consulting fees of approximately \$0.5 million and in increase in legal and accounting fees of approximately \$0.5 million. Approximately \$0.5 million of the increase in employee related costs was attributable to severance related costs, which were associated with the IRC transaction and are one-time costs. Approximately \$0.4 million of the increase in general corporate costs was attributable to an increase in stock exchange listing fees.

Exploration and business development expenses decreased to \$1.5 million for the six months ended December 31, 2010, from \$3.7 million for the six months ended December 31, 2009. The decrease is primarily due to a decrease in legal fees of approximately \$1.1 million and a decrease in tax, accounting and consulting fees of approximately \$1.0 million, all of which related to professional services work done as part of the IRC transaction.

The Company recorded total non-cash stock compensation expense related to our equity compensation plans of \$3.2 million for the six months ended December 31, 2010, compared to \$3.1 million for the six months ended December 31, 2009. Our non-cash stock compensation is allocated among cost 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 six months ended December 31, 2010 and 2009.

Depreciation, depletion and amortization increased to \$34.9 million for the six months ended December 31, 2010, from \$23.2 million for the six months ended December 31, 2009. The increase was primarily due to production from the royalties acquired from IRC, which resulted in additional depletion of approximately \$11.6 million during the period. The increase was also attributable to depletion from the recently acquired Andacollo royalty, which resulted in additional depletion expense of approximately \$5.5 million during the period. These increases were partially offset by a decrease in depletion at Taparko (\$4.2 million) and Siguri (\$1.1 million), which was due to the dollar caps being met during the period.

Interest and other income increased to \$3.7 million for the six months ended December 31, 2010, from \$1.9 million for the six months ended December 31, 2009. The increase was primarily due to an increase in gains on distributions of *Inventory — restricted* attributable to non-controlling interest holders of approximately \$1.0 million.

Interest and other expense increased to \$4.1 million for the six months ended December 31, 2010, from \$0.5 million for the six months ended December 31, 2009. The increase was primarily due to an increase in interest expense of approximately \$3.2 million, which was associated with the outstanding balances on the Company's debt facilities during the period.

During the six months ended December 31, 2010, we recognized income tax expense totaling \$18.3 million compared with \$7.9 million during the six months ended December 31, 2009. This resulted in an effective tax rate of 35.2% in the current period, compared with 28.8% during the six months ended December 31, 2009. The increase in the effective tax rate for the six months ended December 31, 2010, is primarily related to (i) an increase in tax expense related to earnings from non-U.S. subsidiaries, (ii) the increase in tax expense resulting from the change in valuation allowance on deferred tax assets, and (iii) an increase in tax expense related to unrealized foreign exchange gains.

Liquidity and Capital Resources

Overview

At December 31, 2010, we had current assets of \$128.4 million compared to current liabilities of \$38.0 million for a current ratio of 3 to 1. This compares to current assets of \$371.3 million and current liabilities of \$35.8 million at June 30, 2010, resulting in a current ratio of approximately 10 to 1. The decrease in the current ratio is primarily due to a decrease in cash and equivalents during the period. Cash and equivalents decreased during the period as the Company invested \$279.5 million for the Mt. Milligan gold stream (October 2010) and the additional Pascua-Lama royalty interests (July and October 2010) from its available cash on hand.

During the quarter ended December 31, 2010, liquidity needs were met from \$56.3 million in royalty revenues and our available cash resources. As of December 31, 2010, the Company had \$115 million outstanding under its \$125 million revolving credit facility. In addition, as of December 31, 2010, the Company had \$110.5 million outstanding under its term loan facility. Refer to Note 5 of our notes to consolidated financial statements and below for further discussion and on our debt.

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, including the \$85 million commitment as part of the Mt. Milligan Gold Purchase Transaction, 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 1, Item 1A of our Fiscal Year 2010 10-K for a discussion of certain risks that may impact the Company's liquidity and capital resources.

Recent Liquidity and Capital Resource Developments

Amendment to Revolving Credit Facility

On February 1, 2011, the Company, HSBC Bank USA, National Association ("HSBC") and The Bank of Nova Scotia ("Scotia") entered into a Fourth Amended and Restated Revolving Credit Agreement, which replaces the Company's \$125 million revolving credit facility under the Third Amended and Restated Credit Agreement, dated as of October 30, 2008.

The modifications implemented in the amended and restated revolving credit facility include: (1) an increase in the maximum principal balance to \$225 million, which will provide an additional \$100 million to the Company; (2) a 12 month extension of the final maturity date from February 2013 to February 2014; (3) deletion of the facility coverage ratio (as defined) financial covenant; (4) addition of a debt service coverage ratio (as defined) financial covenant required to be maintained at 1.25 to 1.0; and (5) the grant by RGLD Gold Canada, Inc., a wholly owned subsidiary of the Company, of a security interest over, and lien on, certain the royalty agreements, including the Canadian Malartic Project and the Holt Project.

The existing customary covenants limiting the ability of Royal Gold and its subsidiaries to, among other things, incur debt or liens, dispose of assets, enter into transactions with affiliates, make certain investments or consummate certain mergers and the existing collateral package (that includes pledges over the Company's royalties at Peñasquito, Dolores, Mulatos, Cortez, Leeville, Goldstrike and Robinson) remain unchanged.

Royal Gold intends to use the additional revolving credit facility availability of \$100 million for general corporate purposes.

The foregoing description of the amended and restated revolving credit facility is qualified in its entirety by reference to the Fourth Amended and Restated Revolving Credit Agreement, and related documents, filed herewith as Exhibit 10.7.

Amendment to the Term Loan

In addition to entering into the Fourth Amended and Restated Revolving Credit Agreement, on February 1, 2011, Royal Gold entered into a Second Amended and Restated Term Loan Facility Agreement with HSBC and Scotia, which replaces the Amended and Restated Term Loan Facility Agreement, dated March 26, 2010.

The modifications implemented in the Second Amended Term Loan include: (1) additional \$19.5 million in borrowing under the term loan; (2) a 12 month extension of the final maturity date from February 2013 to February 2014; (3) deletion of the facility coverage ratio (as defined) financial covenant; (4) addition of a debt service coverage ratio (as defined) financial covenant required to be maintained at 1.25 to 1.0; (5) a reduction in the amortization rate for principal payments from 5% of the initial funded principal amount per quarter to 3% of the currently funded principal amount per quarter; (6) a restructuring of the interest rate, which results in a reduction in the current effective rate from LIBOR plus 2.25% to LIBOR plus 1.875%; (7) the grant by RGLD Gold Canada, Inc., a wholly owned subsidiary of the Company, of a security interest over, and lien on, certain royalty agreements, including the Canadian Malartic Project and the Holt Project; (8) the release of security interests over and liens on the Company's Chilean royalty properties (Andacollo, Pascua-Lama and El Toqui) and the equity of Royal Gold Chile Limitada and release of the corporate guaranty by Royal Gold Chile; and (9) the addition of RG Mexico as a corporate guarantor under the term loan.

The modifications to the financial covenants, collateral package and corporate guaranties under the term loan make them consistent with the financial covenants, collateral package and corporate guaranties under the Company's revolving credit facility. The existing customary covenants limiting the ability of Royal Gold and its subsidiaries to, among other things, incur debt or liens, dispose of assets, enter into transactions with affiliates, make certain investments or consummate certain mergers remain unchanged.

Lenders will make an advance in an amount equal to approximately \$19.5 million, which fully funds the term loan. Royal Gold intends to use such proceeds for working capital and general corporate purposes.

The foregoing description of the term loan is qualified in its entirety by reference to the Second Amended and Restated Term Loan Facility Agreement filed herewith as Exhibit 10.4.

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 metals 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 SEC. 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, nickel and other metals. Gold, silver, copper, nickel and other metal prices can fluctuate significantly and are affected by numerous factors, such as demand, production levels, economic policies of central banks, producer hedging, world political and economic events, and the strength of the U.S. dollar relative to other currencies. Please see “*Volatility in gold, silver, copper and other metal prices may have an adverse impact on the value of our royalty interests and reduce our royalty revenues. Certain of our royalty contracts have features that may amplify the negative effects of a drop in commodity prices*,” under Part I, Item 1A of our Fiscal 2010 10-K, for more information that can affect gold and other prices as well as historical gold, silver and copper prices.

During the six month period ended December 31, 2010, we reported royalty revenues of \$101.7 million, with an average gold price for the period of \$1,295 per ounce and an average copper price of \$3.60 per pound. Approximately 69% of our total recognized revenues for the six months ended December 31, 2010, were attributable to gold sales from our gold producing royalty interests, as shown within the MD&A. For the six months ended December 31, 2010, if the price of gold had averaged higher or lower by \$100 per ounce, we would have recorded an increase or decrease in revenue of approximately \$5.3 million.

Approximately 10% of our total recognized revenues for the six months ended December 31, 2010, were attributable to copper sales from our copper producing royalty interests. For the six months ended December 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 \$1.8 million, respectively.

Approximately 11% of our total recognized revenues for the six months ended December 31, 2010, were attributable to nickel sales from our nickel producing royalty interests. For the six months ended December 31, 2010, if the price of nickel had averaged higher or lower by \$1.00 per pound, we would have recorded an increase or decrease in revenues of approximately \$1.4 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 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 December 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 December 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

Refer to Part I, Item 3 of our Fiscal Year 2010 10-K for a discussion on litigation associated with our Voisey's Bay royalty. There was no material development to this litigation during the three and six months ended December 31, 2010.

Holt

Refer to Part I, Item 3 of our Fiscal Year 2010 10-K for a discussion on litigation associated with our Holt royalty. There was no material development to this litigation during the three and six months ended December 31, 2010. Oral argument of the appeal has been set for March 28, 2011.

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 2010 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: February 4, 2011

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

Date: February 4, 2011

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

**ROYAL GOLD, INC.
EXHIBIT INDEX**

Exhibit Number	Description
10.1	Purchase and Sale Agreement by and among Royal Gold, Inc., RGL Royalty AG, Thompson Creek Metals Company Inc. and Terrane Metals Corp. dated as of October 20, 2010* (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on October 20, 2010 and incorporated herein by reference).
10.2	Form of Assignment of Rights Agreement between Royal Gold, Inc. and certain individuals dated October 28, 2010 (filed as Annex B to Exhibit 10.1 to the Company's Current Report on Form 8-K on July 8, 2010 and incorporated herein by reference).
10.3	Intercreditor Agreement by and among RGL Royalty AG, Terrane Metals Corp. and JPMorgan Chase Bank N.A. dated as of December 10, 2010 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on December 14, 2010 and incorporated herein by reference).
10.4	Second Amended And Restated Term Loan Facility Agreement among Royal Gold, Inc., RGLD Gold Canada, Inc., High Desert Mineral Resources, Inc., RG Mexico, Inc., HSBC Bank USA, National Association, the Bank of Nova Scotia and certain other parties thereto, dated February 1, 2011.
10.5	Security Agreement by and among Royal Gold, Inc., High Desert Mineral Resources, Inc., RG Mexico, Inc. and HSBC Bank USA, National Association dated February 1, 2011.
10.6	Pledge Agreement by Royal Gold, Inc. in favor of HSBC Bank USA, National Association dated February 1, 2011.
10.7	Fourth Amended and Restated Revolving Credit Agreement among Royal Gold, Inc., High Desert Mineral Resources, Inc., RGLD Gold Canada, Inc., RG Mexico, Inc., HSBC Bank USA, National Association, the Bank of Nova Scotia and certain other parties thereto, dated February 1, 2011.
10.8	Amended And Restated Security Agreement by and among Royal Gold, Inc., High Desert Mineral Resources, Inc., RG Mexico, Inc. and HSBC Bank USA, National Association dated February 1, 2011.
10.9	Amended and Restated Pledge Agreement by Royal Gold, Inc. in favor of HSBC Bank USA, National Association dated February 1, 2011.
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.

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101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

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

** Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability under those sections.

\$130,000,000

SECOND AMENDED AND RESTATED TERM LOAN FACILITY AGREEMENT

among

ROYAL GOLD, INC. ,
as a Borrower

RGLD GOLD CANADA, INC. ,
as a Guarantor

HIGH DESERT MINERAL RESOURCES, INC. ,
as a Guarantor

RG MEXICO, INC. ,
as a Guarantor

THE OTHER GUARANTORS
FROM TIME TO TIME PARTY HERETO ,
as Guarantors,

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

THE BANK OF NOVA SCOTIA,
as a Lender

AND SUCH OTHER LENDERS
AS MAY BECOME A PARTY HERETO FROM TIME TO TIME ,
as Lenders,

HSBC BANK USA, NATIONAL ASSOCIATION,
as Administrative Agent,

HSBC SECURITIES (USA) INC.,
as Joint Lead Arranger and Sole Global Coordinator

SCOTIA CAPITAL,
as a Joint Lead Arranger

and

THE BANK OF NOVA SCOTIA ,
as Sole Syndication Agent
Dated as of February 1, 2011

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EXHIBITS

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Exhibit B	Form of Joinder Agreement
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Exhibit D	Form of Notice of Borrowing
Exhibit E	Form of Pledge Agreement
Exhibit F	Form of Security Agreement
Exhibit G	Form of Secretary's Certificate
Exhibit H	Form of Officer's Certificate
Exhibit I	Form of Quarterly Compliance Certificate

SECOND AMENDED AND RESTATED TERM LOAN FACILITY AGREEMENT

This **SECOND AMENDED AND RESTATED TERM LOAN FACILITY AGREEMENT** (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms hereof, the “Agreement”) dated as of February 1, 2011 (the “Execution Date”), is by and among ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware, as a borrower (“Royal Gold” or “Borrower”), RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporations Act, as a guarantor (“RGLD Canada”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware, as a guarantor (“High Desert”), RG MEXICO, INC., a corporation organized and existing under the laws of the State of Delaware, as a guarantor (“RG Mexico”), those additional guarantors identified as a “Guarantor” on the signature pages hereto and such additional guarantors from time to time party hereto, as guarantors (the “Additional Guarantors”) (with each of RGLD Canada, High Desert, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC BANK USA, NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States (“HSBC Bank”), as a lender, THE BANK OF NOVA SCOTIA, a bank organized and existing under the laws of Canada (“Scotia”), as a lender, and those banks and financial institutions identified as a “Lender” on the signature pages hereto and such other banks or financial institutions as may from time to time become parties to this Agreement, as lenders (the “Additional Lenders”) (with each of HSBC Bank, Scotia and the Additional Lenders individually referred to herein as a “Lender” and collectively the “Lenders”), HSBC Bank, as administrative agent for the Lenders hereunder (in such capacity, the “Administrative Agent”), HSBC SECURITIES (USA) INC., a corporation organized under the laws of the United States (“HSBC Securities”), as a joint lead arranger (in such capacity, a “Joint Lead Arranger”), SCOTIA CAPITAL, as a joint lead arranger (in such capacity, a “Joint Lead Arranger”) HSBC Securities, as the sole global coordinator (in such capacity, the “Sole Global Coordinator”), and Scotia, as sole syndication agent (in such capacity, the “Sole Syndication Agent”).

Recitals

A. The Borrower, the Guarantors, the Lenders and the Administrative Agent entered into that certain Amended and Restated Term Loan Facility Agreement dated as of March 26, 2010, which amended and restated the Term Loan Facility Agreement dated as of January 20, 2010 (collectively, the “Existing Credit Agreement”) whereby the Lenders made available to the Borrower a term loan in the amount of One Hundred Thirty Million Dollars (\$130,000,000) (the “Existing Committed Amount”).

B. The Borrower, the Guarantors, the Lenders and the Administrative Agent now desire to (i) extend the maturity date of the Existing Credit Agreement, (ii) to make an additional advance such that the outstanding principal balance as of the Execution Date equals the Existing Committed Amount, and (iii) to otherwise amend, restate, modify and continue the Existing Credit Agreement as provided in this Agreement and to continue the Loan outstanding under the Existing Credit Agreement as a Loan under this Agreement.

C. This Agreement and the Obligations are secured by certain real and personal property and assets owned by the Credit Parties, including royalties and equity interests, all as further described herein and in the Security Documents. Each of the Guarantors shall unconditionally and irrevocably guaranty the payment and performance of all obligations hereunder and under the other Credit Documents.

D. Effective as of the Execution Date, the Existing Credit Agreement is amended, continued and restated in its entirety as set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, terms defined in the preamble to this Agreement have the meanings therein indicated, and the following terms have the following meanings:

“ Additional Guarantors ” shall have the meaning set forth in the preamble to this Agreement.

“ Additional Lenders ” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“ Administrative Agent ” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“ Advance ” means the advance by a Lender to the Borrower of a Loan in an amount equal to the amount of its Commitment Percentage of the Committed Amount.

“ Affected Lender ” shall have the meaning set forth in Section 10.2 .

“ Affiliate ” shall mean as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person shall be deemed to be “controlled by” a Person if such Person possesses, directly or indirectly, power either (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding the foregoing, no Agent or Lender shall be deemed an Affiliate of a Borrower solely by reason of the relationship created by the Credit Documents.

“ Agent ” or “ the Administrative Agent ” shall mean a reference to the Administrative Agent and the Syndication Agent, collectively or individually, as such reference requires.

“ Agreement ” or “ Credit Agreement ” shall mean this Second Amended and Restated Term Loan Facility Agreement, as amended, restated, amended and restated, modified, revised, increased, supplemented, extended, continued, or replaced from time to time in accordance with its terms together with all Schedules and Exhibits hereto.

“ AML Legislation ” has the meaning set out in Section 10.20 .

“ Applicable Percentage ” shall be determined from time to time by reference to the Leverage Ratio, shall be effective as of the calculation date of such Leverage Ratio and shall be equal to the following:

	<u>Leverage Ratio</u>	<u>Applicable Percentage</u>
Level I	≤ 1.0 to 1.0	1.75%
Level II	≤ 2.0 to 1.0	1.875%
Level III	> 2.0 to 1.0	2.25%

“ Applicable Rate ” shall mean an interest rate per annum equal to the sum of the LIBOR Rate plus the Applicable Percentage.

“ Applicable Reserve Percentage ” shall mean for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100th of 1%) which is in effect for such day as prescribed by any banking authority or other applicable Governmental Authority (or any successor) to which any Lender is subject for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for purposes of making a Loan at the LIBOR Rate or any other category of deposits or liabilities by reference to which the LIBOR Rate is determined. The Applicable Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“ Approved Bank ” shall mean (a) any commercial bank of recognized standing having capital and surplus in excess of Two Hundred Fifty Million Dollars (\$250,000,000) or (b) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof, or from Moody’s is at least P-1 or the equivalent thereof, or from Dominion Bond Rating Service Limited is at least R-1 or the equivalent thereof.

“ Approved Fund ” shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ Assignment Agreement ” shall mean an Assignment Agreement, substantially in the form of Exhibit A .

“ Bankruptcy Code ” shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“ Bankruptcy Laws ” shall mean the Bankruptcy Code, the Canadian Insolvency Legislation, the Ley de Concursos Mercantiles of Mexico, and all other Requirements of Law pertaining or applicable to bankruptcy, insolvency, debtor relief, debtor protection, liquidation, reorganization, arrangement, receivership, moratorium, assignment for the benefit of creditors or other similar laws applicable in the United States, Mexico, Canada or other applicable jurisdictions as in effect from time to time.

“ Base Rate ” shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day; (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%; or (c) the Lenders’ actual cost of funds in effect on such day, as determined by each Lender in its sole discretion and provided to the Administrative Agent. For purposes hereof: “ Prime Rate ” shall mean, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and “ Federal Funds Effective Rate ” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or in the actual cost of funds shall be effective on the opening of business on the date of such change.

“ Base Rate Loan ” shall mean a Loan bearing interest at a rate per annum equal to the sum of (i) the Base Rate, plus (ii) the Applicable Percentage; the applicable Base Rate shall be re-determined by the Administrative Agent on each day that a change in the Base Rate occurs.

“ Borrower ” shall have the meaning set forth in the preamble to this Agreement.

“ Business Day ” shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Denver, Colorado, New York, New York and Toronto, Ontario are authorized or required by law to close.

“ Canadian Credit Party ” means any Credit Party incorporated or otherwise organized under the laws of Canada or any province or territory thereof.

“ Canadian Income Tax Act ” means the Income Tax Act (Canada), as amended from time to time.

“ Canadian Insolvency Legislation ” shall mean the Bankruptcy and Insolvency Act (Canada), the Companies’ Creditors Arrangement Act (Canada), as amended from time to time, and all other Requirements of Law pertaining or applicable to bankruptcy, insolvency, debtor relief, debtor protection, winding up, liquidation, reorganization, arrangement, receivership, moratorium, relief of debts, assignment for the benefit of creditors or other similar laws applicable in Canada or any other applicable jurisdictions as in effect from time to time.

“ Canadian Pension Plan ” shall mean a “registered pension plan”, as that term is defined in subsection 248(1) of the Canadian Income Tax Act, which is or was sponsored, administered or contributed to, or required to be contributed to by, any Credit Party or under which any Credit Party has any actual or potential liability.

“ Canadian Security Agreement ” shall mean that certain General Security Agreement of even date herewith from RGLD Canada in favor of the Administrative Agent, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“ Capital Expenditure ” shall mean, for any period, all capital expenditures of the Credit Parties and their Subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP and reflected on the Consolidated balance sheet of the Borrower.

“ Capital Lease ” shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

“ Capital Lease Obligations ” shall mean the capitalized lease obligations relating to a Capital Lease determined in accordance with GAAP.

“ Capital Stock ” shall mean (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests or social interests and (v) any other right, interest, participation or classification similar to the foregoing that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“ Cash Equivalents ” shall mean (i) securities issued or directly and fully guaranteed or insured by Canada or the United States of America or any agency or instrumentality thereof having maturities of not more than twelve (12) months from the date of acquisition (“ Government Obligations ”), (ii) Canadian dollar denominated or Dollar denominated time deposits, certificates of deposit, Eurodollar time deposits and Eurodollar certificates of deposit of an Approved Bank, in each case with maturities of not more than three hundred sixty four (364) days from the date of acquisition, (iii) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof), or any variable rate notes

issued by, or guaranteed by any domestic corporation rated by two out of three of the following ratings agencies as A-1 (or the equivalent thereof) or better by S&P, or P-1 (or the equivalent thereof) or better by Moody's, or R-1 (or the equivalent thereof) or better by Dominion Bond Rating Service Limited, and maturing within six (6) months of the date of acquisition, (iv) repurchase agreements with a bank or trust company (including a Lender) or a recognized securities dealer having capital and surplus in excess of Five Hundred Million Dollars (\$500,000,000) for direct obligations issued by or fully guaranteed by Canada or the United States of America, (v) obligations of any province of Canada or state of the United States or any political subdivision thereof for which the payment of the principal, interest and redemption price shall have been arranged by irrevocably deposited government obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (vi) auction preferred stock rated by two (2) out of three (3) of the following ratings agencies in the highest short-term credit rating category by S&P, Moody's or Dominion Bond Rating Service Limited and (vii) shares of money market mutual or similar funds that (A) invest exclusively in assets satisfying the requirements of clauses (i) through (vi) of this definition or (B) comply with Rule 2a-7 of the Investment Company Act of 1940.

" Change of Control " shall mean the occurrence of any of the following events: (a) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act) of more than twenty five percent (25%) of then outstanding Voting Stock of a Borrower, measured by voting power rather than the number of shares, or (b) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of a Borrower then in office, or (c) the Borrower or the Guarantors shall cease to directly or indirectly own and control the Capital Stock that each of them has pledged to the Administrative Agent pursuant to a Pledge Agreement.

" Chilean Security Documents " shall mean each Pledge Agreement delivered to the Administrative Agent in respect of the ownership interests in RG Chile, each Security Agreement delivered to the Administrative Agent by RG Chile with respect to the Pascua-Lama, El Toqui, and Andacollo Royalties and any other property subject thereto; the *fianza y codeuda solidaria* agreement to be executed in Chile by public deed in order to declare the joint and several liability of RG Chile in accordance with Section 10.19, and each other Security Document associated with the foregoing.

" Collateral " shall mean a collective reference to the collateral which is identified in, and at any time will be, or is intended to be, subject to or covered by, a Security Document and any other property or assets of a Credit Party, whether tangible or intangible, whether real or personal and whether now or hereafter acquired, that may from time to time secure the Obligations, including the Material Royalties.

" Collateral Requirement " shall have the meaning set forth in Section 4.3.

" Commitment " shall mean, with respect to each Lender, the commitment of such Lender to make a portion of the Loan in an aggregate principal amount at any time outstanding up to an amount equal to such Lender's Commitment Percentage of the Committed Amount.

“Commitment Percentage” shall mean, for each Lender, the percentage identified as its Commitment Percentage on the Lenders’ Administrative Details Schedule or in the Assignment Agreement pursuant to which such Lender became a Lender hereunder, as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 10.7(c).

“Committed Amount” shall mean the principal amount of the Loan to be made by the Lenders hereunder, subject to the terms and conditions herein, at any time, with such Committed Amount at the Execution Date being equal to One Hundred Thirty Million Dollars (\$130,000,000).

“Consolidated” or “consolidated” shall mean, with reference to any term defined herein, such term as applied to the accounts of Royal Gold and its Subsidiaries, consolidated in accordance with GAAP.

“Consolidated EBITDA” shall mean, for any period, Consolidated Net Income of Royal Gold and its Subsidiaries determined in accordance with GAAP for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation, amortization, depletion and non-cash reclamation for such period, and (iv) any extraordinary or non-recurring charges or non-cash charges, including non-cash charges resulting from requirements to mark-to-market derivative obligations (including commodity-linked securities) for such period (provided that any cash payment made with respect to any such non-cash charge shall be subtracted in computing Consolidated EBITDA for the period in which such cash payment is made), and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, any extraordinary or non-recurring gains or non-cash gains for such period, all determined on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” shall mean, for any period, the interest expense (including imputed interest expense in respect of Capital Lease Obligations) of Royal Gold and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“Consolidated Net Income” shall mean, for any period, the consolidated net income (or deficit) of Royal Gold and its Subsidiaries, after deduction of all expenses, taxes, and other proper charges, determined in accordance with GAAP.

“Consolidated Net Worth” shall mean, at any time, the value of all Consolidated tangible assets of Royal Gold and its Subsidiaries which would be shown on a Consolidated balance sheet prepared as of such time in accordance with GAAP, excluding all intangible assets, minus the sum of (x) all amounts which would be shown on such balance sheets as minority interests in any such Subsidiary, plus (y) all Consolidated liabilities of Royal Gold and its Subsidiaries which would be shown on such balance sheet prepared as of such time in accordance with GAAP.

“Consolidated Total Indebtedness” shall mean, without duplication, in relation to Royal Gold and its Subsidiaries, (A) the sum of (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes or similar instruments, (c) all obligations

under conditional sale or other title retention agreements relating to property acquired and under all purchase money obligations, (d) all obligations in respect of the deferred purchase price of property or services, (e) all other obligations secured by any lien on property owned or acquired, whether or not the obligations secured thereby have been assumed limited to the fair market value of the property secured thereby, (f) all guarantees of the obligations of others, (g) all Capital Lease Obligations, (h) all obligations, contingent or otherwise, as an account party (including reimbursement obligations to the issuer) in respect of letters of credit and letters of guarantee which support or secure obligations of others, (i) the aggregate of all negative mark to market amounts in respect of hedge obligations (netted against the aggregate of all positive mark to market amounts in respect of hedge obligations), (k) all obligations in respect of prepaid production arrangements, prepaid forward sale arrangements or derivative contracts in respect of which Royal Gold and its Subsidiaries receive upfront payments in consideration of an obligation to deliver product or commodities (or make cash payments based on the value of product or commodities) at a future time, and (l) all obligations, contingent or otherwise, in respect of bankers' acceptances; provided, that, for all purposes herein, Consolidated Total Indebtedness, with respect to Royal Gold and its Subsidiaries, shall mean all Consolidated Total Indebtedness of Royal Gold and its Subsidiaries on a Consolidated basis; provided, further, that Consolidated Total Indebtedness shall not include Indebtedness among the Credit Parties to the extent such Indebtedness would be eliminated on a Consolidated basis.

"Continuing Directors" shall mean during any period of twenty four (24) consecutive months commencing after the Execution Date, individuals who at the beginning of such twenty four (24) month period were directors of a Borrower (together with any new director whose election by such Borrower's board of directors was approved by, or whose nomination for election by such Borrower's shareholders was recommended by, a vote of at least a majority of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously approved or recommended as described in this parenthetical).

"Credit Documents" shall mean this Agreement, the Notes, the Security Documents, any Assignment Agreement, any Joinder Agreement, the Existing Credit Documents, and all other agreements, documents, certificates and Instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection herewith or therewith, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, as well as any other document or agreement which the Lenders and the Borrower agree is a Credit Document.

"Credit Party" or "Credit Parties" shall mean any of the Borrower or the Guarantors, individually or collectively, as appropriate.

"Current Ratio" shall mean, at any date, the ratio of (a) the current assets of Royal Gold and its Subsidiaries determined on a Consolidated basis in accordance with GAAP, to (b) the current liabilities of Royal Gold and its Subsidiaries determined on a Consolidated basis in accordance with GAAP.

"Debt Investments" shall have the meaning set forth Section 7.7.

“Debt Service Coverage Ratio” shall mean, at any date, the ratio of (a) Consolidated EBITDA to (b) the sum of (i) scheduled principal payments with respect to Consolidated Total Indebtedness, plus (ii) Consolidated Interest Expense, in each case and for each amount, for the four (4) most recently completed fiscal quarters most recently ended on or prior to such date.

“Default” shall mean any of the events specified in Section 8.1, whether or not any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Default Rate” shall mean an interest rate equal to the sum of the Applicable Rate plus two and one-half percent (2.5%) per annum.

“Defaulting Lender” shall mean, at any time, any Lender that, at such time (a) has failed to make its Advance required pursuant to the terms of this Agreement or any Assignment Agreement in accordance with the terms thereof, (b) has failed to pay to the Administrative Agent or any Lender an amount owed by such Lender pursuant to the terms of this Agreement, or (c) has been deemed insolvent or has become subject to a bankruptcy or Insolvency Proceeding or to a receiver, trustee or similar official.

“Dollars” and “\$” shall mean dollars in lawful currency of the United States of America.

“Eligible Assignee” shall mean (a) a Lender, (b) an Affiliate of a Lender, and (c) any other Person (other than a natural person) approved by (i) the Administrative Agent and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, Eligible Assignee shall not include any Credit Party or any Affiliate or Subsidiary thereof.

“Employee Benefit Plan” shall mean any pension plan or other similar employee benefit plan regulated by or within the meaning of ERISA, Decree Law 3.500 of the Republic of Chile and any other similar legislation pursuant to which any Credit Party establishes a pension for or otherwise makes contributions in respect of its employees, but does not include a Canadian Pension Plan.

“Environmental Laws” shall mean any and all applicable Requirements of Law regulating or relating to pollution or protection of human health or the environment, as now or hereafter in effect, including Requirements of Law regulating or relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes, and the applicable World Bank Guidelines and Criteria and International Finance Corporation Guidelines, each as in effect from time to time.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, each as amended or modified from time to time.

“ ERISA Affiliate ” shall mean any Person who together with a Borrower or any of its Subsidiaries are treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

“ Event of Default ” shall mean any of the events specified in Section 8.1.

“ Execution Date ” has the meaning set forth in the preamble to this Agreement.

“ Existing Committed Amount ” has the meaning set forth in the Recitals to this Agreement.

“ Existing Credit Agreement ” shall have the meaning set forth in the Recitals to this Agreement.

“ Existing Credit Documents ” shall mean the Existing Credit Agreement, the Original Notes, the Existing Security Documents, the Intercreditor Agreement, the Fee Letter and all other agreements, documents, certificates and Instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection with the Existing Credit Agreement, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, as well as any other document or agreement which the Lenders and the Borrower agree is an Existing Credit Document.

“ Existing Security Documents ” shall mean the Chilean Security Documents, the Subordination Agreement, and any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Administrative Agent’s security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Administrative Agent arising thereunder or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations executed in connection with the Existing Credit Agreement or any Existing Credit Document, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in accordance with its terms (specifically including, but not limited to, any PPSA extensions necessary or desirable to reflect the Supplemental Loan and the amendments made hereunder); provided, however, no such Security Agreement, Pledge Agreement, Subordination Agreement, nor any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument shall constitute an Existing Security Document if it has been terminated in accordance with the requirements of this Agreement.

“ Expropriation Event ” shall mean the appropriation, confiscation, expropriation, cancellation, seizure or nationalization (by Requirement of Law, intervention, court order, condemnation, exercise of eminent domain or other action or form of taking) of ownership or control of a Credit Party or any of its Subsidiaries or of any Project or any substantial portion thereof, or any substantial portion of the rights related thereto, or any substantial portion of the economic value thereof, or which prevents or materially interferes with the ability of a Person to

own or operate the property subject to such action, including by the imposition of any Tax, fee, charge or royalty.

“ Fee Letter ” shall mean the fee letter on behalf of HSBC Securities and Scotia dated February 1, 2011, and any other agreements among the parties pertaining to the payment of fees to the Administrative Agent or the Lenders, as each may be amended, modified or otherwise supplemented.

“ Fund ” shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“ Funding Date ” shall mean the date the conditions to funding set forth in Section 5.1 have been satisfied and the Lenders advance the remaining proceeds of the Loan to the Borrower.

“ GAAP ” shall mean generally accepted accounting principles in effect in the United States applied on a consistent basis, subject, however, to the provisions of Section 1.3 for the purpose of determination of compliance with the financial covenants set out in Section 6.15.

“ Gold ” shall mean gold of minimum purity of at least 0.995 fineness conforming in all respects with the requirements for good delivery on the London Bullion Market.

“ Governmental Approvals ” shall mean any authorization, license, permit, consent, approval, lease, ruling, certification, exemption, filing, variance, decree, sanction, publication, declaration or registration, or other action whether written or oral, of, by, from or on behalf of any Governmental Authority.

“ Governmental Authority ” shall mean the government of any nation, and any provincial, territorial, divisional, state, county, regional, city or other political subdivision thereof, and any tribal, aboriginal or native government, and any entity, court, arbitrator or board of arbitrators, agency, department, commission, board, bureau, regulatory authority or other instrumentality of any of them exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or Requirements of Law, and any securities exchange or securities regulatory authority to which a Credit Party is subject.

“ Guarantor ” has the meaning set forth in the preamble to this Agreement. The Guarantors as of the Execution Date are RGLD Canada, High Desert, RG Mexico, and RG Chile (until RG Chile is released in accordance with Section 4.5). Guarantors shall include any other Person that becomes a Guarantor by executing a Joinder Agreement, together with the successors and permitted assigns of each Guarantor.

“ Guaranty ” shall mean the guaranty of the Guarantors set forth in Article XI.

“ Guaranty Obligations ” shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any

obligation in respect of Indebtedness, whether or not contingent, (i) to purchase any such Indebtedness or any property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the lesser of (a) the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guaranty Obligation.

“ Hedging Agreement ” shall mean, with respect to any Person, any agreement or transaction entered into to protect such Person against fluctuations in the price of gold, silver or other metals, interest rates, currency, raw materials, fuel or commodity values, including any forward sales, spot deferred sales, options, swaps, price fixing commitment, interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more counterparties, any foreign currency exchange agreement, currency protection agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements or other similar agreements or arrangements.

“ High Desert ” shall have the meaning given thereto in the Preamble.

“ HSBC Bank ” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“ HSBC Securities ” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“ Indebtedness ” shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, indentures or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six (6) months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guaranty Obligations of such Person with respect to Indebtedness of another Person, (h) the principal portion of all Capital Lease Obligations of such Person, (i) all

net payment obligations of such Person under Hedging Agreements, (j) the maximum amount of all letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Capital Stock issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product and (m) the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer; provided however that Indebtedness shall not include Indebtedness among the Credit Parties to the extent such Indebtedness would be eliminated on a Consolidated basis.

“ Information ” shall have the meaning set forth in Section 10.16 .

“ Insolvency Proceeding ” shall mean any proceeding seeking to adjudicate a Person an insolvent, seeking a receiving order against under any Bankruptcy Law, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief or composition of such Person or its debts or a stay of proceedings of such Person's creditors generally (or any class of creditors) or any other relief, under any federal, state provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Bankruptcy Code and any similar legislation in any jurisdiction) or at common law or in equity.

“ Instrument ” shall mean any contract, agreement, indenture, mortgage, document, writing or other instrument (whether formal agreement, letter or otherwise) under which any obligation is evidenced, assumed or undertaken, or any Lien (or right or interest therein) is granted or perfected.

“ Intercreditor Agreement ” shall mean that certain Amended and Restated Intercreditor Agreement of even date herewith among the Borrower, the Guarantors and the Lenders, and the “Borrowers” and the “Lenders” each as defined in the Revolving Credit Agreement.

“ Interest Coverage Ratio ” shall mean, on any date, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense, in each case, for the four (4) most recently completed fiscal quarters most recently ended on or prior to such date.

“ Interest Payment Date ” shall mean (a) with respect to an Interest Period of three (3) months or less, the last day of such Interest Period, or (b) with respect to an Interest Period longer than three (3) months, the day that is three (3) months after the first day of such Interest Period and the last day of such Interest Period.

“ Interest Period ” shall mean, with respect to the Loan on and after the Funding Date,

(i) the period commencing on the Funding Date and ending one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrower in the Notice of Borrowing;

(ii) thereafter each period commencing on the last day of the immediately preceding Interest Period and ending one (1), two (2) or three (3) months thereafter, or of a longer period of days if available and agreed to by the Lenders, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three (3) Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that the foregoing provisions are subject to the following:

(A) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(B) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(C) if the Borrower shall fail to give notice as provided above, the Borrower shall be deemed to have selected an Interest Period of one (1) month; and

(D) no Interest Period shall extend beyond the Maturity Date.

“Investment” shall mean all investments, in cash or by delivery of property made, directly or indirectly in or to any Person, whether by acquisition of shares of Capital Stock, property, assets, indebtedness or other obligations or securities or by loan, credit advance, capital contribution or otherwise.

“Joinder Agreement” shall mean a Joinder Agreement substantially in the form of Exhibit B, executed and delivered by a new or additional Guarantor.

“Lender” shall have the meaning set forth in the preamble to this Agreement.

“Lenders’ Administrative Details Schedule” shall mean, with respect to any Lender, Schedule 1.1(b) (as revised or updated by any Lender from time to time) containing such Lender’s contact information for purposes of notices provided under this Credit Agreement and account details for purposes of payments made to such Lender under this Credit Agreement.

“Leverage Ratio” shall mean, on any date, the ratio of (a) Consolidated Total Indebtedness as of such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters most recently ended on or prior to such date.

“LIBOR” shall mean, for a Loan for any Interest Period therefor, a rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for

deposits in Dollars at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term “LIBOR” shall mean, for a Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If, for any reason, neither of such rates is available, then “LIBOR” shall mean the rate per annum at which, as determined by the Administrative Agent, Dollars in an amount comparable to a Loan then requested are being offered to leading banks at approximately 11:00 A.M. London time, two (2) Business Days prior to the commencement of the applicable Interest Period for settlement in immediately available funds by leading banks in the London interbank market for a period equal to the Interest Period selected.

“LIBOR Lending Office” shall mean, initially, the office of each Lender designated as such Lender’s LIBOR Lending Office shown on the Lenders’ Administrative Details Schedule; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which such Lender’s Commitment Percentage of a Loan is to be made.

“LIBOR Rate” shall mean a rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.00 - \text{Applicable Reserve Percentage}}$$

“Lien” shall mean any mortgage, deed of trust, pledge, charge, hypothecation, assignment for security purposes, deposit arrangement for security purposes, preferential right, option, encumbrance, lien (statutory or other), or other security interest or collateral arrangement, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

“LIBOR Rate Loan” shall mean a Loan bearing interest at a rate per annum equal to the Applicable Rate.

“Loan” shall have the meaning set forth in Section 2.1.

“Material Adverse Effect” shall mean an effect or change, resulting or occurring from any event or occurrence of any nature whatsoever, whether individually or in the aggregate, which is materially adverse to (a) the business, assets, operations, property or condition (financial or otherwise) of the Credit Parties and their Subsidiaries taken as a whole, (b) the ability of the Credit Parties, taken as a whole, to make any payment or otherwise perform their obligations under this Agreement, any of the Notes or any other Credit Document when such payments and

obligations are required to be performed, (c) any Material Royalty, or (d) the validity or enforceability of this Agreement, the Notes or any of the other Credit Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder or the perfection or priority of any Lien in favor of the Administrative Agent.

“ Material Contract ” shall mean any contract or agreement to which any Credit Party or any of its Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect, including each Royalty Agreement relating to a Material Royalty.

“ Material Royalties ” shall mean each of (i) the following Royalties owned by the Borrower: GSR #1, GSR #2, GSR #3 and NVR #1 with respect to the Pipeline Project and the Robinson Royalty with respect to the Robinson Project; (ii) the following Royalties owned by High Desert: SJ Royalty with respect to the Betze-Post Mine and the Leeville Royalty with respect to the Leeville Project; (iii) the following Royalties owned by RG Mexico: the Mulatos Royalty with respect to the Mulatos Mine, the Penasquito Royalty with respect to the Penasquito Project, and the Dolores I and Dolores II Royalties with respect to the Dolores Project; (iv) the following Royalties owned, or to be owned, by RG Chile: Pascua-Lama, El Toqui, and Andacollo, until such time as the Quebec Security Documents have been implemented and perfected, as described in Section 4.5 ; and (v) the following Royalties owned by RGLD Canada: Holt McDermott, Malartic, Allan and Kutcho Creek; each of such Material Royalties is further described on Schedule 1.1(a) hereto.

“ Materials of Environmental Concern ” shall mean any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, pollutants, contaminants or other materials or substances defined or regulated in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

“ Maturity Date ” shall mean the first to occur of (a) February 1, 2014 or (b) any date on which the due date of the Loan is accelerated by reason of an Event of Default pursuant to Section 8.2.

“ Metals ” shall mean Gold, Silver, copper, lead, zinc, molybdenum, nickel, and all other metals, minerals, ores and similar substances.

“ Moody's ” shall mean Moody's Investors Service, Inc.

“ Mortgages ” shall mean, collectively, (i) the Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Pipeline Project) of even date herewith from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (ii) the Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Pipeline Project) of even date herewith from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (iii) the Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Robinson Project) of even date herewith from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (iv) the Mortgage, Deed of Trust, Security Agreement, Pledge and

Financing Statement (Leeville Project) from High Desert to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; in each case, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“ Nevada Royalties ” shall mean the following Royalties owned by the Borrower: GSR #1, GSR #2, GSR #3 and NVR #1 with respect to the Pipeline Project and the Robinson Royalty with respect to the Robinson Project; and the following Royalties owned by High Desert: SJ Royalty with respect to the Betze-Post Mine and the Leeville Royalty with respect to the Leeville Project; in each case, as each of such Material Royalties is further described on Schedule 1.1(a) hereto.

“ Non-Credit Party ” shall mean a Subsidiary of a Credit Party that is not itself a Credit Party.

“ Non-Credit Party Royalty Interest ” shall mean all Royalties now owned or hereafter acquired by or for the benefit of a Non-Credit Party.

“ Note ” shall mean each amended and restated promissory note made by the Borrower evidencing the Loan provided pursuant hereto, substantially in the form of Exhibit C , as any such promissory note may be amended, restated, amended and restated, modified, revised, increased, supplemented, extended, continued or replaced from time to time.

“ Notice of Borrowing ” shall mean a request for a Loan borrowing pursuant to Section 2.1(b) pursuant to a Notice of Borrowing in the form attached as Exhibit D .

“ Obligations ” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and the Administrative Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with this Agreement, each Note, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

“ Operating Lease ” shall mean, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

“ Original Notes ” means (i) that certain Amended and Restated Promissory Note dated March 26, 2010 made by the Borrower in favor of HSBC in the principal amount of \$80,000,000; and (ii) that certain Amended and Restated Promissory Note dated March 26, 2010 made by the Borrower in favor of Scotia in the principal amount of \$50,000,000.

“ Ounce ” shall mean a fine ounce troy weight.

“ Participant ” shall have the meaning set forth in Section 10.7(b).

“ Patriot Act ” shall have the meaning set forth in Section 10.18 .

“ Permitted Liens ” shall mean:

- (i) Liens created by or otherwise existing, under or in connection with this Agreement or the other Credit Documents;
- (ii) Purchase Money Liens securing purchase money indebtedness and Liens to secure Capital Lease obligations (and refinancings thereof) to the extent permitted under Section 7.1(c) ;
- (iii) Liens for Taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or which are being diligently contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or their Subsidiaries, as the case may be, in conformity with GAAP;
- (iv) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s inchoate, unperfected or other like Liens arising in the ordinary course of business which are not overdue for a period of more than twenty (20) days or which are being diligently contested in good faith by appropriate proceedings; provided that a reserve, bond or other appropriate provision shall have been made therefore to the reasonable satisfaction of the Administrative Agent;
- (v) pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;
- (vi) any interest or title of a lessor under any lease entered into by any Credit Party or any Subsidiary in the ordinary course of its business and covering only the assets so leased;
- (vii) deposits and bonds to secure the performance of bids, trade contracts (other than for Consolidated Total Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (viii) Liens existing on the Execution Date and set forth on Schedule 1.1(d) ; provided that (a) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Execution Date and (b) the principal amount of the Indebtedness secured by such Liens shall not be increased, extended, renewed, refunded or refinanced;
- (ix) Liens pursuant to the Revolving Credit Agreement made in favor of HSBC Bank or any other “Lender” thereunder;

(x) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances which do not individually or in the aggregate interfere in any material respect with the occupation, value or use of the property to which such Lien is attached or with such Person's activities or operations on such property;

(xi) Liens and minor title defects reflected in the Title Opinions, to the extent not objected to by the Administrative Agent;

(xii) any Lien with respect to judgments, orders or awards to the extent such judgments, orders or awards secured thereby shall not, either individually or in the aggregate, result in an Event of Default under Section 8.1(g);

(xiii) rights of setoff or bankers' Liens upon deposits of cash or broker's Liens upon securities accounts in favor of financial institutions, banks or other depository institutions; and

(xiv) any Lien with respect to interests in pre-feasibility, feasibility or development stage properties not currently producing Metals, so long as such Liens do not cover or attach to a Material Royalty; provided that such Liens do not secure Indebtedness.

" Permitted Subordinated Indebtedness " shall have the meaning set forth in Section 7.1(i).

" Person " shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

" Pledge Agreements " shall mean each pledge agreement given by a Credit Party for the benefit of the Administrative Agent, substantially in the form of Exhibit E hereto, and (iv) any other pledge agreement, document, agreement, arrangement or Instrument executed by a Credit Party to secure the Obligations, in each case, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in accordance with its terms.

" Principal Repayment Date " shall have the meaning set forth in Section 2.3(a).

" Products " shall mean, without limitation, all ore, minerals, concentrate, doré bar and refined Metals produced on behalf of, or payable to, a Credit Party pursuant to a Royalty Interest from a Project Property.

" Project " shall mean each mine, mining project and properties, including Project Properties, in which a Credit Party has or acquires a Royalty Interest. As of the Execution Date, the Projects include those set forth on Schedule 1.1(c) hereto.

" Project Managers " shall mean the operator or manager of each Project, with the Project Manager for each Project in existence on the date hereof set forth on Schedule 1.1(c) hereto.

“ Project Properties ” shall mean all real property right, title or interests, now owned or hereafter acquired, included in each of the Projects, which are burdened with a Royalty Interest, including all fee property, concessions, unpatented mining claims and other real property interests which are identified in any Royalty Agreement, together with all relocations, modifications, additions or amendments thereof, and all lands subject thereto.

“ Property ” shall mean all real estate, surface and subsurface rights and interests, minerals, mineral leases, mineral rights, lands, concessions, licenses, exploration or exploitation rights, claims, water rights and other property right, title and interest, howsoever characterized or designated, that are owned, leased, operated, held or controlled, directly or indirectly, by any Borrower or any of their Subsidiaries, including all such rights and interests associated with the Projects, together with all rights, titles and interests hereafter acquired.

“ Purchase Money Lien ” shall mean a Lien taken or reserved in personal property to secure payment of all or part of its purchase price, provided that such Lien (i) secures an amount not exceeding the purchase price of such personal property, (ii) extends only to such personal property and its proceeds, and (iii) is granted prior to or within 30 days after the purchase of such personal property.

“ Purchasing Lenders ” shall have the meaning set forth in Section 10.7(c).

“ Quebec Security Documents ” shall mean (i) a Deed of Hypothec and Issue of Bonds, (ii) a Bond, (iii) a Delivery Order, (iv) a Pledge of Bond Agreement, (v) a Register of Bondholders, and (vi) such other Instruments as may be necessary to obtain and perfect a collateral security interest in favour of the Administrative Agent with respect to the Malartic Royalty, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“ Required Lenders ” shall mean (a) for so long as any one Lender and its Affiliates control fifty percent (50%) or more of the Commitment Percentage, those Lenders holding in the aggregate greater than 66.667% of the outstanding Loan; and (b) at any time that no Lender and its Affiliates controls fifty percent (50%) or more of the Commitment Percentage, those Lenders holding in the aggregate greater than 50.1% of the outstanding Loan; provided, however, that if any Lender shall be a Defaulting Lender at such time, then there shall be excluded from the determination of Required Lenders the principal balance of the Obligations owing to such Defaulting Lender.

“ Requirement of Law ” shall mean each law, statute, code, ordinance, treaty, order, rule, regulation, judgment, ruling, decree, injunction, franchise, permit, certificate, license, authorization, regulation, approval or other direction of any Governmental Authority (including securities laws and regulations and the rules of any securities exchange), in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, and as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person.

“ Responsible Officer ” shall mean, as to (a) a Borrower, any of the President, the Chief Executive Officer or the Chief Financial Officer or (b) any other Credit Party, any duly authorized officer thereof.

“ Revolving Credit Agreement ” shall mean the Fourth Amended and Restated Revolving Credit Agreement dated as of February 1, 2011, by and among Royal Gold, as a borrower, High Desert, as a borrower, RGLD Canada, as a guarantor, RG Mexico, as a guarantor, those other Subsidiaries of a borrower identified as a “ Guarantor ” on the signature pages thereto and such other subsidiaries of a borrower as may from time to time become a party thereto, as guarantors, those banks and financial institutions identified as a “Lender” on the signature pages thereto and such other banks or financial institutions as may from time to time become parties thereto, as lenders, HSBC Bank, as administrative agent for the lenders thereunder, HSBC Securities, as a joint lead arranger and sole global coordinator, Scotia Capital, as a joint lead arranger, and Scotia, as sole syndication agent, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with its terms.

“ RG Barbados Subordinated Loan ” shall mean the loan from RG Finance (Barbados) to RG Chile, in the principal amount of \$275,000,000, which has been subordinated to the Obligations pursuant to the Subordination Agreement.

“ RG Chile ” shall mean Royal Gold Chile Limitada, a company formed and existing under the laws of Chile.

“ RGLD Canada ” shall mean RGLD Gold Canada, Inc., a corporation existing under the Canada Business Corporations Act.

“ RGLD Canada Security Documents ” shall mean the Canadian Security Agreement and each other Security Document associated with the foregoing, in each case until any of the foregoing has been terminated as contemplated in Section 4.5 .

“ RG Mexico ” shall mean RG Mexico, Inc., a corporation organized and existing under the State of Delaware.

“ Royal Gold ” shall have the meaning set forth in the Preamble.

“ Royalties ” shall mean any share of mineral production, including, gross smelter return royalties, net smelter return royalties, overriding royalties, non-participating royalties, production payments, net profit interests and all other mineral royalties of every type and characterization, whether constituting a real property or a personal property interest.

“ Royalty Agreements ” shall mean, collectively, each of the agreements with or for the benefit of a Credit Party relating to a Royalty Interest, whether now or hereafter in existence, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in accordance with its terms.

“Royalty Interests” shall mean all Royalties now owned or hereafter acquired by or for the benefit of a Credit Party, in or relating to a Project, with the Material Royalties in existence as of the Execution Date described on Schedule 1.1(a) hereto and all other Royalties (other than the Material Royalties) in existence and held by a Credit Party as of the Execution Date described on Schedule 1.1(c) hereto, and all Metals received or receivable with respect thereto, now held or hereafter acquired by a Credit Party, whether pursuant to a Royalty Agreement or otherwise.

“S&P” shall mean Standard & Poor’s Ratings Group, a division of The McGraw Hill Companies, Inc.

“Scotia” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“Securities Exchange Act” shall mean the Securities Exchange Act of 1934, together with any amendment thereto or replacement thereof and any rules or regulations promulgated thereunder.

“Security Agreements” shall mean (i) the U.S. Security Agreement, (ii) the Canadian Security Agreement, (iii) each other security agreement (or other equivalent Instrument, howsoever designated) given by a Credit Party for the benefit of the Administrative Agent, substantially in the form of Exhibit F hereto, covering and extending to all assets of such Credit Party, and (iv) each other Instrument whereby a Credit Party subordinates its rights to receive payment of any amounts from any other Credit Party to the complete payment in full of the Obligations, and any other security agreement or other Instrument by which the Administrative Agent obtains a Lien in or on any personal property or assets of a Credit Party to secure the Obligations, together with all amendments, restatements, modifications, supplements, extensions and restatements thereof in accordance with its terms.

“Security Documents” shall mean the Security Agreements, the Mortgages, the Pledge Agreements, the Quebec Security Documents, the Existing Security Documents, the Chilean Security Documents (until such time as such Chilean Security Documents are released in accordance with Section 4.5), and any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Administrative Agent’s security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Administrative Agent, or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations or any Credit Document, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in accordance with its terms; provided, however, no such Security Agreement, Pledge Agreement, Subordination Agreement, nor any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument shall constitute a Security Document if it has been terminated in accordance with the requirements of this Agreement.

“Silver” shall mean silver of minimum purity of at least 0.999 fineness conforming in all respects with the requirements for good delivery on the London Bullion Market.

“Subordination Agreement” the Subordination Agreement dated January 20, 2010 among RG Chile, RG Finance (Barbados), and the Administrative Agent regarding the subordination of the indebtedness arising or existing under the RG Barbados Subordinated Loan to the Obligations, on terms and conditions satisfactory to the Administrative Agent.

“Subsidiary” shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. For purposes of clarity, as of the Execution Date, Crescent Valley Partners, L.P. shall be deemed a Subsidiary of Royal Gold. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of a Borrower.

“Taxes” shall mean all present and future taxes, levies, duties, imposts, deductions, charges, withholdings and other similar levies and liabilities of whatever nature, including stamp, sales, use, documentary, value added, excise, registration, property and income taxes.

“Title Opinions” means those legal opinions from counsel to the Credit Parties pertaining to the Nevada Royalties and the right, title and interest of the Credit Parties in and to such Nevada Royalties attached hereto as Schedule 1.1(e), together with any additional or future legal opinions pertaining to the Nevada Royalties and the right, title and interest of the Credit Parties in and to such Nevada Royalties, which are in form and substance acceptable to the Administrative Agent.

“Transfer Effective Date” shall have the meaning set forth in each Assignment Agreement.

“U.S. Security Agreement” shall mean that certain Security Agreement of even date herewith from the Borrower, High Desert and RG Mexico in favor of the Administrative Agent, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“Voting Stock” shall mean, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

Section 1.2 Other Definitional Provisions; Time References.

- (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or other Credit Documents or any certificate or other document made or delivered pursuant hereto.
- (b) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- (c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.
- (d) The word “including” means “including without limitation” or “including, but not limited to,” and does not create or denote a limitation.
- (e) Unless otherwise expressly indicated, each time reference in any Credit Document shall be to New York time.

Section 1.3 Accounting Terms . Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of the Borrower delivered to the Administrative Agent; provided that, if the Borrower shall notify the Administrative Agent that they wish to amend any covenant in Section 6.15 (or the definitions used therein) to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Section 6.15 or any definition used therein for such purpose), then compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

The Borrower shall deliver to the Administrative Agent at the same time as the delivery of any annual or quarterly financial statements given in accordance with the provisions of Section 6.1, (a) a description in reasonable detail of any material change in the application of accounting principles employed in the preparation of such financial statements from those applied in the most recently preceding quarterly or annual financial statements as to which no objection shall have been made in accordance with the provisions above and (b) a reasonable estimate of the effect on the financial statements on account of such changes in application.

Section 1.4 Québec Matters. For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) “personal property” shall include “movable property”, (b) “real property” or “real estate” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include

a “hypothec”, “right of retention”, “prior claim” and a resolutive clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or a Personal Property Security Act shall include publication under the *Civil Code of Québec*, (g) all references to “perfection” of or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” lien or security interest as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (i) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall include a “mandatary”, (k) “construction liens” shall include “legal hypothecs”; (l) “joint and several” shall include “solidary”; (m) “gross negligence or wilful misconduct” shall be deemed to be “intentional or gross fault”; (n) “beneficial ownership” shall include “ownership on behalf of another as mandatary”; (o) “easement” shall include “servitude”; (p) “priority” shall include “prior claim”; (q) “survey” shall include “certificate of location and plan”; (r) “state” shall include “province”; (s) “fee simple title” shall include “absolute ownership”; (t) “accounts” shall include “claims”. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c’est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.*

Section 1.5 Amendment and Restatement. This Agreement amends, restates and continues the Existing Credit Agreement, and this Agreement and each Note and all Instruments, agreements, and documents executed in connection herewith, constitute an amendment, renewal, continuance and restatement of all Indebtedness and Obligations of the Borrower and the Guarantors evidenced by the Existing Credit Agreement and the Original Notes. All promissory notes, instruments, documents, and agreements entered into in connection with the Existing Credit Agreement or the Original Note shall remain in full force and effect, except to the extent expressly modified in accordance with their respective terms. It is expressly understood and agreed by the parties hereto that this Agreement is in no way intended to constitute, and does not constitute, a release, repayment, satisfaction, discharge or novation of the obligations and liabilities existing under the Existing Credit Agreement or the Original Notes or a release, termination, novation or impairment of any Lien or Existing Credit Document. All Liens created pursuant to the Existing Credit Documents shall extend and apply to this Agreement and each Note issued hereunder and the full payment and performance of all Obligations, in each case for the benefit of the Lenders and all such Liens are hereby expressly continued, ratified and confirmed by the Borrower and the Guarantors (except to the extent such Liens have previously been expressly released or modified or are being modified by the Credit Documents). The amendment and restatement hereby of the Existing Credit Agreement, or the concurrent amendment and restatement of any other Existing Credit Document, shall not constitute a waiver of any conditions or requirements set forth herein or therein, whether or not performed, fulfilled or required to be performed or fulfilled prior to the date hereof, nor does it constitute consent to any prior or existing default, event of default or breach of any provision hereof or of any other Existing Credit Document. All references to the Existing Credit Agreement in any Existing Credit Document shall be deemed to refer to this Agreement. If any inconsistency exists between this Agreement and the Existing Credit Agreement, the terms of this Agreement shall

prevail. Nothing contained in this Agreement or any other document or instrument executed contemporaneously herewith shall be deemed to satisfy or discharge the Indebtedness or Obligations arising under this Agreement or any Note (this being an amendment and restatement only).

Section 1.6 Permitted Liens. Any reference in any of the Credit Documents to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Credit Documents to any Permitted Lien.

ARTICLE II THE LOAN; AMOUNT AND TERMS

Section 2.1 Term Loan.

(a) Loan. Each Lender severally agrees, on the terms and conditions set forth in this Agreement, to loan to the Borrower funds in an aggregate amount equal to One Hundred Thirty Million Dollars (\$130,000,000) or such lesser amount as shall have been actually advanced on and as of the Funding Date (the “Loan”) and, individually, in an amount equal to such Lender’s Commitment Percentage of the Committed Amount.

(b) Notice of Borrowing. The Borrower shall request the Loan by delivering a written Notice of Borrowing (or telephone notice promptly confirmed in writing by delivery of a written Notice of Borrowing, which delivery may be by facsimile) to the Administrative Agent not later than 11:00 a.m. on the third (3rd) Business Day prior to the Funding Date. The Notice of Borrowing shall be irrevocable and shall specify (A) that the additional proceeds of the Loan are requested, (B) the Funding Date, and (C) the Interest Period. If the Borrower shall fail to specify an Interest Period in the Notice of Borrowing, then such notice shall be deemed to be a request for an Interest Period of one (1) month. The Administrative Agent shall give notice to each Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such Lender’s share thereof.

(c) Advance. Each Lender agrees to make an Advance to the Borrower in the amount equal to such Lender’s Commitment Percentage of the Committed Amount to be advanced on the Funding Date as specified in the Notice of Borrowing. Principal payments made after the Funding Date may not be reborrowed.

(d) Funding. Each Lender will make an amount equal to such Lender’s Commitment Percentage of the Committed Amount available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in the Lenders’ Administrative Details Schedule, or at such other office as the Administrative Agent may designate in writing, by 1:00 p.m. on the Funding Date in Dollars and in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent by crediting the account of the Borrower on the books of such office with the Committed Amount and in like funds as received by the Administrative Agent.

(e) Interest.

(i) Applicable Rate. Except as set forth in Section 2.1(e)(ii) hereof, the Loan shall bear interest on the outstanding principal amount thereof from the Funding Date until such Loan is paid in full, at the Applicable Rate (as in effect from time to time). The Borrower covenants and agrees to promptly pay interest on the Loan on each Interest Payment Date, with such interest payable in arrears.

(ii) Default Rate. Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loan and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at the Default Rate.

Section 2.2 Evidence of Indebtedness.

(a) Accounts and Records. The Loan shall be evidenced by one (1) or more accounts or records maintained by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Lender shall be conclusive absent manifest error of the amount of the Loan made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations.

(b) Notes. The Borrower agrees that, in addition to such accounts or records set forth in Section 2.2(a), to evidence their obligation to repay the Loan made hereunder, with interest accrued thereon, it shall issue and deliver to the Administrative Agent on the Funding Date the Notes in the aggregate principal amount of the principal amount of the Loan. The Administrative Agent may attach schedules to the Notes and endorse thereon the date, amount and maturity of the Loan and payments with respect thereto. In the event that any amount hereunder or under the Notes is not paid by the Borrower when due (whether at the stated maturity, by acceleration or otherwise), the Administrative Agent may take all such actions as it sees fit to recover such amount, including, without limitation, the commencement and maintenance of proceedings.

(c) Effect of Account Entries. Entries made in good faith by the Administrative Agent in its account or accounts pursuant to Section 2.2(a), shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to the Lenders, under this Agreement and the other Credit Documents, absent manifest error; provided that the failure of the Lender to make an entry, or any finding that an entry is incorrect, in such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement and the other Credit Documents.

Section 2.3 Repayment and Prepayment.

(a) Repayment. On each date set forth below (each, a “Principal Repayment Date”), the Borrower shall repay to the Lender the respective amounts set forth opposite such Principal Repayment Date as follows:

Principal Repayment Date	Amount
May 1, 2011	\$ 3,900,000
August 1, 2011	\$ 3,900,000
November 1, 2011	\$ 3,900,000
February 1, 2012	\$ 3,900,000
May 1, 2012	\$ 3,900,000
August 1, 2012	\$ 3,900,000
November 1, 2012	\$ 3,900,000
February 1, 2013	\$ 3,900,000
May 1, 2013	\$ 3,900,000
August 1, 2013	\$ 3,900,000
November 1, 2013	\$ 3,900,000
February 1, 2014	\$ 87,100,000

provided, however, that the final principal repayment installment of the Loan shall be repaid on or before the Maturity Date and in any event shall be in an amount equal to the aggregate principal amount of the Loan outstanding on such date. Each Borrower covenants and agrees to pay the Loan in accordance with the terms of this Agreement and the Notes.

(b) Optional Prepayments. The Borrower shall have the right to prepay the Loan in whole or in part from time to time; provided, however, that each partial prepayment of the Loan shall be in a minimum principal amount of One Million Dollars (\$1,000,000) and integral multiples of Five Hundred Thousand Dollars (\$500,000) in excess thereof or, if less, the unpaid balance thereof. The Borrower shall give three (3) Business Days' irrevocable notice of prepayment to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable). Each prepayment pursuant to this Section 2.3(b) shall be applied to the outstanding Loan as the Borrower may elect. All prepayments under this Section 2.3(b) shall be subject to Section 2.11, but otherwise without premium or penalty. Interest on the principal amount prepaid shall be payable on the next occurring Interest Payment Date that would have occurred had such Loan not been prepaid or, at the request of the Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a prepayment is made hereunder through the date of prepayment.

Section 2.4 Fees.

(a) Commitment Fee. In consideration of the Commitment, the Borrower shall pay to the Lenders such fees as are set forth in the Fee Letter.

(b) Finality of Fees. All fees hereunder are fully earned and payable when due and are non-refundable.

Section 2.5 Computation of Interest and Fees.

(a) Interest payable hereunder and all other fees and other amounts payable hereunder shall be calculated on the basis of a three hundred sixty (360) day year for the actual days

elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a LIBOR Rate on the Business Day of the determination thereof.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the computations used by the Administrative Agent in determining any interest rate.

(c) It is the intent of the Lenders and the Credit Parties to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Lenders and the Credit Parties are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including but not limited to prepayment or acceleration of the maturity of any Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under any Requirement of Law. If, from any possible construction of any of the Credit Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this paragraph and such interest shall be automatically reduced to the maximum nonusurious amount permitted under any Requirement of Law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loan under any Requirement of Law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loan and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loan. The right to demand payment of the Loan or any other Indebtedness evidenced by any of the Credit Documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loan shall, to the extent permitted by any Requirement of Law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loan so that the amount of interest on account of such indebtedness does not exceed the maximum nonusurious amount permitted by any Requirement of Law.

(d) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(e) Any provision of this Agreement that would oblige a Canadian Credit Party to pay any fine, penalty or rate of interest on any arrears of principal or interest secured by a mortgage on real property or hypothec on immovables that has the effect of increasing the charge on arrears beyond the rate of interest payable on principal money not in arrears shall not apply to such Canadian Credit Party, which shall be required to pay interest on money in arrears at the same rate of interest payable on principal money not in arrears.

(f) If any provision of this Agreement would oblige a Canadian Credit Party to make any payment of interest or other amount payable to any Secured Party in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Secured Party of “interest” at a “criminal rate” (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by that Secured Party of “interest” at a “criminal rate”, such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

(i) first, by reducing the amount or rate of interest; and

(ii) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

Section 2.6 Pro Rata Treatment and Payments.

(a) Pro Rata Treatment. Each payment (other than prepayments made pursuant to Section 2.3(b)) of principal or interest under this Agreement or the Notes shall be applied pro rata, first, to any fees and expenses then due and owing by the Borrower hereunder, second, to interest then due and owing hereunder and under the Notes and, third, to principal then due and owing hereunder and under the Notes. Each payment on account of any fees and expenses hereunder shall be made pro rata in accordance with the respective amounts due and owing. Each optional prepayment of the Loan shall be applied in accordance with Section 2.3(b). Prepayments made pursuant to Section 2.9 shall be applied in accordance with such section. All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees shall be made without defense, set-off or counterclaim and shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent’s office specified on the Lenders’ Administrative Details Schedule in Dollars and in immediately available funds not later than 12:00 Noon on the date when due. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Loan) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on the Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the exercise of remedies by the Administrative Agent or the Lenders pursuant to Section 8.2 (or after the Loan (with accrued interest thereon) and all other amounts under the Credit Documents shall automatically become due and payable in accordance with the terms of such Section), all amounts collected or received by the Administrative Agent or any Lender on account of the Obligations or any other amounts outstanding under any of the Credit Documents or in respect of the Collateral shall be paid over or delivered as follows:

FIRST, to the payment of all out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents and any protective advances made by the Administrative Agent with respect to the Collateral under or pursuant to the terms of the Security Documents;

SECOND, to payment of any fees owed to the Administrative Agent;

THIRD, to the payment of all out-of-pocket costs and expenses (including without limitation, reasonable attorneys' and consultants' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Obligations owing to such Lender;

FOURTH, to the payment of all of the Obligations consisting of interest and any accrued fees not paid under the foregoing;

FIFTH, to the payment of the outstanding principal amount of the Obligations and any breakage, termination or other payments due on the Obligations, and any interest accrued thereon together with all Obligations arising under any Hedging Agreement with a Lender (or an Affiliate of a Lender) or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender);

SIXTH, to all other Obligations and all other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category.

Section 2.7 Non-Receipt of Funds by the Administrative Agent.

(a) Unless the Administrative Agent shall have been notified in writing by the Borrower, prior to the date on which any payment is due from it hereunder (which notice shall be effective upon receipt) that the Borrower does not intend to make such payment, the Administrative Agent may assume that the Borrower has made such payment when due, and the

Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Lender on such payment date an amount equal to the portion of such assumed payment to which such Lender is entitled hereunder, and if the Borrower has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, repay to the Administrative Agent the amount made available to such Lender. If such amount is repaid to the Administrative Agent on a date after the date such amount was made available to such Lender, such Lender shall pay to the Administrative Agent on demand interest on such amount in respect of each day from the date such amount was made available by the Administrative Agent to such Lender to the date such amount is recovered by the Administrative Agent at a per annum rate equal to the LIBOR Rate.

(b) A certificate of the Administrative Agent submitted to the Borrower or any Lender with respect to any amount owing under this Section 2.7 shall be conclusive in the absence of manifest error.

Section 2.8 Inability to Determine Interest Rate; Base Rate Loan . Notwithstanding any other provision of this Agreement, if (i) the Administrative Agent shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that, by reason of circumstances affecting the relevant market, reasonable and adequate means do not exist for ascertaining LIBOR for such Interest Period, including that LIBOR quotations are unavailable or insufficient in number or (ii) the Required Lenders shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to such Lenders of funding the Loan during such Interest Period, the Administrative Agent shall forthwith give telephone notice of such determination, confirmed in writing, to the Borrower and the Lenders at least two (2) Business Days prior to the first day of such Interest Period. Until any such notice has been withdrawn by the Administrative Agent, the outstanding Loan shall be converted into a Base Rate Loan (i) on the last day of the then-current Interest Period if the Lenders may lawfully continue to maintain the Loan as a LIBOR Rate Loan to such day, or (ii) immediately if the Administrative Agent or any Lender shall determine that any Lender may not lawfully continue to maintain its Committed Percentage of the Loan as a LIBOR Rate Loan to such day.

Section 2.9 Illegality . Notwithstanding any other provision of this Agreement, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by the relevant Governmental Authority to any Lender shall make it unlawful for such Lender or its LIBOR Lending Office to make or maintain its Committed Percentage of the Loan as a LIBOR Rate Loan as contemplated by this Agreement or to obtain in the interbank eurodollar market through its LIBOR Lending Office the funds with which to make such Loan, (a) such Lender shall promptly notify the Administrative Agent and the Borrower thereof, and (b) the commitment of such Lender hereunder to make a LIBOR Rate Loan or continue its Committed Percentage of the Loan as a LIBOR Rate Loan as such shall forthwith be suspended until the Administrative Agent shall give notice that the condition or situation which gave rise to the suspension shall no longer exist. The Borrower hereby agrees to promptly pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender in making any repayment in accordance with this Section 2.9 including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its

Commitment Percentage of the Loan as a LIBOR Rate Loan hereunder. A certificate as to any additional amounts payable pursuant to this Section 2.9 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section 2.9 ; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

Section 2.10 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject such Lender to any tax of any kind whatsoever with respect to any LIBOR Rate Loans made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for tax on the overall net income of such Lender or franchise taxes imposed on it in lieu of net income taxes and changes in the rate of such taxes);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on such Lender any other condition not otherwise expressly excluded above;

and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining its Committed Percentage of the Loan as a LIBOR Rate Loan or to reduce any amount receivable hereunder or under the Notes or the Loan, then, in any such case, the Borrower shall promptly pay such Lender, within fifteen (15) days after its demand, any additional amounts necessary to compensate such Lender for such additional cost or reduced amount receivable which such Lender reasonably deems to be material as determined by such Lender with respect to maintaining its Committed Percentage of the Loan as a LIBOR Rate Loan. A certificate as to any additional amounts payable pursuant to this Section 2.10 submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this paragraph of this Section 2.10 ; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or other disadvantages deemed by such Lender to be material.

(b) If any Lender shall have reasonably determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand by such Lender, the Borrower shall pay to such Lender such additional amount as shall be certified by such Lender as being required to compensate it for such reduction. Such a certificate as to any additional amounts payable under this Section 2.10 submitted by a Lender (which certificate shall include a description of the basis for the computation), through the Administrative Agent, to the Borrower shall be conclusive absent manifest error.

(c) The agreements in this Section 2.10 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.11 Indemnity . The Borrower hereby agrees to indemnify each Lender and to hold such Lender harmless from any liabilities, claims, costs, charges, funding loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment of the principal amount of or interest on the Loan by such Lender in accordance with the terms hereof, (b) default by the Borrower in accepting a borrowing after the Borrower have given a notice in accordance with the terms hereof, (c) default by the Borrower in making any prepayment after the Borrower has given a notice in accordance with the terms hereof, and/or (d) any payment or prepayment of the Loan, or the extension thereof, on a day which is not the last day of the Interest Period with respect thereto, in each case including, but not limited to, any such loss, expense, cost or liability arising from interest, fees, costs or charges payable by such Lender to lenders of funds obtained by it in order to maintain its Committed Percentage of the Loan hereunder. A certificate as to any additional amounts payable pursuant to this Section 2.11 submitted by any Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. The agreements in this Section 2.11 shall survive termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.12 Taxes.

(a) All payments made by the Borrower hereunder or under the Notes shall be made free and clear of, and without deduction or withholding for, any present or future Taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding any Tax imposed on or measured by the net income or profits of a Lender or franchise taxes imposed on it in lieu of net income taxes, in each case pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or applicable lending office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto. If any

Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under the Notes, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in the Notes. The Borrower will furnish to the Administrative Agent as soon as practicable after the date the payment of any Taxes is due pursuant to applicable law certified copies (to the extent reasonably available and required by law) of tax receipts evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this Section 2.12 ; provided , however , that such efforts shall not cause the imposition on such Lender of any additional costs or other disadvantages deemed by such Lender in its sole discretion to be material.

(c) If the Borrower pays any additional amount pursuant to this Section 2.12 with respect to a Lender, such Lender shall use reasonable efforts to obtain a refund of tax or credit against its tax liabilities on account of such payment; provided that such Lender shall have no obligation to use such reasonable efforts if either (i) it is in an excess foreign tax credit position or (ii) it believes in good faith, in its sole discretion, that claiming a refund or credit would cause adverse tax consequences to it. In the event that such Lender receives such a refund or credit, such Lender shall pay to the Borrower an amount that such Lender reasonably determines is equal to the net tax benefit obtained by such Lender as a result of such payment by the Borrower. In the event that no refund or credit is obtained with respect to the Borrower's payments to such Lender pursuant to this Section 2.12 , then such Lender shall upon request provide a certification that such Lender has not received a refund or credit for such payments. Nothing contained in this Section 2.12(c) shall require a Lender to disclose or detail the basis of its calculation of the amount of any tax benefit or any other amount or the basis of its determination referred to in the proviso to the first sentence of this Section 2.12(c) to the Borrower or any other party.

(d) Each Lender that is not a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) (a "Foreign Lender ") shall submit to Borrower and Administrative Agent on or before the date such financial institution becomes a party hereto, two (2) duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) or such other evidence satisfactory to Borrower and Administrative Agent that such Foreign Lender is entitled to an exemption from, or reduction of, United States withholding tax. Thereafter and from time to time, each such Foreign Lender shall: (i) promptly submit to Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Borrower and Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by Borrower

pursuant to this Agreement; (ii) promptly notify Administrative Agent of any change in circumstances that would modify or render invalid any claimed exemption or reduction; and (iii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Foreign Lender, and as may be reasonably necessary (including the re-designation of its lending office) to avoid any requirement of applicable laws that Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender. If any Foreign Lender fails to deliver the forms or other documentation referred to in this subsection, then the Borrower shall not be required to pay any additional amount to such Foreign Lender under Section 2.12(a) with respect to any withholding tax imposed by Sections 1441 and 1442 of the Code; provided that if such Foreign Lender shall have satisfied the requirement of this Section 2.12(d) on the date such Foreign Lender became a Lender, nothing in this Section 2.12(d) shall relieve the Borrower of its obligations to pay any amounts pursuant to Section 2.12(a) in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Foreign Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Foreign Lender or is not subject to withholding.

(e) The agreements in this Section 2.12 shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

Section 2.13 Judgment Currency Conversion . If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Credit Document, it becomes necessary to convert into a particular currency (the “Judgment Currency”) any amount due under this Agreement or under any other Credit Document in any currency other than the Judgment Currency (the “Currency Due”), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose “rate of exchange” means the rate at which the Administrative Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Administrative Agent of the amount due, the Borrower will, on the date of receipt by the Administrative Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Administrative Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Administrative Agent is the amount then due under this Agreement or such other Credit Document in the Currency Due. If the amount of the Currency Due which the Administrative Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Administrative Agent and the Lenders harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Credit Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Administrative Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Credit Document or under any judgment or order.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES**

To induce the Lenders to enter into this Agreement and to make the Loan herein provided for, the Credit Parties hereby represent and warrant to the Administrative Agent and to each Lender that:

Section 3.1 Corporate Existence; Compliance with Law . Each of the Credit Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite corporate power, authority and right to acquire, lease, own and operate, as applicable, all its property and to conduct the business in which it is currently engaged, (c) is duly qualified to conduct business and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify or be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.2 Corporate Power; Authorization; Enforceable Obligations . Each of the Credit Parties has full corporate power, authority and right to execute, deliver and perform the Credit Documents to which it is party and has taken all necessary limited liability company or corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery or performance of any Credit Document by the Credit Parties (other than those which have been obtained) or with the validity or enforceability of any Credit Document against the Credit Parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents). Each Credit Document to which it is a party has been duly executed and delivered on behalf of each of the Credit Parties. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of each of the Credit Parties, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 3.3 Financial Condition; No Material Adverse Effect.

(a) The audited Consolidated financial statements of Royal Gold for the twelve-month period ending June 30, 2010, and the related Consolidated statements of income and of cash flows for the fiscal year ended on such date, all of which have been furnished to the Administrative Agent, have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and fairly present the financial condition of Royal Gold and its Consolidated Subsidiaries as of the date or dates thereof and results of operations for the periods covered thereby. Such financial statements

and the notes thereto disclose all material liabilities, direct or contingent, of Royal Gold and its Consolidated Subsidiaries that are required to be disclosed under GAAP.

(b) Subsequent to the respective dates as of which information is given in such financial statements, there has been no change or event that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.4 Compliance with Laws; No Conflict; No Default.

(a) The execution, delivery and performance by each Credit Party of the Credit Documents to which such Credit Party is a party, in accordance with their respective terms, the borrowings hereunder and the transactions contemplated hereby, in each case, do not and will not, by the passage of time, the giving of notice or otherwise, (A) violate any Requirement of Law applicable to such Credit Party, (B) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, articles of organization, operating agreement or other organizational documents of such Credit Party or any material indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval of such Person, except to the extent that such conflict, breach or default with respect to any such indenture, agreement or instrument could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (C) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under the Credit Documents.

(b) Each Credit Party (i) has all Governmental Approvals required by law for it to conduct its business in all material respects, and (ii) is in compliance with each Governmental Approval applicable to it and in compliance with all other Requirements of Law relating to it or any of its respective properties, in each case except to the extent the failure to obtain such Governmental Approval or failure to comply with such Governmental Approval or Requirement of Law could not reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 3.4(b) and except for matters that do not have or would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Credit Parties, the Project Managers of each of the Projects have obtained all material Governmental Approvals required to operate such Projects as currently being operated in accordance with the then-effective mine plan therefore and are operating such Projects in material compliance therewith.

(c) Except as set forth in Schedule 3.4(c) hereto, (i) each Credit Party has complied in all material respects with all Requirements of Law, (ii) to the knowledge of each Credit Party, each Project is in compliance with all Requirements of Law relating to the operation of such Project, in each case except to the extent that the failure to obtain a Governmental Approval or the failure to comply with such Governmental Approval or Requirement of Law has not had, and would not reasonably be expected to have, a Material Adverse Effect, and (iii) to the knowledge of each Credit Party, no investigation is currently being conducted by any local, state or federal agency with respect to enforcement of Requirements of Law that would reasonably be expected to have a Material Adverse Effect. Except as disclosed in Schedule 3.4(c), no Credit Party has knowledge of any existing violation of Requirements of Law or notices thereof issued by any Governmental Authority, with respect to a Credit Party or a Project, that has had or would reasonably be expected to have a Material Adverse Effect.

(d) None of the Credit Parties is in default under or with respect to any of its Material Contracts, or any judgment, order or decree to which it is a party, in any respect that has had or could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

Section 3.5 No Material Litigation . Except as set forth in Schedule 3.5 hereto, no Credit Party is a party to any action, suit or proceeding at law or in equity, by or before any Governmental Authority (or, to the knowledge of any Credit Party, threatened in writing) against or affecting any Credit Party, any Royalty Interest, or any Project that has had, or would reasonably be expected to have a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document. Except as set forth in Schedule 3.5, to the knowledge of each Credit Party, there is no action, suit or proceeding at law or in equity, by or before any Governmental Authority now pending or threatened against or, with direct and specific application, affecting, any Credit Party, the Royalty Interests or any Project, which has had, or would reasonably be expected to have, a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document, and no judgments are outstanding which could reasonably be expected to have a Material Adverse Effect.

Section 3.6 Employee Benefit Plans and Canadian Pension Plans .

(a) Employee Benefit Plans. Each Employee Benefit Plan established or maintained by the Borrower or any other Credit Party complies, and has been maintained and administered, in all material respects in accordance with applicable Requirements of Law. Each Employee Benefit Plan is fully funded on a going concern basis in accordance with its terms and applicable Requirements of Law, and the present value of all accrued benefits under any such plans do not exceed the value of the assets of such plans allocable to such accrued benefits by an amount that could reasonably be expected to have a Material Adverse Effect. No material liability exists with respect to any Employee Benefit Plan that has been terminated.

(b) Canadian Pension Plans. Each of the Canadian Pension Plans (if any) is duly registered under the Canadian Income Tax Act and any other applicable Laws which require registration, has been administered in accordance with the Canadian Income Tax Act and such other applicable Laws and no event has occurred which could reasonably be expected to cause the loss of such registered status, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. All material obligations of each of the Credit Parties (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. There are no outstanding disputes concerning the assets of the Canadian Pension Plans. No promises of benefit improvements under the Canadian Pension Plans have been made except where such improvement could not reasonably be expected to have a Material Adverse Effect. All contributions or premiums required to be made or paid by each of the Credit Parties to the Canadian Pension Plans have been made on a timely basis in accordance with the terms of such plans and all applicable Laws. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans. None of the Canadian Pension Plans contain or have ever

contained a “defined benefit provision”, as that term is defined in subsection 147.1(1) of the Canadian Income Tax Act. Each of the Canadian Pension Plans is fully funded on a solvency basis and going concern basis (using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities and which are consistent with GAAP).

Section 3.7 Environmental Matters.

(a) To the knowledge of the Credit Parties, the Projects are owned, leased, developed, operated or otherwise utilized in compliance with all applicable Environmental Laws and Governmental Approvals, in each case except to the extent that the failure to comply with such Environmental Laws or Governmental Approvals has not had, and would not reasonably be expected to have, a Material Adverse Effect.

(b) No Credit Party has received any written or actual notice of violation, alleged violation, non-compliance, notice of investigation, liability or potential liability regarding Materials of Environmental Concern, compliance with Environmental Laws or other environmental matters with regard to any of the Projects, in each case, except as those that have not had, and would not reasonably be expected to have, a Material Adverse Effect, nor does any Credit Party have knowledge that any such notice will be received or is being threatened.

(c) No judicial proceeding or governmental or administrative action under any Environmental Law is pending or, to the knowledge of any Credit Party threatened, against any Credit Party, or to the knowledge of any Credit Party is pending against any Project that has had, or would reasonably be expected to have, a Material Adverse Effect. To the knowledge of the Credit Parties, there are no consent decrees or other clean-up orders, mitigation orders, compliance orders, remediation orders, decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any Project that have had, or would reasonably be expected to have, a Material Adverse Effect.

Section 3.8 Purpose of Loan . The proceeds of the Loan shall be used by the Borrower to pay any fees and expenses in connection with this Agreement and to provide for the working capital and general corporate requirements of the Borrower and its Subsidiaries.

Section 3.9 Subsidiaries . Set forth on Schedule 3.9 is a complete and accurate list of all Subsidiaries of the Credit Parties as of the Execution Date. Information on the attached Schedule includes jurisdiction of incorporation or organization; the number of authorized shares of each class of Capital Stock or other equity interests; the number of outstanding shares of each class of Capital Stock or other equity interests, the owner thereof and the percentage of such ownership; and the number and effect, of all outstanding options, warrants, rights of conversion or purchase and similar rights. The outstanding Capital Stock and other equity interests of all such Subsidiaries is validly issued, fully paid and non-assessable and is owned free and clear of all Liens (other than Permitted Liens).

Section 3.10 Ownership; Insurance .

(a) Each of the Credit Parties has good, legal and valid title to (or in the case of any leased premises, easement properties or licensed property, valid leasehold, easement or license interests, which are in full force and effect, in) its real property and good title to, or a valid leasehold interest in, its personal property.

(b) Each of the Credit Parties has and maintains in full force and effect adequate insurance in accordance with Section 6.9 hereof and which insurance is described in full as of the Execution Date on Schedule 6.9.

Section 3.11 Title to Royalty Interests; Liens . Schedule 1.1(a) sets forth, as of the Execution Date, a complete and accurate listing and description of each Material Royalty, including the Project and the Royalty Interest associated therewith. Schedule 1.1(c) sets forth, as of the Execution Date, a complete and accurate listing of each of the Royalty Interests, other than the Material Royalties. Each Credit Party has good and marketable title to the Material Royalties owned by it, free and clear of any claims or rights of title and free and clear of all Liens except for Permitted Liens; and each Credit Party has good title to the Royalty Interests (other than the Material Royalties) owned by it, free and clear of any claims or rights of title and free and clear of all Liens except for Permitted Liens.

Section 3.12 Royalty Agreements . Schedule 1.1(a) sets forth a complete and accurate list of all Royalty Agreements of each Credit Party relating to a Material Royalty and in effect as of the Execution Date. Each Royalty Agreement relating to a Material Royalty is (i) a legal, valid and binding obligation of the Credit Party that is a party thereto, and to each Credit Party's knowledge, each other party thereto, and (ii) other than as set forth in Schedule 3.12, each such Royalty Agreement is, and after giving effect to the transactions contemplated by the Credit Documents will be, in full force and effect in accordance with the terms thereof. To the extent requested by the Administrative Agent, the Borrower has delivered or made available to the Administrative Agent a true and complete copy of each Royalty Agreement listed on Schedule 1.1(a). No Credit Party is in breach of or in default under any Royalty Agreement relating to a Material Royalty. As of the Execution Date and since the date thereof, other than as set forth on Schedule 3.12, no Credit Party has made any unresolved allegation that any counterparty to a Material Contract has breached or defaulted under any such agreement in a material respect, except for allegations of breach or default that a Credit Party has diligently pursued and resolved within thirty (30) days of obtaining knowledge thereof and which has not had, and would not reasonably be likely to have, a Material Adverse Effect during such period of time. To the knowledge of each Credit Party, other than as set forth on Schedule 3.12, no counterparty to any Material Contract is in material breach of or in material default of any such Material Contract, except for allegations of breach or default that a Credit Party is diligently pursuing and will resolve within thirty (30) days of obtaining knowledge thereof and which breach or default has not had, and would not reasonably be likely to have, a Material Adverse Effect.

Section 3.13 Indebtedness . Except as otherwise permitted under Section 7.1, the Credit Parties and their Subsidiaries have no Indebtedness.

Section 3.14 Taxes . Each of the Credit Parties and their Subsidiaries has filed, or caused to be filed, all Tax returns (federal, provincial, state, local, foreign or otherwise) required to be filed and has paid (a) all amounts of Taxes shown thereon to be due (including interest and penalties) and (b) all other Taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except, in each case, for such Taxes (i) which are not yet delinquent, (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP, or (iii) that arise and become due in jurisdictions outside of the United States, Canada or Mexico and which are not material either individually or in the aggregate. Each Credit Party has established reserves which are reasonably believed by the officers and representatives of such Credit Party to be adequate for the payment of such taxes. None of the Credit Parties is aware of any proposed Taxes or Tax assessments against it or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 3.15 No Burdensome Restrictions . None of the Credit Parties or any of its Subsidiaries is a party to any agreement or Instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable Requirement of Law which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.16 Limitations on Incurrence of Indebtedness . No Credit Party is subject to any Requirement of Law limiting its ability to borrow money or to incur or perform the Obligations or to grant Liens with respect to the Collateral as set forth in the Security Documents.

Section 3.17 Accuracy and Completeness of Information . No factual information heretofore, contemporaneously or hereafter furnished by or on behalf of any Credit Party or any of its Subsidiaries to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any other Credit Document contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances when made, not materially misleading; provided, however, that projections contained therein are not to be viewed as factual and that actual results during the periods covered thereby may differ from the results set forth in such projections by a material amount. There is no fact now known to any Credit Party or any of its Subsidiaries which has, or could reasonably be expected to have, a Material Adverse Effect.

Section 3.18 Events of Default . No event has occurred and is continuing, or would result from the incurring of the Obligations by the Borrower under this Agreement, that, individually or in the aggregate, constitute, or could be reasonably expected to constitute, a Default or Event of Default.

Section 3.19 Material Contracts . Except as set forth in Schedule 3.19 hereto, no Credit Party is a party to any material agreement or Instrument or subject to any charter or other corporate restriction that has had or could reasonably be expected to have a Material Adverse Effect. Each Material Contract of the Credit Parties is, and after giving effect to the transactions contemplated by the Credit Documents will be, in full force and effect in accordance with the terms thereof and no Borrower or Subsidiary thereof has violated in any respect any such

Material Contract, the effect of which has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE IV COLLATERAL SECURITY

Section 4.1 Security Documents . As security for the prompt, complete and irrevocable payment and performance of the Obligations, each of the Credit Parties shall, contemporaneously with or prior to the execution of this Agreement, confirm, ratify and continue, or grant, execute and deliver, the Security Documents, other than the Quebec Security Documents. The Credit Parties agree to finalize, execute and deliver the Quebec Security Documents in accordance with Section 6.16 . The Security Documents create (or in the case of the Quebec Security Documents, upon their delivery will create) valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens are, or upon the filing of the appropriate perfection or other administrative action or notices to third parties necessary to perfect such security interests and Liens will be, perfected security interests and Liens, prior to all other Liens, other than Permitted Liens.

Section 4.2 No Limitation on Application of Security Interest . The Credit Parties agree that notwithstanding any provision of any other Credit Document to the contrary, the Liens created pursuant to the Security Documents shall secure all Obligations. The payment and performance of all Obligations are unconditionally and irrevocably guaranteed by the Guarantors.

Section 4.3 Maintenance of Security Over Material Royalties . The Credit Parties shall grant, and at all times after the delivery of each applicable Security Document shall maintain, Security Documents satisfactory to the Administrative Agent in its sole discretion over and with respect to the Material Royalties (the “ Collateral Requirement ”), subject to any release of the Chilean Security Documents pursuant to Section 4.5 .

Section 4.4 Perfection and Maintenance of Liens . Each Credit Party hereby authorizes the Administrative Agent and the other Lenders to file such UCC financing statements, PPSA financing statements and other agreements, documents, registrations, filings or Instruments with such Governmental Authorities in such jurisdictions as it determines to be desirable and to take such other actions as the Administrative Agent or any Lender determine to be necessary or desirable to legalize, authenticate, protect, perfect and maintain the perfection of first priority Liens in the Collateral identified in the Security Documents (subject to the terms of the Intercreditor Agreement). The Credit Parties agree to cooperate with the Administrative Agent and the other Lenders in delivering all share certificates and other certificates of Capital Stock pledged pursuant to the Pledge Agreements and in undertaking and completing all recordings, filings, registrations and other actions required in connection with the Security Documents, and each Credit Party further agrees to promptly take all such other actions as the Administrative Agent may reasonably determine to be necessary or appropriate to confirm, perfect, maintain and protect the perfection of the Liens granted by the Security Documents.

Section 4.5 Release of Chilean Security Documents . Upon the completion of all documents, Instruments, deliveries, and actions regarding the Quebec Security Documents as set forth in Section 6.16 , to the satisfaction of the Administrative Agent in its sole discretion, the Administrative Agent and the Lenders agree that the Chilean Security Documents shall be terminated and RG Chile shall be released from its obligations under the Credit Documents as promptly as practicable thereafter, and in connection therewith, the Administrative Agent and the Lenders, at the expense of the Credit Parties, shall execute and deliver such terminations, releases and discharges necessary to evidence such release.

ARTICLE V CONDITIONS PRECEDENT

Section 5.1 Conditions to Funding the Loan . The obligation of each Lender to Advance its Committed Percentage of the Loan hereunder is subject to the satisfaction of the following conditions precedent on or prior to the date of making such Loan:

(a) Execution of Credit Documents . The Administrative Agent shall have received (i) counterparts of this Agreement, (ii) the Notes, (iii) counterparts to each Security Document requested by the Administrative Agent (other than the Quebec Security Documents, which shall be delivered to the Administrative Agent as set forth in Section 6.16), and (iv) counterparts to each other Credit Document, in each case conforming to the requirements of this Agreement and executed by a duly authorized officer of each party thereto, and in each case in form and substance reasonably satisfactory to the Lenders.

(b) Authority Documents . The Administrative Agent shall have received a certificate from the secretary of each Credit Party substantially in the form of Exhibit G attached hereto, together with certified copies of each of the following attachments:

(i) Articles of Incorporation/Charter Documents . Copies of the articles of incorporation or other charter documents, as applicable, of such Credit Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the jurisdiction of its incorporation;

(ii) Bylaws/Operating Agreement . A copy of the bylaws or comparable operating agreement of such Credit Party;

(iii) Resolutions . Copies of resolutions of the board of directors of such Credit Party approving and adopting the Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof;

(iv) Good Standing . Copies of certificates of good standing, existence or its equivalent with respect to such Credit Party certified as of a recent date by the appropriate Governmental Authorities of the state of incorporation or organization and each other state in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect on the business or operations of such Credit Party; and

(v) Incumbency. Incumbency signatures of appropriate officers of such Credit Party, including each officer executing a Credit Document.

(c) Officer's Certificates. The Administrative Agent shall have received a certificate dated as of the Execution Date executed by a Responsible Officer of each of the Credit Parties, substantially in the form of Exhibit H hereto stating that (i) except as set forth on Schedule 3.5, there is no pending or, to the knowledge of any Credit Party threatened, litigation, investigation, bankruptcy or insolvency, injunction, order or claim affecting or relating to any Credit Party or any of its Subsidiaries, or any Royalty Interest or Project, which has had, or would reasonably be expected to have, a Material Adverse Effect, or which would reasonably be expected to affect the legality, validity or enforceability of this Agreement or the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated prior to the date thereof and (ii) immediately after giving effect to this Agreement, the other Credit Documents and all the transactions contemplated therein, (A) no Default or Event of Default exists, (B) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects, and (C) the Credit Parties are in compliance with each of the financial covenants set forth in Section 6.15.

(d) Compliance Certificate. The Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower, substantially in the form of Exhibit I hereto, demonstrating compliance with the financial covenants contained in Section 6.15 by calculation thereof as of the end of the most recently completed fiscal quarter.

(e) Legal Opinions of Counsel. The Administrative Agent shall have received the opinions of legal counsel (including local counsel to the extent required by the Administrative Agent) for the Credit Parties as the Administrative Agent may require, dated the Execution Date and addressed to the Administrative Agent and the Lenders in form and substance reasonably acceptable to the Administrative Agent.

(f) Collateral. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent:

(i) searches of all Lien filings, registrations and records deemed necessary by the Administrative Agent, and copies of any documents, filings and Instruments on file in such jurisdictions;

(ii) all financing statements, registrations, filings or other Instruments for each appropriate jurisdiction as is necessary or desirable, in the Administrative Agent's sole discretion, to perfect, or maintain the perfection of, the Administrative Agent's security interest in the Collateral (other than with respect to the Quebec Security Documents, which shall be delivered to the Administrative Agent in accordance with Section 6.16); and

(iii) such other duly executed agreements, consents, notices or Instruments as are necessary, in the Administrative Agent's sole discretion, to formalize, legalize, protect, perfect and maintain the Administrative Agent's security interest in the Collateral

(other than with respect to the Quebec Security Documents, which shall be delivered to the Administrative Agent in accordance with Section 6.16).

(g) Liability and Casualty Insurance . The Administrative Agent shall have received copies of insurance policies or certificates of insurance evidencing liability and casualty insurance meeting the requirements set forth herein or in the Security Documents.

(h) Fees . The Lenders shall have received all fees owing pursuant to Section 2.4 .

(i) Consents . The Administrative Agent shall have received evidence that all shareholder, board of director and third party consents and approvals (including consents and approvals of any Governmental Authority) necessary in connection with the financings and other transactions contemplated hereby have been obtained.

(j) Material Adverse Effect . No material adverse change shall have occurred since June 30, 2010 in the business, properties, operations or financial condition of the Credit Parties and their Subsidiaries taken as a whole.

(k) No Default or Event of Default . No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Loan.

(l) Revolving Credit Agreement . The Administrative Agent shall have received counterparts of the Revolving Credit Agreement executed by a duly authorized officer of each party thereto, and in each case in form and substance reasonably satisfactory to the Administrative Agent and all other agreements, documents, certificates and Instruments to be delivered by any party thereto in connection with therewith.

(m) Notice of Borrowing; Satisfaction of all Conditions . The Borrower shall have delivered an executed Notice of Borrowing, and the Borrower shall have certified the satisfaction of all conditions precedent set forth in this Section 5.1 by the delivery of such Notice of Borrowing.

(n) Additional Matters . Such other approvals, opinions, documents or Instruments as the Administrative Agent may reasonably request, and all documents and legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

ARTICLE VI AFFIRMATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Execution Date, and thereafter for so long as this Agreement is in effect and until all the Obligations owing to the Administrative Agent or any Lender hereunder, are irrevocably paid in full, the Credit Parties shall, and shall cause each of their Subsidiaries to:

Section 6.1 Financial Statements and Information . Furnish to the Administrative Agent:

(a) Annual Financial Statements. As soon as available, but in any event within ninety (90) days after the end of each fiscal year, a copy of the Consolidated Royal Gold balance sheet as at the end of such fiscal year and the related Consolidated Royal Gold statements of income and retained earnings and of cash flows for such year, which shall be audited by a firm of independent certified public accountants of recognized standing reasonably acceptable to the Administrative Agent, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) Quarterly Financial Statements. As soon as available and in any event within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year, a copy of the Consolidated Royal Gold balance sheet as at the end of such period and related Consolidated Royal Gold statements of income and retained earnings and of cash flows for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments);

(c) Financial Statement Standards. All financial statements shall be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments and the lack of footnotes) and prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in the application of accounting principles as provided in Section 1.3 ;

(d) Officer’s Certificate. At the time of delivery of the financial statements provided for in Sections 6.1(a) and 6.1(b) above, a certificate of a Responsible Officer of the Borrower substantially in the form of Exhibit I, (i) demonstrating compliance with the financial covenants contained in Section 6.15 by calculation thereof as of the end of each such fiscal period, and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Credit Parties propose to take with respect thereto; and

(e) Other Information. Each Credit Party shall deliver to the Administrative Agent such other information (in form reasonably acceptable to the Administrative Agent) regarding the conditions or operations, financial or otherwise, of each Credit Party, the Royalty Interests, the Projects, the Project Properties or any other properties or activities of a Credit Party as the Administrative Agent may reasonably request from time to time to the extent such information is in the possession or control of a Credit Party and not subject to confidentiality restrictions that prevent the Borrower’s disclosure thereof.

Section 6.2 **Notices** . Promptly provide written notice to the Administrative Agent (which shall promptly transmit such notice to each Lender) of:

(a) the occurrence of any Default or Event of Default, which notice shall be provided in any event within two (2) Business Days after any Credit Party knows or has reason to know thereof;

(b) the occurrence of any default or event of default known to a Credit Party under any Material Contract of any Credit Party or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of Two Million Dollars (\$2,000,000);

(c) any litigation, lawsuit, action, claim or dispute, or any investigation or proceeding known to any Credit Party, (i) affecting any Credit Party or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of Two Million Dollars (\$2,000,000), (ii) affecting or with respect to this Agreement or any other Credit Document or (iii) involving an environmental claim or potential liability of any Credit Party or any of its Subsidiaries under Environmental Laws in excess of Two Million Dollars (\$2,000,000);

(d) any loss or damage to the Collateral in excess of One Million Dollars (\$1,000,000), exclusive of diminution in value caused solely by changes in the price of any Metal from time to time;

(e) the consummation by any Credit Party of any purchase or acquisition transaction involving a Royalty Interest with a value in excess of Ten Million Dollars (\$10,000,000), whether a new Royalty Interest or an addition to or increase in an existing Royalty Interest;

(f) any acquisition of an additional interest in a Project that is subject to a Material Royalty;

(g) every notice, and the contents thereof, received by a Borrower in relation to any renewal of any rights with respect to, or having a material adverse effect upon any Material Royalty or associated Project, including notices pertaining to the loss of or a failure to obtain or a failure to be able to renew such interest in a material part of such Project, together with a copy of such notice if in writing;

(h) every default or other adverse claim or demand made by any Person which would, if successful, constitute a Material Adverse Effect;

(i) every press release issued by a Credit Party together with a copy of such press release, and any other occurrence, matter, event or thing (other than changes in the price of Gold or other Metals) constituting a Material Adverse Effect, together with a reasonably detailed explanation of such other occurrence, matter, event or thing;

(j) each material memorandum, letter or report received by a Credit Party from any Project Manager concerning any Material Royalty or associated Project, including (to the extent received by a Borrower and not subject to confidentiality restrictions that prevent such Credit

Party from disclosure thereof) the annual strategic business plan and all reserve, mine plan and/or operating reports received by a Credit Party with respect to a Project that is subject to a Material Royalty, together with a copy of such plans and reports;

(k) any notice of any material violation of or material noncompliance by any Credit Party or any Subsidiary thereof with any Requirement of Law received by any Credit Party from any Governmental Authority;

(l) any amendment or waiver of, or any notice of default or event of default with respect to, the Revolving Credit Agreement;

(m) promptly after a Responsible Officer of a Credit Party obtains knowledge thereof, any attachment, judgment, Lien, levy or order exceeding Two Million Dollars (\$2,000,000) that is, or is reasonably likely to be, assessed against any Credit Party other than Permitted Liens; and

(n) promptly after a Responsible Officer of a Credit Party obtains knowledge thereof, any other development, occurrence or event (other than changes in the price of Gold or other Metals) which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 6.2 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Credit Parties propose to take with respect thereto, if any. In the case of any notice of a Default or Event of Default, the Borrower shall specify that such notice is a Default or Event of Default notice on the face thereof. For so long as the Administrative Agent and the "Administrative Agent" (as defined in the Revolving Credit Agreement) shall be the same financial institution or servicer, a notice under this Section 6.2 shall constitute notice under Section 6.2 of the Revolving Credit Agreement and a notice under Section 6.2 of the Revolving Credit Agreement shall constitute notice under this Section 6.2.

Section 6.3 Payment of Taxes and Other Obligations. Each Credit Party and its Subsidiaries shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its Taxes in the United States, Canada and Mexico, all its material Taxes in all jurisdictions other than the United States, Canada and Mexico, and all other material obligations and liabilities of whatever nature which, in each of the foregoing cases, if unpaid, could become a Lien upon the Collateral, and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such Taxes, obligations and liabilities. Each Credit Party shall have the right, however, to contest in good faith the validity or amount of any such Taxes by proper proceedings timely instituted, and may permit the Taxes so contested to remain unpaid during the period of such contest if: (a) it diligently prosecutes such contest, (b) it sets aside on its books adequate reserves in conformity with GAAP with respect to the contested items, (c) during the period of such contest, the enforcement of any contested item is effectively stayed, (d) such contest does not involve any material risk of the sale, forfeiture or loss of any part of the Collateral and provided such non-payment is permitted by the appropriate taxing legislation. Each Credit Party shall promptly pay or cause to be paid any valid final judgment enforcing any such taxes and cause the same to be satisfied of record.

Section 6.4 Payment of Indebtedness . Except as would not constitute a Default or an Event of Default pursuant to Section 8.1 (d), each Credit Party shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its Indebtedness and other material obligations of whatever nature, except for any Indebtedness or other material obligations which are being contested in good faith and by appropriate proceedings if (a) reserves in conformity with GAAP with respect thereto are maintained on its books, and (b) such contest does not involve any material risk of the sale, forfeiture or loss of any part of the Collateral.

Section 6.5 Conduct of Business and Maintenance of Existence . Each Credit Party shall continue to engage in business of the same general type as conducted by it on the Execution Date; preserve, renew and keep in full force and effect its existence and good standing in its jurisdiction of organization and each other jurisdiction where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect; take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Material Contracts except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.6 Maintenance of Royalty Interests and Defend Title . Each Credit Party shall, at its own cost and expense, maintain, warrant and defend the title to the Material Royalties and the other Collateral against the claims and demands of all Persons whomsoever, except as permitted in writing by the Administrative Agent.

Section 6.7 Maintenance of Liens . Each Credit Party shall take all action required or desirable to maintain and preserve the Liens of the Administrative Agent on the Collateral and, to the extent required under each Security Document, the first priority thereof. Each Credit Party, at no cost to the Administrative Agent or any Lender, shall from time to time execute, deliver, file and record, and each Credit Party authorizes the Administrative Agent to file and record, any and all further Instruments (including financing statements, continuation statements and similar statements with respect to any of the Security Documents) reasonably requested by the Administrative Agent for such purposes, including such as may be necessary to include within the Collateral (a) any additional real property interests or other increase in the Material Royalties and (b) any other or additional Royalty Interests included or added as a Material Royalty.

Section 6.8 Maintenance and Perfection of Pledged Assets . Each Credit Party shall, and shall cause each of its Subsidiaries to, cause 100% of the Capital Stock of each company pledged as security for the Obligations to be subject at all times, subject to the requirements of the Intercreditor Agreement, to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request, including the delivery of all share certificates therefor.

Section 6.9 Insurance . Maintain with financially sound and reputable insurance companies (i) insurance on all its property (including without limitation its tangible Collateral) insuring against at least such risks as are usually insured against in the same or a similar business and as required by Requirements of Law and (ii) liability insurance covering at least such risks as

are usually insured against in the same or a similar business and as required by Requirements of Law; and furnish to the Administrative Agent, upon request, full information as to the insurance carried. The present insurance coverage of the Credit Parties as of the Execution Date is outlined as to carrier, policy number, expiration date, type and amount on Schedule 6.9. Upon the request of the Administrative Agent from time to time, each Credit Party shall deliver to the Administrative Agent evidence of the insurance then in effect, including a detailed list of such insurance containing the information set forth on Schedule 6.9.

Section 6.10 Inspection of Property; Books and Records; Discussions.

(a) Keep proper books of records and accounts in which full, true, correct and complete entries shall be made of all dealings and transactions in relation to its businesses and activities, such entries to be in conformity with GAAP and all Requirements of Law.

(b) Permit, during normal business hours and upon reasonable notice, the Administrative Agent, any Lender or any agent or representative of the foregoing to examine the books of record and accounts, to visit, examine and inspect the properties of the Credit Parties, to examine and make abstracts from any of the books and records of the Credit Parties and their Subsidiaries and to discuss the affairs, finances and accounts of each Credit Party with such Credit Party's principal officers, engineers, technical staff and independent accountants, at such intervals as the Administrative Agent may desire; provided, however, that (1) the Administrative Agent, the Lenders and their agents and representatives shall provide such Credit Party with at least five (5) Business Days' notice of any visit and shall use commercially reasonable efforts not to disrupt such Credit Party's business during any such visits, and (2) so long as no Event of Default shall have occurred and be continuing, the Credit Parties shall not be responsible for the cost and expense of any visit or inspection to a Project or more than one visit or inspection per calendar year in the aggregate by the Administrative Agent and the Lenders. Upon any request by the Administrative Agent to visit and inspect any Project associated with a Material Royalty, each Credit Party will use commercially reasonable efforts to make arrangements with the Project Manager for such a visit to and inspection of such Project Property by the Administrative Agent or its agents or representatives (it being understood that any such inspection or visit shall be (1) at the risk of the Administrative Agent and the Lenders, as applicable, and (2) subject to all limitations applicable to inspections of or visits to such Projects by the Credit Parties).

Section 6.11 Compliance with Law . Each Credit Party shall, and shall cause each of its Subsidiaries to, comply in all respects with all Requirements of Law, including Environmental Laws and Governmental Approvals, applicable to it and its property, except where any noncompliance or violation has not had, and could not reasonably be expected to have, a Material Adverse Effect.

Section 6.12 Environmental Laws . Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective Affiliates, employees, agents, consultants, representatives, officers, managers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to or associated with the violation of, noncompliance with or investigation, liability, claim, lawsuit, failure or action under, any Environmental Law applicable to the operations of

the Credit Parties or any of their Subsidiaries or to the Properties or the Projects, or any orders, requirements, remediation, reclamation, settlements, response or demands of Governmental Authorities related thereto, or with respect to the release, presence, handling or disposal of Materials of Environmental Concern at any Property or Project, including reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of (i) the gross negligence or willful misconduct of the party seeking indemnification therefor as determined by a court of competent jurisdiction in a final and non-appealable judgment or (ii) any other loan facility or other interest in the Properties or the Projects not attributable to this Agreement or the other Credit Documents. The agreements in this paragraph shall survive repayment of the Obligations.

Section 6.13 Compliance with Employment Laws Each Credit Party shall (a) comply with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Plans, and with Chilean Decree Law 3.500 when applicable, (b) not take any action or fail to take any action the result of which could be a liability to the PBGC or to a Multiemployer Plan, (c) not participate in any prohibited transaction that would result in any civil penalty under ERISA or tax under the Code, (d) operate each Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (e) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Plan as may be reasonably requested by the Administrative Agent.

Section 6.14 Further Assurances . Each Credit Party shall execute, acknowledge and deliver to the Administrative Agent such other and further documents and Instruments and do or cause to be done such other acts as the Administrative Agent reasonably determines to be necessary or desirable to effect the intent of the parties to this Agreement or otherwise to protect and preserve the interests of the Administrative Agent and the Lenders hereunder, promptly upon request of the Administrative Agent, including the execution and delivery of any and all documents which are necessary or advisable to create, protect or maintain in favor of the Administrative Agent, for the benefit of the Lenders, Liens on all Collateral of the Credit Parties as may be required by this Agreement or any Security Document that are duly perfected in accordance with all applicable Requirements of Law.

Section 6.15 Financial Covenants . The Credit Parties shall at all times maintain and comply with the following financial covenants:

(a) Leverage Ratio . The Leverage Ratio shall be less than or equal to 3.0 to 1.0.

(b) Consolidated Net Worth . A Consolidated Net Worth of not less than an amount equal to (i) 80% multiplied by (ii) the sum of (A) \$480,782,000, plus (B) 50% of the cumulative positive quarterly net income for the period beginning July 1, 2008 and ending with the most recently completed fiscal quarter for which financial statements have been provided pursuant to Section 6.1(b) .

(c) Interest Coverage Ratio . The Interest Coverage Ratio shall be greater than 3.0 to 1.0.

(d) Debt Service Coverage Ratio. The Debt Service Coverage Ratio shall not be less than 1.25 to 1.0.

(e) Current Ratio. The Current Ratio shall be greater than or equal to 1.5 to 1.0.

Section 6.16 Quebec Security Documents . The Credit Parties shall use their commercially reasonable efforts to finalize, execute and deliver to the Administrative Agent the Quebec Security Documents, in form and content satisfactory to the Administrative Agent, as promptly as practicable after the Execution Date, including: (i) a Deed of Hypothec and Issue of Bonds; (ii) a Bond; (iii) a Delivery Order; (iv) a Pledge of Bond Agreement; (v) a Register of Bondholders; with delivery of the foregoing in clauses (i) through (v) to be completed as promptly as practicable and in any event by not later than March 15, 2011; and (vi) such other duly executed and notarized agreements, consents, notices, documents, opinions or Instruments as are necessary, in the Administrative Agent's sole discretion, to formalize, legalize, protect and perfect the Administrative Agent's fully enforceable, first priority security interest in the Collateral identified in the Quebec Security Documents, and all documents and legal matters in connection with the Quebec Security Documents shall be satisfactory in form and substance to the Administrative Agent and its counsel, with delivery of the foregoing to be completed as promptly as practicable and in any event by not later than March 15, 2011.

ARTICLE VII NEGATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Execution Date, and thereafter for so long as this Agreement is in effect and until all the Obligations owing to the Administrative Agent or any Lender hereunder, are irrevocably paid in full, that:

Section 7.1 Indebtedness . Each of the Credit Parties will not, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Indebtedness, except, to the extent that none of the following, individually or in the aggregate, would create or result in a breach of the Leverage Ratio:

(a) Indebtedness arising or existing under this Agreement and the other Credit Documents;

(b) Indebtedness existing as of the Execution Date as referenced in the financial statements referenced in Section 3.3 (and set out more specifically in Schedule 7.1 hereto) together with any refinancings or replacements thereof that do not increase the principal amount thereof;

(c) Indebtedness incurred after the Execution Date consisting of Capital Leases or Indebtedness incurred to provide all or a portion of the purchase price of furniture, fixtures and equipment provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such furniture, fixtures and equipment; (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing; and (iii) the total amount of all such Indebtedness shall not exceed One Million Dollars (\$1,000,000) at any time outstanding and renewals, refinancings or extensions

thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension;

(d) Unsecured intercompany Indebtedness between any Credit Parties, between Subsidiaries of the Credit Parties or between any Credit Party and a Subsidiary thereof, including the RG Barbados Subordinated Loan, so long as the Subordination Agreement remains in effect; provided that any such Indebtedness owing by a Credit Party to a Subsidiary shall be fully subordinated to the Obligations hereunder on terms and conditions satisfactory to the Required Lenders;

(e) Indebtedness and obligations owing under Hedging Agreements entered into in order to manage existing or anticipated business risks and not for speculative purposes; provided, that at all times no such Hedging Agreement requires a Credit Party or a Subsidiary to post collateral or margin to secure its obligations under such Hedging Agreement;

(f) Indebtedness in respect of Guaranty Obligations to the extent permitted under Section 7.3;

(g) Unsecured Indebtedness issued and owed by a Credit Party or any Subsidiary in an aggregate amount not to exceed Five Million Dollars (\$5,000,000) at any time;

(h) Indebtedness arising or existing under the Revolving Credit Agreement;

(i) Indebtedness of any Credit Party that is subordinated to the Obligations; provided, however, that (i) the subordination of such Indebtedness is pursuant to a written subordination agreement satisfactory to the Required Lenders in their sole discretion, (ii) the terms, conditions and amount of any such subordinated Indebtedness shall be satisfactory to the Required Lenders in their sole discretion, (iii) the stated maturity date or mandatory redemption date of such subordinated Indebtedness shall not be prior to the Maturity Date, including as such Maturity Date may be extended pursuant to the terms of this Agreement, and (iv) immediately prior to and immediately after giving pro forma effect to the full amount of such subordinated Indebtedness, no Default or Event of Default shall occur hereunder (“ Permitted Subordinated Indebtedness”); and

Section 7.2 Liens . Each of the Credit Parties will not, nor will it permit any Subsidiary to, directly or indirectly, contract, create, incur, assume, permit or suffer to exist, or agree to grant or create, any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), including the Royalty Interests or any Collateral, whether now owned or hereafter acquired, except for Permitted Liens. Notwithstanding the foregoing, if a Credit Party shall grant a Lien on any of its assets in violation of this Section 7.2, then it shall be deemed to have simultaneously granted an equal and ratable Lien on any such assets in favor of the Administrative Agent for the benefit of the Lenders, to the extent such a Lien has not already been granted to the Administrative Agent.

Section 7.3 Guaranty Obligations . The Credit Parties will not, directly or indirectly, enter into or otherwise become or be liable in respect of any Guaranty Obligations other than (a) those in favor of the Administrative Agent or the Lenders in connection herewith, and (b) Guaranty Obligations by the Credit Parties and their Subsidiaries with respect to

Indebtedness permitted under Section 7.1 (except, as regards Indebtedness under subsection (b) thereof, only if and to the extent such Indebtedness was guaranteed on the Execution Date).

Section 7.4 Nature of Business . Each of the Credit Parties will not, nor will it permit any Subsidiary to, engage in any business activities or operations substantially different from the business of ownership of non-executory interests in mining properties or capital stock of companies in the mining sector and activities and operations reasonably related thereto; provided, however, that the Credit Parties shall be permitted to enter into exploration agreements with respect to mining properties owned by it and into joint venture agreements or other similar business arrangements pursuant to which its executory or ownership interests are convertible into Royalties.

Section 7.5 Dissolution or Sale of Assets . Each of the Credit Parties will not, nor will it permit any Subsidiary to (whether in one transaction or in a series of transactions and whether directly or indirectly): (a) dissolve, liquidate or wind up its affairs, except for the dissolution, liquidation or winding up of the affairs of any Non-Credit Party at such time as such Non-Credit Party has no material assets; provided that the Credit Parties have provided advance written notice thereof to the Administrative Agent; or (b) sell, assign, transfer, lease to a third party or otherwise dispose of its business or assets as a whole or in an amount which constitutes a substantial portion thereof, except with respect to any Non-Credit Party that has no material assets, which shall be permitted so long as no Default or Event of Default has occurred and is continuing, or would otherwise occur as a result of such action; provided that the Credit Parties have provided advance written notice thereof to the Administrative Agent; or (c) sell, assign, transfer, lease to a third party or otherwise dispose of any material property or asset, including any Royalty Interest or Non-Credit Party Royalty Interest, equity interests of any Non-Credit Party or any portion of the foregoing; or (d) agree to do any of the foregoing at a future time; except, in the case of clause (c), a Credit Party or Non-Credit Party shall be permitted to undertake the following actions so long as no Default or Event of Default has occurred and is continuing, or would occur as a result of such action:

(i) the sale, assignment, lease, transfer or other disposition in the ordinary course of business of (A) inventory or property that has become obsolete or worn out or no longer used in the conduct of business, (B) Non-Credit Party Royalty Interests and Royalty Interests (other than Material Royalties) other than Royalties on or with respect to precious Metals, (C) Non-Credit Party Royalty Interests and Royalty Interests (other than Material Royalties) in respect of precious Metals in an aggregate amount not to exceed Five Million Dollars (\$5,000,000) in the aggregate in any calendar year, (D) the assets set forth on Schedule 7.5, or (E) other assets not constituting Royalty Interests or Non-Credit Party Royalty Interests in an aggregate amount not to exceed One Million Dollars (\$1,000,000) in any calendar year;

(ii) the swap or exchange of any Non-Credit Party Royalty Interest or Royalty Interest not constituting a Material Royalty for another Non-Credit Party Royalty Interest or Royalty Interest of at least reasonably equivalent value, as determined by the Board of Directors of Royal Gold and approved in writing by the Administrative Agent (or, to the extent that the Non-Credit Party Royalty Interest or Royalty Interest to be acquired is less than reasonably equivalent value, such swap or exchange shall be permitted if the net

disposition amount would be permitted pursuant to the immediately preceding clause (i)); or

(iii) the sale, assignment, lease or transfer of property or assets, other than a Material Royalty, to a Credit Party.

Section 7.6 Mergers . Each of the Credit Parties will not, nor will it permit any Subsidiary to, (whether in one transaction or in a series of transactions and whether directly or indirectly): (a) enter into any transaction of amalgamation, merger, consolidation, partnership, joint venture or other combination where such combination involves a contribution by a Credit Party or a Subsidiary thereof of all or a substantial portion of its assets, except, in each case, for the amalgamation, merger or consolidation of a Credit Party or a Subsidiary thereof with and into another Credit Party or the amalgamation, merger or consolidation of any Subsidiary that is not a Credit Party with and into another Subsidiary that is not a Credit Party; provided that if a Borrower is a party thereto, such Borrower will be the surviving corporation, or (b) agree to do any of the foregoing at a future time.

Section 7.7 Advances and Loan . Each of the Credit Parties will not, nor will it permit any Subsidiary to, lend money or extend credit or make advances (collectively, “Debt Investments”) to any Person except for: (a) receivables owing to any Credit Party or any of its Subsidiaries, and advances to suppliers and other extensions of trade credit, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; (b) intercompany Debt Investments permitted pursuant to Section 7.1(d); (c) non-cash consideration received in connection with sales of property or assets permitted under Section 7.5; (d) Debt Investments existing as of the Execution Date as set forth on Schedule 7.7; (e) purchases and investments made in connection with the creation, development, acquisition or other investment in any Non-Credit Party Royalty Interests or Royalty Interest; (f) Debt Investments to employees of the Credit Parties or any Subsidiary to finance travel, entertainment and relocation expenses and other ordinary business purposes; (g) customary deposits in connection with operating leases and good faith deposits made in connection with an acquisition otherwise permitted hereunder; (h) Cash Equivalents; and (i) Guaranty Obligations otherwise permitted hereunder. For clarity, the requirements of this Section 7.7 shall not limit the ability of the Credit Parties or any Subsidiary thereof to make equity investments in or to invest in Royalty Interests or Non-Credit Party Royalty Interests.

Section 7.8 Transactions with Affiliates . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate that is not a Credit Party or Subsidiary thereof other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm’s-length transaction with a Person other than an officer, director, shareholder or Affiliate, except for (a) dividends and distributions to shareholders otherwise permitted hereunder, and (b) expense reimbursement and reasonable salaries and other reasonable director or employee compensation to officers and directors of the Credit Parties and their Subsidiaries.

Section 7.9 Organizational Documents . Each of the Credit Parties will not, nor will they permit any of its Subsidiaries to, amend, modify or change their articles of incorporation (or

corporate charter or other similar organizational document), operating agreement or bylaws (or other similar document) in any material respect.

Section 7.10 Modification of Material Agreements . Each of the Credit Parties will not, nor will it permit any of its Subsidiaries to, without the approval of the Administrative Agent, modify or amend any agreement pertaining to a Material Royalty, any Material Contract or any confidentiality agreements or provisions to which a Credit Party is a party or otherwise subject in connection with a Material Royalty or a Material Contract if such modification or amendment would be adverse to the Lenders in any material respect. With respect to any confidentiality agreement that any Credit Party may execute with respect to (i) any existing agreement pertaining to a Material Royalty or a Project related thereto, or (ii) any Royalty Interest or the Project associated with such Royalty Interest acquired after the date hereof with the proceeds of the Loan, such Credit Party shall use commercially reasonable efforts to include appropriate provisions in such confidentiality agreement authorizing the Credit Parties to provide to the Administrative Agent and the Lenders information obtained by such Credit Party pursuant to such confidentiality agreement.

Section 7.11 Limitation on Restricted Actions . Each of the Credit Parties will not, nor will it permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Person to (a) pay dividends or make any other distributions to any Credit Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Credit Party, (c) make loans or advances to any Credit Party, (d) sell, lease or transfer any of its properties or assets to any Credit Party, or (e) act as a Guarantor and pledge its assets pursuant to the Credit Documents or any renewals, refinancing, exchanges, refunding or extension thereof, except (in respect of any of the matters referred to in clauses (a)-(e) above) for such encumbrances or restrictions existing under or by reason of (i) this Agreement and the other Credit Documents, (ii) applicable Requirements of Law, (iii) pursuant to any document or Instrument governing Indebtedness permitted by Section 7.1(c) or (h), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (iv) any Permitted Lien or any document or Instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (v) customary restrictions on the assignment of or granting of a Lien on a particular lease, sublease, license or contract set forth in such lease, sublease, license or contract entered into in the ordinary course of business, (vi) restrictions on the pledge of interests in or assets of joint ventures contained in the applicable joint venture agreement, (vii) customary restrictions and conditions relating to a disposition of property or assets permitted hereunder pending the consummation of such disposition, and (viii) restrictions contained in the Revolving Credit Agreement.

Section 7.12 Maintenance of Material Royalties . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any agreement or undertaking, or otherwise act to sell, assign, transfer or create or suffer the creation of rights of any Person other than a Credit Party or the Administrative Agent or the Lenders in or with respect to a Material Royalty or any Metals accruing to the account of a Credit Party pursuant thereto.

Section 7.13 Canadian Pension Plans . Each Credit Party shall not:

- (a) terminate, or permit any other Credit Party to terminate, any Canadian Pension Plan in a manner, or take any other action with respect to any Canadian Pension Plan which could reasonably be expected to result in any material liability of a Credit Party;
- (b) fail to make, or permit any other Credit Party to fail to make, full payment when due of all amounts which, under the provisions of any Canadian Pension Plan, any agreement relating thereto or applicable Law, the Borrower or any other Credit Party is required to pay as contributions thereto, except where the failure to make such payments could not reasonably be expected to have a Material Adverse Effect,
- (c) permit to exist, or allow any other Credit Party to permit to exist, any accumulated funding deficiency, whether or not waived, with respect to any Canadian Pension Plan in an amount which could reasonably be expected to have a Material Adverse Effect;
- (d) contribute to or assume an obligation to contribute to, or permit any other Credit Party to contribute to or assume an obligation to contribute to, any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario), unless such contribution is required to be made by a Requirement of Law;
- (e) acquire, or permit any other Credit Party to acquire, an interest in any Person if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario); provided that, any Credit Party may acquire an interest in any such Person if such Person is acquired as a Permitted Acquisition and no Credit Party has any legal liability to perform such Person’s obligations or assume such Person’s liabilities; or
- (f) permit, or allow any other Credit Party to permit, the actuarial present value of the benefit liabilities (computed on an accumulated benefit obligation basis in accordance with GAAP) under all Canadian Pension Plans in the aggregate to exceed the current value of the assets of all Canadian Pension Plans in the aggregate that are allocable to such benefit liabilities, in each case only to the extent such liabilities and assets relate to benefits to be paid to employees of the Credit Parties, by an amount that could reasonably be expected to cause a Material Adverse Effect.

Section 7.14 No Further Negative Pledges . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security to secure obligations under such agreement if security is given for some other obligation, except (a) pursuant to this Agreement and the other Credit Documents, (b) pursuant to any document or Instrument governing Indebtedness incurred pursuant to Section 7.1(c) or (h), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (c) in connection with any Permitted Lien or any document or Instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to

the asset or assets subject to such Permitted Lien, (d) customary restrictions on the assignment of or granting of a lien on a particular lease, sublease, license or contract set forth in such lease, sublease, license or contract entered into in the ordinary course of business, (e) restrictions on the pledge of interests in or assets of joint ventures contained in the applicable joint venture agreement, (f) customary restrictions and conditions relating to a disposition of property or assets permitted hereunder pending the consummation of such disposition, and (g) restrictions contained in the Revolving Credit Agreement.

Section 7.15 No Prepayment of Permitted Subordinated Indebtedness . To the extent that any Borrower has incurred Permitted Subordinated Indebtedness in accordance with Section 7.1(i) hereof, such Borrower shall pay such Permitted Subordinated Indebtedness only in accordance with the terms thereof and shall not (i) voluntarily prepay any principal of or interest on any such Permitted Subordinated Indebtedness, (ii) use proceeds from the Loan to make any payment or prepayment of principal of or interest on, or to create a sinking fund payment in respect of, any such Permitted Subordinated Indebtedness, or (iii) pay, prepay, redeem or purchase or deposit funds or property for the payment, prepayment, redemption or purchase of Permitted Subordinated Indebtedness, except, in each case, for regularly scheduled interest payments on the Permitted Subordinated Indebtedness made in compliance with the subordination terms thereof. The Borrower shall not make any payment on any Permitted Subordinated Indebtedness if such payment would violate the subordination provisions thereof or result in a Default or Event of Default hereunder.

Section 7.16 Restrictive and Inconsistent Agreements . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any agreement, Instrument or undertaking or incur or suffer any obligation prohibiting or inconsistent with the performance by such Credit Party of the Obligations or its obligations under any Royalty Agreement.

ARTICLE VIII EVENTS OF DEFAULT

Section 8.1 Events of Default . An Event of Default shall exist upon the occurrence of any of the following specified events (each an “ Event of Default ”):

(a) Any Borrower shall fail to pay (i) any principal on the Loan when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof, or (ii) within five (5) Business Days of the date when due, any interest, costs, fees or any other Obligation or other amount payable hereunder or under any Credit Document when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof; or any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations hereunder; or

(b) Any representation or warranty of a Credit Party made or deemed made herein, in the Security Documents or in any of the other Credit Documents or which is contained in any certificate, document or financial statement furnished at any time under or in connection with this Agreement provided by a Responsible Officer shall prove to have been incorrect, false or misleading in any material respect on or as of the date made or deemed made; or

(c) Any Credit Party shall fail to observe, perform or comply with any covenant contained in this Agreement (other than the covenants referred to in paragraph (a) above) and such Credit Party shall have not remedied such default within ten (10) days after written notice of such default has been given by the Administrative Agent to the Borrower; or

(d) A default shall occur under any Credit Document, any Royalty Agreement pertaining to a Material Royalty or any agreement pertaining to Indebtedness permitted hereunder; or any Credit Party or any Subsidiary thereof shall fail to pay any Indebtedness with a value, individually or in the aggregate, in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) (excluding Indebtedness evidenced by the Note) or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the Instrument relating to such Indebtedness; or any other default under any Instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such Instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or, other than as described in this Agreement, any Credit Party shall default or fail to perform under any Credit Document and such Credit Party shall have not remedied such default within ten (10) days after written notice of such default has been given by the Administrative Agent to the Borrower; or

(e) An “Event of Default” (as defined in the Revolving Credit Agreement) shall occur and be continuing under the Revolving Credit Agreement;

(f) (i) Any Credit Party or any of its Subsidiaries shall initiate or commence any case, proceeding or other action (A) under any existing or future Bankruptcy Law or at common law or in equity, or otherwise seeking to have it judged bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compromise, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Credit Party or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) any Canadian Credit Party shall commit an act of bankruptcy under the Bankruptcy and Insolvency Act (Canada), or makes an assignment of its property for the general benefit of its creditors under such Act, or makes a proposal (or files a notice of its intention to do so) under such Act; or (iii) there shall be commenced against any Credit Party or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above (including without limitation any petition or application being filed or made or other proceeding instituted against such Credit Party seeking a receiving order under the *Bankruptcy and Insolvency Act* (Canada) which (A) results in the entry of an order for relief or any such adjudication or appointment; (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or C) in respect of which such Credit Party files an answer admitting the material allegations of a petition filed against it in any such proceeding; or (iv) there shall be commenced against any Credit Party or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their assets which results in the entry of an order for any such relief

which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or iv) any Credit Party or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), or (iv) above; or (vi) any Credit Party or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) One or more judgments, orders, decrees or arbitration awards shall be entered against any Credit Party or any Subsidiary thereof involving in the aggregate a liability (to the extent not covered by third-party insurance with respect to which coverage has not been disputed by the insurer) of Two Million Five Hundred Thousand Dollars (\$2,500,000) or more, and all such judgments, orders, decrees or arbitration awards shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof, or any injunction, temporary restraining order or similar decree shall be issued against any Credit Party, any of its Subsidiaries or any of their respective Properties or Projects that could reasonably be expected to result in a Material Adverse Effect; or

(h) Any involuntary Lien or Liens for amounts then due in the aggregate sum of Two Hundred Fifty Thousand Dollars (\$250,000) or more, of any kind or character (other than Permitted Liens) shall attach to any assets or property of any Credit Party if such Lien or Liens are not discharged or bonded pending proceedings to release such Lien or Liens within sixty (60) days after the date of attachment or unless such Lien or Liens are being contested in good faith; or

(i) An Expropriation Event occurs with respect to any Material Royalty or a Material Royalty is sold under threat of such taking, or possession of any material portion of a Project Property pertaining to a Material Royalty is taken through exercise of such power; or

(j) Any Governmental Authority shall commence an investigation or take any action with respect to any Credit Party or any Project or the Collateral, which would result in a Material Adverse Effect on any Credit Party, unless such action is set aside, dismissed or withdrawn within ninety (90) days of its institution or such action is being contested in good faith and its effect is stayed during such contest; or

(k) There shall exist a defect or deficiency in title to any Royalty Interest or the Project Properties (other than Permitted Liens) which results in a Material Adverse Effect, and the Credit Parties have not remedied such defect or deficiency within ten (10) days after written notice of default has been given to the Borrower by the Administrative Agent or any Lender; or

(l) Any Lien established or purported to be established by the Security Documents shall fail to constitute a valid and effective Lien in the Collateral described therein, perfected and with first priority to the extent required by this Agreement or the Security Document related thereto, or any Credit Party shall so state in writing, and the Credit Parties have not remedied such default within ten (10) days after written notice of default has been given to the Borrower by the Administrative Agent or any Lender; or

(m) There shall occur a Change of Control; or

(n) A Guaranty or any provision thereof for any reason shall cease to be in full force and effect or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm any Guarantor's obligations under any Guaranty; or

(o) Any other Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Lenders the rights, powers and privileges purported to be created thereby in any material respect (except as such documents may be terminated or no longer in force and effect in accordance with the terms thereof, other than those indemnities and provisions which by their terms shall survive).

Section 8.2 Acceleration; Remedies . Upon the occurrence and during the continuation of an Event of Default, then, (a) if such event is an Event of Default specified in Section 8.1(f) above, automatically the Loan (with accrued interest thereon), and all other Obligations under the Credit Documents shall immediately become due and payable, without notice from the Administrative Agent or any Lender, and (b) if such event is any other Event of Default, any of the following actions may be taken: with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, (i) by notice of default to the Borrower, declare the Loan (with accrued interest thereon) and all other Obligations under the Credit Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, (ii) hire, at the expense of the Credit Parties, one or more Independent Engineers or other consultants, and the Credit Parties agree to cooperate with such engineers and consultants, (iii) exercise any rights or remedies of the Administrative Agent or the Lenders under this Agreement or any other Credit Document, including, without limitation, any rights or remedies with respect to the Collateral, and (iv) exercise any and all rights or remedies available to the Administrative Agent or Lenders under applicable Requirements of Law, whether under law, in equity or otherwise.

ARTICLE IX THE AGENT

Section 9.1 Appointment . Each Lender hereby irrevocably designates and appoints HSBC Bank as the Administrative Agent of such Lender under this Agreement, and each such Lender irrevocably authorizes HSBC Bank, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

Section 9.2 Delegation of Duties . The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact

selected by it with reasonable care. Without limiting the foregoing, the Administrative Agent may appoint one of its affiliates as its agent to perform the functions of the Administrative Agent hereunder relating to the advancing of funds to the Borrower and distribution of funds to the Lenders and to perform such other related functions of the Administrative Agent hereunder as are reasonably incidental to such functions.

Section 9.3 Exculpatory Provisions . Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any of the Credit Documents or for any failure of the Borrower to perform their obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance by the Borrower of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower.

Section 9.4 Reliance by Administrative Agent . The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon the Notes, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless (a) a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent and (b) the Administrative Agent shall have received the written agreement of such assignee to be bound hereby as fully and to the same extent as if such assignee were an original Lender party hereto, in each case in form satisfactory to the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under any of the Credit Documents in accordance with a request of the Required Lenders or all of the Lenders, as may be required under this Agreement, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of any Note.

Section 9.5 Notice of Default . The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative

Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders, as the case may be.

Section 9.6 Non-Reliance on Administrative Agent and Other Lenders . Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Commitment Percentage of the Loan hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 9.7 Indemnification . The Lenders agree to indemnify the Administrative Agent in its capacity hereunder (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section 9.7, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of any Note) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of any Credit Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the Administrative Agent's gross negligence or willful misconduct, as determined

by a court of competent jurisdiction. The agreements in this Section 9.7 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 9.8 Administrative Agent in Its Individual Capacity . The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder. With respect to the Committed Percentage of the Loan made or renewed by it and the Note (with respect to the portion of the Note corresponding to the Administrative Agent's Committed Percentage of the Loan), the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 9.9 Successor Administrative Agent . The Administrative Agent may resign as Administrative Agent upon thirty (30) days' prior notice to the Borrower and the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the Notes, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower with such approval not to be unreasonably withheld (provided, however if an Event of Default shall exist at such time, no approval of the Borrower shall be required hereunder), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of any Note. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 9.10 Nature of Duties . Except as otherwise expressly stated herein, any agent (other than the Administrative Agent) listed from time to time on the cover page of this Agreement shall have no obligations, responsibilities or duties under this Agreement or under any other Credit Document other than obligations, responsibilities and duties applicable to all Lenders in their capacity as Lenders; provided, however, that such agents shall be entitled to the same rights, protections, exculpations and indemnifications granted to the Administrative Agent under this Article IX in their capacity as an agent.

Section 9.11 Quebec Security .

(a) For greater certainty each of the Lenders hereby irrevocably constitutes HSBC Bank USA, National Association as the holder of an irrevocable power of attorney (*fondé de pouvoir* within the meaning of Article 2692 of the *Civil Code of Québec*) in order to hold hypothecs and security granted by any Credit Party on property pursuant to the laws of the Province of Québec in order to secure obligations of any Credit Party under any bond, debenture or similar title of indebtedness, issued by any Credit Party, and hereby agrees that the Administrative Agent, may act as the bondholder and mandatary (i.e. agent) with respect to any

shares, capital stock or other securities or any bond, debenture or similar title of indebtedness that may be issued by any Credit Party and pledged in favour of the Administrative Agent, for the benefit of the Lenders. The execution by HSBC Bank USA, National Association, acting as *fondé de pouvoir* and mandatary, prior to the Credit Agreement of any deeds of hypothec or other security documents is hereby ratified and confirmed.

(b) Notwithstanding the provisions of Section 32 of *An Act respecting the special powers of legal persons* (Québec), the Administrative Agent may acquire and be the holder of any bond or debenture issued by any Credit Party (i.e. the *fondé de pouvoir* may acquire and hold the first bond issued under any deed of hypothec by any Credit Party).

(c) The constitution of HSBC Bank USA, National Association as *fondé de pouvoir*, and of the Administrative Agent as bondholder and mandatary with respect to any bond, debenture, shares, capital stock or other securities that may be issued and pledged from time to time to the Administrative Agent for the benefit of the Lenders, shall be deemed to have been ratified and confirmed by each Person accepting an assignment of, a participation in or an arrangement in respect of, all or any portion of any Lenders' rights and obligations under the Credit Agreement by the execution of an assignment, including a joinder agreement, or other agreement pursuant to which it becomes such assignee or participant, and by each successor Administrative Agent by the execution of an assignment and assumption agreement or other agreement, or by the compliance with other formalities, as the case may be, pursuant to which it becomes a successor Administrative Agent under the Credit Agreement.

(d) HSBC Bank USA, National Association acting as *fondé de pouvoir* shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of the Administrative Agent in the Credit Agreement, which shall apply *mutatis mutandis* to HSBC Bank USA, National Association acting as *fondé de pouvoir*.

ARTICLE X MISCELLANEOUS

Section 10.1 Amendments, Waivers and Release of Collateral. Neither this Agreement, nor the Notes, nor any of the other Credit Documents, nor any terms hereof or thereof may be amended, supplemented, waived or modified except in accordance with the provisions of this Section 10.1 nor may be released except as specifically provided herein or in the Security Documents or in accordance with the provisions of this Section 10.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement, modification or release shall:

(i) (A) reduce or increase the amount or extend the scheduled date of maturity of the Loan or Notes or any installment thereon or waive any payment default (other than a payment default that has been cured), or (B) reduce the stated rate of any interest or fee payable hereunder (other than interest at the increased post-default rate) or extend the scheduled date of any payment thereof, in each case without the written consent of all Lenders,

(ii) increase the Committed Amount without the written consent of all Lenders or the amount of any Lender's Commitment without the written consent of all Lenders directly affected thereby, or

(iii) amend, modify or waive any provision of this Section 10.1 or change the percentages specified in the definition of Required Lenders, without the written consent of all the Lenders, or

(iv) amend, modify or waive any provision of Article IX without the written consent of the then Administrative Agent, or

(v) release a Borrower or any other Credit Party from its obligations under the Credit Documents or any Guarantor from its obligations under the Guaranty, without the written consent of all of the Lenders, or

(vi) release all of the Collateral or any material portion of the Collateral that would result in the value of the Collateral being less than the Collateral Requirement or amend the definition of Collateral Requirement, in each case, without the written consent of all of the Lenders; or

(vii) amend, modify or waive any provision of the Credit Documents requiring consent, approval or request of the Required Lenders or all Lenders, without the written consent of all of the Required Lenders or all Lenders, as appropriate, and, provided, further, that no amendment, waiver or consent affecting the rights or duties of the Administrative Agent under any Credit Document shall in any event be effective, unless in writing and signed by the Administrative Agent, as applicable, in addition to the Lenders required hereinabove to take such action.

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Borrower, the other Credit Parties, the Lenders, the Administrative Agent and all future holders of any Note. In the case of any waiver, the Borrower, the other Credit Parties, the Lenders, and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Loan and Notes and other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Borrower shall not be required for any amendment, modification or waiver of the provisions of Article IX (other than the provisions of Section 9.9); provided, however, that the Administrative Agent will provide written notice to the Borrower of any such amendment, modification or waiver.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any reorganization plan or similar action under applicable Bankruptcy Law that affects the Loan, and each Lender acknowledges that applicable Bankruptcy Law may supersede the unanimous consent provisions set forth herein and (y) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or Insolvency Proceeding.

Section 10.2 Substitution of Lenders . In the event (a) the Borrower receives a claim from any Lender for compensation under Section 2.10 hereof, (b) the Borrower receives notice from any Lender of any illegality pursuant to Section 2.9 hereof, (c) any Lender is in default in any material respect with respect to its obligations under the Credit Documents, or (d) a Lender or Participant fails to consent to an amendment or waiver requested under Section 10.1 or Section 10.7(b) hereof, as applicable, at a time when the Required Lenders or other Participants, as applicable, have approved such amendment or waiver (any such Lender or Participant referred to in clause (a), (b), (c), or (d) above being hereinafter referred to as an “Affected Lender”), the Borrower may, so long as no Default or Event of Default has occurred and remains outstanding, in addition to any other rights the Borrower may have hereunder or under applicable law, require, at its expense, any such Affected Lender to assign, at par, without recourse, all of its interest, rights, and obligations hereunder (including all of its Commitments and the Loan and other amounts at any time owing to it hereunder and the other Credit Documents) to an Eligible Assignee specified by the Borrower, *provided* that (i) such assignment shall not conflict with or violate any law, rule or regulation or order of any court or other governmental authority, (ii) the Borrower shall have paid to the Affected Lender all monies (together with amounts due such Affected Lender hereunder as if the Loan owing to it were prepaid rather than assigned) other than such principal owing to it hereunder, and (iii) the assignment is entered into in accordance with, and subject to the consents required by (other than the consent of the Affected Lender), Section 10.7 hereof (provided any assignment fees and reimbursable expenses due thereunder shall be paid by the Borrower).

Section 10.3 Notices . Except as otherwise provided in Article II, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile or e-mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) when delivered by hand, (b) when transmitted via telecopy (or other facsimile device) to the number set out herein, (c) the Business Day immediately following the day on which the same has been delivered prepaid (or pursuant to an invoice arrangement) to a reputable national overnight air courier service, (d) the third (3rd) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, or (e) when delivered by e-mail, upon the sender’s receipt of an acknowledgment from the intended recipient (such as by the “return receipt requested” function, as available, return e-mail or other written acknowledgment), provided that if such notice, request or demand is not sent during the normal business hours of the recipient, such notice, request or demand shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, in each case, addressed as follows in the case of the Borrower, the other Credit Parties and the Administrative Agent, and, with respect to each Lender, as set forth in the Lenders’ Administrative Details Schedule, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower and the other Credit Parties:

c/o Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
Attention: Chief Financial Officer
Facsimile: (303) 595-9385
E-mail:swenger@royalgold.com
Telephone: (303) 573-1660

with a copy to:

c/o Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
Attention: General Counsel
Facsimile: (303) 595-9385
E-mail:bkirchhoff@royalgold.com
Telephone: (303) 573-1660

The Administrative Agent:

HSBC Bank USA, National Association
452 Fifth Avenue
New York, New York 10018
Attention: Mr. Bill Edge
Facsimile: (212) 525-6581
E-mail: bill.edge@us.hsbc.com
Telephone: (212) 525-6481

Section 10.4 No Waiver; Cumulative Remedies . No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 10.5 Survival of Representations and Warranties . All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes and the making of the Loan.

Section 10.6 Payment of Expenses and Taxes; Indemnification .

(a) The Borrower agrees to pay within thirty (30) days after receipt of an invoice therefor, all costs and expenses in connection with the preparation, negotiation, execution,

delivery, registration and administration of this Agreement, the Notes and the other Credit Documents and any amendment, supplement or modification to or extension or restatement of, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and out-of-pocket expenses of counsel and of technical advisors and consultants for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Borrower's prior written consent (not to be unreasonably withheld) shall be obtained before the Administrative Agent retains a technical advisor or other technical consultant. The Borrower further agrees to pay on demand all losses, costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the preservation of any rights of the Lenders under, or the enforcement of, or legal advice in respect of the rights or responsibilities of the Lenders under, this Agreement, the Notes and the other Credit Documents, including losses, costs and expenses sustained by the Lenders as a result of any failure by any Borrower to perform or observe its obligations contained herein or in the Notes held by the Lenders or in connection with any refinancing or restructuring of the Loan in the nature of a "workout." The Borrower further agrees to pay on demand, and to indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Credit Documents and any such other documents

(b) Each Credit Party agrees to pay, indemnify, and hold each Lender, the Administrative Agent, their respective Affiliates and their respective directors, partners, managers, principals, officers, employees, agents, consultants and representatives (collectively, the "Indemnified Parties") harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, claims, judgments, awards, fines, settlements, suits, costs, charges, expenses or disbursements of any kind or nature whatsoever (irrespective of whether the Indemnified Party is named as a party to any litigation or proceeding and whether it is joint, several or joint and several) with respect to the execution, delivery, enforcement, performance and administration of any Credit Document, any such other documents, agreements and Instruments or the transactions contemplated thereby, the use, or proposed use, of proceeds of the Loan, or otherwise with respect to any Project or Property or any activity, occurrence or event thereon or associated therewith (all of the foregoing, collectively, a "Third Party Claim"), and will reimburse the Indemnified Parties for all costs and expenses (including reasonable attorneys' fees and expenses) on demand as they are incurred in connection with the investigation of, preparation for or defense or prosecution of any pending or threatened Third Party Claim or any action or proceeding arising therefrom; provided, however, that the Borrower shall not have any obligation hereunder to the Administrative Agent or any Lender with respect to Third Party Claims arising from (i) the gross negligence or willful misconduct of the Administrative Agent or any such Lender, as determined by a court of competent jurisdiction in a final and non-appealable judgment or (ii) any other loan facility involving the Administrative Agent or a Lender and a Property or Project that does not involve or is not attributable to a Credit Party, a Credit Party's interest therein or actions with respect thereto, this Agreement or any

other Credit Document; provided, further, that (i) each Indemnified Party shall promptly notify the Borrower in writing upon becoming aware of the initiation of any Third Party Claim against it, (ii) the Borrower shall be entitled to participate in the defense of any such Third Party Claim and, if the Borrower so chooses, to assume the defense, at the Borrower's expense, of any such Third Party Claim with counsel selected by the Borrower (it being understood that any Indemnified Party shall have the right to participate in such defense and employ counsel separate from the counsel employed by the Borrower, and that such counsel shall be at the expense of such Indemnified Party unless such Indemnified Party shall have been advised by counsel that there may be legal defenses available to it that are inconsistent with or in addition to those available to the Borrower, in which case such counsel shall be at the Borrower's expense) and (iii) no Indemnified Party shall settle any Third Party Claim without the Borrower's prior written consent (such consent not to be unreasonably withheld). The agreements in this Section 10.6 shall survive repayment of the Loan, the Notes and all other amounts payable hereunder.

Section 10.7 Successors and Assigns; Participations; Purchasing Lenders .

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of any Note and their respective successors and assigns, except that the Borrower and the Guarantors may not assign or transfer any of their rights or obligations under this Agreement or the other Credit Documents without the prior written consent of all the Lenders.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in the Loan owing to such Lender, the Notes held by such Lender, any Commitment of such Lender, or any other interest of such Lender hereunder. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. No Lender shall transfer or grant any participation under which the Participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the scheduled maturity of the Loan or Notes or any installment thereon in which such Participant is participating, or reduce the stated rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of interest at the increased post-default rate) or reduce the principal amount thereof, or increase the amount of the Participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment or the Loan shall be permitted without consent of any participant if the Participant's participation is not increased as a result thereof), (ii) release all or substantially all of the Guarantors from their obligations under the Guaranty, (iii) release all or substantially all of the Collateral, or (iv) consent to the assignment or transfer by the Borrower or the Guarantors of any of their rights and obligations under this Agreement. In the case of any such participation, the Participant shall not have any rights under this Agreement or any of the other Credit Documents (the Participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in

favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time, sell or assign to any Lender or any Affiliate thereof and, with the consent of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower (in each case, which consent shall not be unreasonably withheld), to one or more additional banks or financial institutions or entities (“Purchasing Lenders”), all or any part of its rights and obligations under this Agreement and the Notes in minimum amounts of Five Million Dollars (\$5,000,000) (or, if less, the entire amount of such Lender’s interests and obligations), pursuant to an Assignment Agreement, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender or an affiliate or Approved Fund thereof, the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower), and delivered to the Administrative Agent for its acceptance and recording. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date specified in such Assignment Agreement, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Lender’s rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Notes. On or prior to the Transfer Effective Date specified in such Assignment Agreement, the Borrowers, at their own expense, and upon reasonable request, shall execute and deliver to the Administrative Agent in exchange for the Notes delivered to the Administrative Agent pursuant to such Assignment Agreement new Notes to the order of such Purchasing Lender in an amount equal to the Commitment assumed by it pursuant to such Assignment Agreement and, unless the transferor Lender has not retained a Commitment hereunder, new Notes to the order of the transferor Lender in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be promptly returned by the Administrative Agent to the Borrowers marked “cancelled”.

(d) The Administrative Agent shall maintain at its address referred to in Section 10.3 a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loan owing to, each Lender from time to time. The entries in such register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat

each Person whose name is recorded in such register as the owner of the Loan recorded therein for all purposes of this Agreement.

(e) Upon its receipt of a duly executed Assignment Agreement, together with payment to the Administrative Agent by the transferor Lender or the Purchasing Lender, as agreed between them, of a registration and processing fee in the amount of Three Thousand Five Hundred Dollars (\$3,500) for each Purchasing Lender (other than an affiliate of such Lender or an Approved Fund) listed in such Assignment Agreement and the Note subject to such Assignment Agreement, the Administrative Agent shall (i) accept such Assignment Agreement and (ii) give prompt notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a “Transferee”) and any prospective Transferee any and all financial information in such Lender’s possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender’s credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement, in each case subject to Section 10.16.

Section 10.8 Adjustments; Set-off .

(a) Each Lender agrees that if any Lender shall at any time receive any payment of all or part of its Commitment Percentage of the Loan, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8.1(f), or otherwise) in a greater proportion than any such payment to or Collateral received by any other Lender, if any, in respect of such other Lender’s Commitment Percentage of the Loan, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender’s Commitment Percentage of the Loan, or shall provide such other Lenders with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender’s Loan may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law (including, without limitation, other rights of set-off), each Lender shall have the right, without prior notice to the Borrower or the applicable Credit Party, any such notice being expressly waived by the Credit Parties to the extent permitted by applicable law, upon the occurrence and during the continuance of any Event of Default, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held by or owing to such Lender or any branch or agency thereof to or for the credit or the account of the Borrower or any other Credit Party, or

any part thereof in such amounts as such Lender may elect, against and on account of such Lender's Commitment Percentage of the Loan and other Obligations of the Borrower and the other Credit Parties to the Administrative Agent and the Lenders and claims of every nature and description of the Administrative Agent and the Lenders against the Borrower and the other Credit Parties, in any currency, whether arising hereunder or under any other Credit Document, as such Lender may elect, whether or not the Administrative Agent or the Lenders have made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The aforesaid right of set-off may be exercised by such Lender against the Borrower, any other Credit Party or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of the Borrower or any other Credit Party, or against anyone else claiming through or against the Borrower, any other Credit Party or any such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the occurrence of any Event of Default. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.9 Table of Contents and Section Headings . The table of contents and the Section and subsection headings herein are intended for convenience only and shall be ignored in construing this Agreement.

Section 10.10 Counterparts . This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent

Section 10.11 Effectiveness . This Agreement shall become effective on the date on which all of the parties have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Administrative Agent pursuant to Section 10.3 or, in the case of the Lenders, shall have given to the Administrative Agent written notice (actually received) at such office that the same has been signed and mailed to it.

Section 10.12 Severability . Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.13 Integration . This Agreement and the Notes represent the agreement of the Credit Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Credit Parties or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Notes. This Agreement amends, restates,

replaces and supersedes all prior agreements and understandings, both written and oral, among the parties, with respect to the subject matter hereof.

Section 10.14 Consent to Jurisdiction .

(a) EACH CREDIT PARTY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK, NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING (A “**PROCEEDING**”) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES OR THE SECURITY DOCUMENTS AND EACH CREDIT PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM OR IMPROPER VENUE TO THE MAINTENANCE OF ANY SUCH PROCEEDING. EACH CREDIT PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH CREDIT PARTY AT ITS ADDRESS REFERRED TO IN SECTION 10.3 HEREOF. EACH CREDIT PARTY AGREES THAT A FINAL JUDGMENT IN ANY SUCH PROCEEDING SHALL BE CONCLUSIVE AND MAY BE EXECUTED UPON AND ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) NOTHING IN THIS SECTION 10.14 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING ANY SUIT, ACTION OR PROCEEDING AGAINST A CREDIT PARTY OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. THE TAKING OF ANY PROCEEDINGS IN ANY ONE OR MORE JURISDICTIONS SHALL NOT PRECLUDE THE TAKING OF ANY PROCEEDINGS IN ANY OTHER JURISDICTION.

(c) EACH BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTES, THE SECURITY DOCUMENTS AND ANY OTHER CREDIT DOCUMENTS REFERRED TO HEREIN OR THE OBLIGATIONS UNDER ANY THEREOF.

Section 10.15 Governing Law . THIS AGREEMENT, AND ANY INSTRUMENT OR AGREEMENT REQUIRED HEREUNDER, UNLESS OTHERWISE SPECIFICALLY PROVIDED HEREIN OR THEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, PROVIDED, HOWEVER, THAT THE MORTGAGES, IF ANY SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE IN WHICH THEY ARE FILED.

Section 10.16 Confidentiality . The Administrative Agent and each Lender agree that they will not disclose without the prior consent of the Borrower any non-public, confidential or proprietary information of or with respect to any Credit Party or any Subsidiary thereof which is furnished pursuant to this Agreement, any other Credit Document or any documents contemplated by or referred to herein or therein (the “**Information**”), except that the Administrative Agent and any Lender may disclose any such Information (a) to its employees, affiliates, agents, representatives, auditors, consultants, engineers or counsel or to another Administrative Agent or Lender each of whom shall have been made aware of this confidentiality requirement and shall have agreed to abide by its provisions, (b) as has become generally available to the public other than by a breach of this Section 10.16, (c) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Lender or Agent or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or the Office of the Comptroller of the Currency or the National Association of Insurance Commissioners or similar organizations (whether in the United States, Canada or any other jurisdiction) or their successors, (d) as may be required or appropriate in response to any summons or subpoena or any Requirement of Law applicable to such Lender or Agent, (e) to (i) any prospective Participant or assignee in connection with any contemplated transfer pursuant to Section 10.7 or (ii) any actual or prospective counterparty (or its advisors) to any Hedging Agreement relating to the Borrower, provided that such prospective counterparty or transferee shall have been made aware of this Section 10.16 and shall have agreed to be bound by its provisions as if it were a party to this Credit Agreement, (f) to Gold Sheets and other similar bank trade publications; such information to consist of deal terms and other information regarding the credit facilities evidenced by this Credit Agreement customarily found in such publications, (g) in connection with any claim, suit, action or proceeding for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies or interests under or in connection with the Credit Documents, or (h) any nationally recognized rating agency that requires access to information about a Lender’s investment portfolio in connection with ratings issued with respect to such Lender; provided, however, that in the case of any disclosure pursuant to clause (d), the Administrative Agent or Lender shall give the Borrower at least (10) ten days prior written notice (unless less time is permitted by the applicable proceeding) before disclosing any of the Information in any such proceeding and, in making such disclosure, the Administrative Agent or any Lender, as applicable, shall disclose only that portion thereof required to be disclosed and shall take all reasonable efforts to preserve the confidentiality thereof.

Section 10.17 Acknowledgments . Each of the parties hereto hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of each Credit Document;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Credit Party arising out of or in connection with this Agreement, and the relationship between the Administrative Agent and Lenders, on one hand, and the Borrower and the other Credit Parties, on the other hand, in connection herewith is solely that of debtor and creditor; and

(c) no joint venture or partnership exists among the Lenders or the Administrative Agent, or among the Borrower or the other Credit Parties and the Lenders or the Administrative Agent.

Section 10.18 USA Patriot Act . Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”) hereby notifies the Credit Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of such Credit Party and other information that will allow each such Lender to identify the Credit Party in accordance with the Act.

Section 10.19 Joint and Several Liability . The Credit Parties are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Credit Party has a direct, tangible and immediate impact on the success of the other Credit Parties. If at any time another Person shall be joined as a “Borrower” it is acknowledged and agreed that (i) such Person is a co-borrower hereunder and shall be jointly and severally, with the other Borrower, directly and primarily liable for the payment and performance of the Notes and the Obligations, regardless of which Borrower actually receives any proceeds of the Loan or the amount of such proceeds received, (ii) each of the Borrowers shall have the obligation of a co-maker and shall be a primary obligor with respect to the Loan, the Notes and the other Obligations, it being agreed that the Loan to each Borrower inure to the benefit of both Borrowers, and (iii) the Administrative Agent and each Lender are relying on such joint and several liability of the Borrowers (if at any time there shall be more than one (1) Borrower) in entering into this Agreement and extending the Loan. Each Borrower and each Guarantor hereby unconditionally and irrevocably agrees that upon default in the payment when due of any principal, interest, fee or other amount hereunder, it will forthwith pay the same, without notice of demand. The Administrative Agent and the Lenders shall be entitled to rely upon any notice, request or communication received by it from the Borrower on behalf of all Credit Parties, and shall be entitled to treat its giving of any notice hereunder pursuant to Section 10.3 hereof as notice to each and all Credit Parties.

Section 10.20 Proceeds of Crime .

(a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, “AML Legislation”), the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assign or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If the Administrative Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for the purposes of applicable AML Legislation, then the Administrative Agent:

- (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a “written agreement” in such regard between each Lender and the Administrative Agent within the meaning of applicable AML Legislation; and
- (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any such authorized signatory in doing so.

ARTICLE XI GUARANTY

Section 11.1 The Guaranty . In order to induce the Lenders to enter into this Credit Agreement and the Notes and to extend credit hereunder and thereunder and in recognition of the direct benefits to be received by the Guarantors from the Loan hereunder, each of the Guarantors hereby agrees with the Administrative Agent and the Lenders as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all Obligations. If any or all of the indebtedness becomes due and payable hereunder or under any other Credit Document, each Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent and the Lenders, or their respective order, on demand, together with any and all reasonable costs, fees and expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Obligations.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, because of any applicable Requirement of Law relating to fraudulent conveyances or transfers or similar principles) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable Requirements of Law, including Bankruptcy Laws.

Section 11.2 Bankruptcy . Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all Obligations of the Borrower to the Administrative Agent and the Lenders whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Section 8.1(f), and unconditionally promises to pay such Obligations to the Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the Borrower or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent or any Lender, which payment

or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Borrower or a Guarantor, the estate of the Borrower or a Guarantor, a trustee, receiver or any other party under any Bankruptcy Law, common law or equitable cause or other Requirement of Law, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

Section 11.3 Continuing Guaranty . This guaranty is a continuing guaranty and shall: (i) remain in full force and effect until the later of (x) the irrevocable payment in full of the Obligations and all other amounts payable by the Guarantor, and (y) the Commitment has been terminated; (ii) be binding on each Guarantor, its successors and assigns; and (iii) inure to the benefit of and be enforceable by the Administrative Agent, the Lenders and their successors, pledges, transferees and assigns. Without limiting the generality of the foregoing, any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under any Credit Document to any other Person, and such Person shall thereupon become vested with all the benefits in respect thereof granted to such Person herein or otherwise.

Section 11.4 Nature of Liability . The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Obligations of the Borrower whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Obligations of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, or (e) any payment made to the Administrative Agent or the Lenders on the Obligations which the Administrative Agent or such Lenders repay to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 11.5 Independent Obligation . The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the Borrower and whether or not any other Guarantor or the Borrower is joined in any such action or actions.

Section 11.6 Authorization . Each of the Guarantors authorizes the Administrative Agent and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) amend, modify, renew, restate, compromise, extend, continue, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations or any part thereof in accordance with this Credit Agreement and any other Credit Document, as applicable, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of this Guaranty or the Obligations and exchange, enforce, waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent

and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the Borrower or other obligors.

Section 11.7 Reliance . It is not necessary for the Administrative Agent or the Lenders to inquire into the capacity or powers of any Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 11.8 Stay of Acceleration . If acceleration of the time for payment, or the liability of a Borrower to make payment, of any amount specified to be payable by such Borrower in respect of its Obligations is stayed, prohibited or otherwise affected upon any Insolvency Proceeding or other event affecting such Borrower or payment of any of its Obligations by such Borrower, all such amounts otherwise subject to acceleration or payment shall nonetheless be deemed for all purposes of this Agreement to be and to have become due and payable by such Borrower and shall be payable by each Guarantor under this Agreement immediately forthwith on demand by the Administrative Agent unless otherwise prohibited or restricted by order, judgment or applicable law.

Section 11.9 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent or any Lender to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent's or any Lender's power whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of any Borrower, any other guarantor or any other party other than payment in full of the Obligations (other than contingent indemnity obligations), including without limitation any defense based on or arising out of the disability of a Borrower, any other guarantor or any other party, or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of a Borrower other than payment in full of the Obligations. The Administrative Agent may, at its election, foreclose on any security held by the Administrative Agent by one or more judicial or nonjudicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent or any Lender may have against a Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been paid in full and the Commitment has been terminated. Each of the Guarantors waives any defense arising out of any such election by the Administrative Agent or any of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against any Borrower or any other party or any security.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new, additional, restated or continued Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and

the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each Guarantor waives all other acts or omissions to act or delay of any kind by the Administrative Agent, any Lender or any other Person or any other circumstance whatsoever that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the obligations of any Guarantor, and each Guarantor waives all other defenses available to a guarantor or surety, whether at law or in equity.

(d) The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Borrower has a direct, tangible and immediate impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit to the Borrower hereunder. Each Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future. Each Guarantor knowingly waives certain rights and defenses as set forth in this Agreement in contemplation of the benefits that it will receive.

(e) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under applicable Bankruptcy Law, or otherwise) to the claims of the Administrative Agent or the Lenders against any Borrower or any other guarantor of the Obligations of a Borrower owing to the Administrative Agent or the Lenders and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Obligations shall have been paid in full and the Commitment has been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent or the Lenders now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Obligations of a Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Administrative Agent and the Lenders to secure payment of the Obligations of a Borrower until such time as the Obligations (other than contingent indemnity obligations) shall have been paid in full and the Commitment has been terminated.

(f) Each Guarantor irrevocably renounces to any rights it may have to be released from this Guarantee under Article 2362 of the *Civil Code of Québec* and agrees to renew its guarantee hereunder at the request of the Administrative Agent by executing such documents as the Administrative Agent may request from time to time.

Section 11.10 Confirmation of Payment . The Administrative Agent and the Lenders will, upon request after payment of the Obligations which are the subject of this Guaranty and termination of the Commitment relating thereto, confirm to the Borrower, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitment relating thereto terminated, subject to the provisions of Section 11.2.

At such time as the Obligations which are the subject of this Guaranty have been irrevocably paid in full and the Commitment has been terminated, this Guaranty and all obligations of the Guarantors hereunder shall terminate and be of no further force and effect, all without delivery of any Instrument or performance of any act by any Person (subject, in each case, to the effects of Section 11.2 hereof and any indemnification obligations that survive such termination).

(remainder of this page intentionally blank)

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be duly executed and delivered by its proper and duly authorized officers as of the day and year first above written.

BORROWER:

ROYAL GOLD, INC.,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Chief Financial Officer and Treasurer

[signature pages continue]

Second Amended and Restated Term Loan Facility Agreement Signature Page

GUARANTORS:

RGLD GOLD CANADA, INC.,
a corporation under the Canada Business Corporations Act

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Vice President and Treasurer

HIGH DESERT MINERAL RESOURCES, INC.,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Vice President and Treasurer

RG MEXICO, INC.,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Treasurer

ROYAL GOLD CHILE LIMITADA

By: /s/ Tony Alan Jensen
Name: Tony Alan Jensen
Title: Delegate

By: /s/ Stefan Lawrence Wenger
Name: Stefan Lawrence Wenger
Title: Delegate

[signature pages continue]

ADMINISTRATIVE AGENT AND LENDER:

HSBC BANK USA, NATIONAL ASSOCIATION
as Administrative Agent and as a Lender

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

JOINT LEAD ARRANGER AND SOLE GLOBAL COORDINATOR:

HSBC SECURITIES (USA) INC.
as Joint Lead Arranger and Sole Global Coordinator

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

[signature pages continue]

LENDER AND SOLE SYNDICATION AGENT:

THE BANK OF NOVA SCOTIA
as a Lender and Sole Syndication Agent

By: /s/ Ray Clarke
Name: Ray Clarke
Title: Managing Director

By: /s/ Elizabeth Daponte
Name: Elizabeth Daponte
Title: Associate Director

JOINT LEAD ARRANGER:

SCOTIA CAPITAL
as Joint Lead Arranger

By: /s/ Ray Clarke
Name: Ray Clarke
Title: Managing Director

By: /s/ Elizabeth Daponte
Name: Elizabeth Daponte
Title: Associate Director

[end of signature pages]

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the “Agreement”) is made as of February 1, 2011, by and among ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware (“Royal Gold” or “Borrower”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware (“High Desert”), RG MEXICO, INC., a corporation organized and existing under the laws of the State of Delaware (“RG Mexico”), each of the other parties executing this Agreement under the heading “Debtors” (together with the Borrower, High Desert, RG Mexico and such other parties, along with any party that joins this Agreement as a Debtor in the future, being referred to individually as a “Debtor” and collectively as the “Debtors”) and HSBC BANK USA, NATIONAL ASSOCIATION (“HSBC Bank”), as administrative agent for the Lenders under the Credit Agreement defined below (in such capacity as administrative agent, together with its successors and assigns, the “Secured Party”).

RECITALS

A. Pursuant to that certain Second Amended and Restated Term Loan Facility Agreement dated as of February 1, 2011 (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, the “Credit Agreement”), by and among Royal Gold, as the borrower, RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporations Act, as a guarantor (“RGLD Canada”), High Desert, as a guarantor, RG Mexico, as a guarantor, those additional guarantors identified as a “Guarantor” on the signature pages thereto and such additional guarantors from time to time party thereto, as guarantors (the “Additional Guarantors”) (with each of RGLD Canada, High Desert, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC Bank, as a lender, THE BANK OF NOVA SCOTIA, a bank organized and existing under the laws of Canada (“Scotia”), as a lender, and those banks and financial institutions identified as a “Lender” on the signature pages thereto and such other banks or financial institutions as may from time to time become parties thereto, as lenders (the “Additional Lenders”) (with each of HSBC Bank, Scotia and the Additional Lenders individually referred to therein as a “Lender” and collectively the “Lenders”), the Secured Party, as administrative agent for the Lenders, HSBC SECURITIES (USA) Inc., a corporation organized under the laws of the United States (“HSBC Securities”), as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator, and Scotia, as sole syndication agent, the Lenders have agreed to make certain loans to the Borrower on the terms and conditions set forth therein.

B. Pursuant to the Fourth Amended and Restated Revolving Credit Agreement, dated as of February 1, 2011 (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations,

replacements or refinancings from time to time in accordance with the terms thereof, the “Revolver Loan Agreement”) by and among the Borrower, High Desert, as a guarantor, RGLD Canada, as a guarantor, RG Mexico, as a guarantor, those additional guarantors from time to time party thereto, HSBC Bank and Scotia, each as a lender (together with the other banks or financial institutions as may from time to time become parties thereto, collectively, the “Revolver Lenders”), HSBC Bank, as administrative agent for the Revolver Lenders (“Revolver Secured Party”), HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator, and Scotia, as sole syndication agent, the Revolver Lenders have agreed to make certain loans to the Borrower on the terms and conditions stated therein.

C. Royal Gold owns, directly or indirectly, equity interests in each other Debtor, and Royal Gold provides each of the other Debtors with financial, management, administrative and technical support which enables each such Debtor to conduct its business in an orderly and efficient manner.

D. The Borrower will directly benefit from the loans extended to it by the Lenders. Each other Debtor expects to derive benefit from the borrowings under the Credit Agreement and from such financial and other support as the Borrower may in the future provide to the Debtors. Each Debtor is interested in and will be financially benefited by the business success of the Borrower and has entered into this Agreement and the other Credit Documents (defined below) for legitimate business purposes.

E. In order to secure the prompt and complete payment and performance of all indebtedness, guaranties, duties, covenants, agreements and obligations owing or to be owed by the Debtors to the Lenders, and as a condition to the Lenders making any loans to the Borrower under the Credit Agreement, each Debtor, on a joint and several liability basis, has agreed to execute and deliver this Agreement to the Secured Party in its capacity as administrative agent under the Credit Agreement for and on behalf of the Lenders and to grant a lien on and security interest in the personal property of each such Debtor as described herein.

F. Reference is made to that certain Amended and Restated Security Agreement, dated as of February 1, 2011, by the Debtors in favor of the Revolver Secured Party (the “Revolver Security Agreement”), which is being delivered in connection with the Revolver Loan Agreement, pursuant to which the Debtors are granting a security interest in the collateral (as defined in the Revolver Security Agreement, the “Revolver Collateral”) to the Revolver Secured Party, in its capacity as administrative agent for the Revolver Lenders to secure the obligations of the Debtors under the Revolver Loan Agreement.

G. Reference is made to that certain Amended and Restated Intercreditor Agreement, by and among, *inter alia*, the Revolver Lenders and the Lenders, and acknowledged by the Borrower and the Guarantors, dated as of February 1, 2011 (the “Intercreditor Agreement”). The parties hereto acknowledge and agree that the rights and priorities of the Revolver Lenders and the Lenders in the Collateral and the Revolver Collateral are set forth in the Intercreditor Agreement and all terms of this Agreement are subject to the requirements of the Intercreditor Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. CONSTRUCTION AND DEFINITION OF TERMS.

All terms used herein without definition which are defined by the Uniform Commercial Code in the State of New York (the "UCC") shall have the meanings assigned to them by the UCC, as in effect on the date hereof, unless and to the extent varied by this Agreement. Capitalized terms used, but not defined, herein shall have the meanings given thereto in the Credit Agreement. All accounting terms used herein without definition shall have the meanings assigned to them as determined by generally accepted accounting principles. In addition to the terms defined elsewhere in this Agreement, unless the context otherwise requires, when used herein, the following terms shall have the following meanings:

1.1 "Agreement" means this Amended and Restated Security Agreement and all amendments, modifications, revisions, extensions, restatements and supplements hereto.

1.2 "Bankruptcy Code" means the United States Bankruptcy Code, as amended from time to time.

1.3 "Business Premises" shall mean the chief executive office of each Debtor as set forth on Schedule 1 hereto.

1.4 "Collateral" shall mean all of each Debtor's personal property, including, without limitation, all right, title and interest of each Debtor, whether now owned or existing or hereafter created, acquired or arising, and wheresoever located, in, to and under (with each of the following capitalized terms having the meaning given thereto in the UCC):

- (a) all Accounts;
- (b) all As-Extracted Collateral;
- (c) all Chattel Paper;
- (d) all Commodity Accounts;
- (e) all Commodity Contracts;
- (f) all Deposit Accounts;
- (g) all Documents;
- (h) all Equipment;

- (i) all Fixtures;
- (j) all General Intangibles;
- (k) all Goods;
- (l) all Instruments;
- (m) all intellectual property;
- (n) all Inventory;
- (o) all Investment Property;
- (p) all Letter-of-Credit Rights;
- (q) all Promissory Notes;
- (r) all Software;
- (s) all other personal property not otherwise described above;
- (t) all books and records pertaining to the Collateral; and
- (u) to the extent not otherwise included, all Proceeds, products, income and profits of the foregoing, all insurance covering the foregoing, all accessions thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, provided, however, that Collateral shall not include the Excluded Property.

1.5 “Collateral Royalties” shall mean those Royalties set forth on Schedule 1.1(a) to the Credit Agreement, together with, from time to time hereafter, any other Royalty Interest added thereto from time to time.

1.6 “Credit Documents” shall mean this Agreement, the Credit Agreement, each of the Notes, any Joinder Agreement, any Assignment Agreement, the other Security Documents, the Ratification, the Fee Letter, the Existing Credit Documents and all other agreements, documents, certificates and Instruments delivered to the Secured Party or any Lender by any Credit Party in connection herewith or therewith, together with all amendments, modifications, supplements, revisions, extensions and restatements of the foregoing, as well as any other document or agreement which the Lenders and the Borrower agrees is a Credit Document.

1.7 “Equity Interest” shall mean (i) in the case of a corporation, capital stock, whether common, preferred or other, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests or other interests (however designated) representing a share of the profits and losses, and (v) any other right, interest, participation or

classification that represents or confers an ownership interest, a control interest or a right to receive a share of the profits and losses or distribution of assets.

1.8 “Environmental Laws” means any and all applicable Requirements of Law regulating or relating to pollution or protection of human health or the environment, as now or hereafter in effect, including Requirements of Law regulating or relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes, and the applicable World Bank Guidelines and Criteria and International Finance Corporation Guidelines, each as in effect from time to time.

1.9 “Event of Default” shall mean any of the events described in Section 6 hereof.

1.10 “Excluded Property” means (a) all Royalties that are not Collateral Royalties, (b) all Royalty Agreements that relate to Royalties that are not Collateral Royalties, (c) Equity Interests in any Subsidiary and (d) any lease, license, contract or agreement to which any Debtor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (ii) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract or agreement (but only to the extent that any such term would not be invalidated or rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions)), provided however that such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied, and to the extent severable, shall attach immediately to any portion of such lease, license, contract or agreement that does not result in any of the consequences specified in (i) or (ii) above. For purposes of clarification, all Accounts, As-Extracted Collateral and Proceeds of, arising out of or attributable to Royalties and Royalty Agreements constitute, and are included as, part of the Collateral.

1.11 “Governmental Authority” means the government of any nation, and any provincial, territorial, divisional, state, county, regional, city or other political subdivision thereof, and any tribal, aboriginal or native government, and any entity, court, arbitrator or board of arbitrators, agency, department, commission, board, bureau, regulatory authority or other instrumentality of any of them exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or Governmental Requirement, and any securities exchange or securities regulatory authority to which a Debtor is subject.

1.12 “Governmental Requirement” means mean each law, statute, code, ordinance, treaty, order, rule, regulation, judgment, ruling, decree, injunction, franchise, permit, certificate, license, authorization, regulation, approval or other direction of any Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, and as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person.

1.13 “Hazardous Materials” means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, pollutants, contaminants or other materials or substances defined or regulated in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

1.14 “Hazardous Materials Contamination” means the contamination (whether presently existing or occurring after the date of this Agreement) by Hazardous Materials on any property owned, operated or controlled by Debtor or for which Debtor has responsibility, including, without limitation, improvements, facilities, soil, water, air or other elements on, or of, any property now or hereafter owned, operated or acquired by Debtor, and any other contamination by Hazardous Materials for which Debtor is, or is claimed to be, responsible.

1.15 “Lien” shall mean any mortgage, deed of trust, pledge, charge, hypothecation, assignment for security purposes, deposit arrangement for security purposes, preferential right, option, encumbrance, lien (statutory or other), or other security interest or collateral arrangement, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

1.16 “Obligations” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and each Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with the Credit Agreement, the Notes, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

1.17 “Permitted Liens” means: (a) Liens created by or otherwise existing, under or in connection with this Agreement, the other Credit Documents, the Revolver Loan Agreement and the documents executed in connection with the Revolver Loan Agreement, or otherwise permitted pursuant to the terms of the Intercreditor Agreement; (b) purchase money Liens securing purchase money indebtedness (and refinancings thereof) to the extent permitted under Section 7.1(c) of the Credit Agreement; (c) Liens for Taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed 30 days), if any, related thereto has not expired or which are being diligently contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP; (d) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s inchoate, unperfected or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 20 days or which are being diligently contested in good faith by appropriate proceedings; provided that a reserve, bond or other appropriate provision shall have been made therefore to the reasonable satisfaction of the Secured Party; (e) pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(f) any interest or title of a lessor under any lease entered into by any Credit Party or any Subsidiary in the ordinary course of its business and covering only the assets so leased; (g) deposits and bonds to secure the performance of bids, trade contracts (other than for Consolidated Total Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; (h) Liens existing on the Closing Date and set forth on Schedule 7.2 to the Credit Agreement; provided that (i) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Closing Date and (ii) the principal amount of the Indebtedness secured by such Liens shall not be increased, extended, renewed, refunded or refinanced; (i) Liens of HSBC Bank USA, National Association over one or more deposit accounts in connection with the Revolver Loan Agreement; (j) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances which do not individually or in the aggregate interfere in any material respect with the occupation, value or use of the property to which such Lien is attached or with such Person's activities or operations on such property; (k) Liens and minor title defects reflected in the Title Opinions, to the extent not objected to by the Secured Party; (l) any Lien with respect to judgments, orders or awards to the extent such judgments, orders or awards secured thereby shall not, either individually or in the aggregate, result in an Event of Default under Section 8.1(g) of the Credit Agreement; (m) rights of setoff or bankers' Liens upon deposits of cash or broker's Liens upon securities accounts in favor of financial institutions, banks or other depository institutions; and (n) any Lien with respect to interests in pre-feasibility, feasibility or development stage properties not currently producing Metals, which properties are not included in the calculation of Projected Facility Term Revenue; provided that such Liens do not secure Indebtedness.

1.18 "Person" shall mean an individual, partnership, corporation, limited liability company, *sociedad anonima*, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

1.19 "Security Documents" means this Agreement, the Mortgages, the Mortgage Amendments, the Pledge Agreement and any other agreement, assignment, document or instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Secured Party's security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Secured Party or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations or any Credit Document, as any of the foregoing may be amended, modified, supplemented, continued, restated, or amended and restated from time to time.

2. SECURITY

2.1 **Security Interest**. As security for the prompt and complete payment and performance of all of the Obligations, whether or not any instrument or agreement relating to any Obligation specifically refers to this Agreement or the security interest created hereunder, each Debtor hereby assigns, pledges and grants to the Secured Party a continuing security interest in, assignment and pledge of and charge over, and right of set-off against, the Collateral. The

Secured Party's security interest shall continually exist until all Obligations have been irrevocably paid and performed in full.

2.2 Covenants and Representations Concerning Collateral . With respect to all of the Collateral, each Debtor covenants, warrants and represents that:

(a) No effective financing statement or similar document or instrument with respect to a Lien covering any of the Collateral is on file in any public office or land or financing records except for financing statements in favor of the Secured Party or the Revolver Secured Party and financing statements relating to Permitted Liens. Each Debtor is the legal and beneficial owner of all of its Collateral, free and clear of all Liens other than Permitted Liens.

(b) The security interest granted to the Secured Party hereunder shall constitute a first priority Lien upon the Collateral, to the extent required hereunder, subject to the terms of the Intercreditor Agreement and the Permitted Liens. No Debtor shall, and Secured Party does not authorize any Debtor to, sell, lease, license, or assign any interest in the Collateral other than as permitted under the Credit Agreement or the terms of the Intercreditor Agreement, nor, without the Secured Party's prior written consent, permit any other Lien (other than Permitted Liens) to be created or remain thereon.

(c) Each Debtor will maintain the Collateral in good order and condition, ordinary wear and tear and casualty and condemnation events excepted, and will use, operate and maintain the Collateral in accordance with good industry practice and, except as could not reasonably be expected to result in a Material Adverse Effect, in compliance with all Governmental Requirements, manufacturer and supplier warranties and all applicable insurance requirements and regulations. Each Debtor will promptly notify Secured Party in writing of any litigation involving or affecting the Collateral which Debtor knows or has reason to believe is pending or threatened and which has had, or could reasonably be expected to have, a Material Adverse Effect. Each Debtor will promptly pay when due all taxes and all transportation, storage, warehousing, mechanics, materialmen, construction, maintenance and other such charges, fees, expenses or amounts affecting or arising out of or relating to the Collateral, except as otherwise permitted under the Credit Agreement, and shall defend the Collateral, at such Debtor's expense, against all claims and demands of any Persons claiming any interest in or Lien on the Collateral adverse to any Debtor or the Secured Party.

(d) Subject to the limitations set forth in Section 6.11 of the Credit Agreement, at all times, the Secured Party and its agents, advisors, consultants and representatives may enter any premises of any Debtor and inspect such premises and the Collateral and all books and records of such Debtor (in whatever form), and the Debtors shall pay the reasonable costs of such inspections in accordance with Section 10.6 of the Credit Agreement.

(e) All books and records pertaining to the Collateral are located at the Business Premises and no Debtor shall change the location of such books and records without ten (10) Business Days (or such shorter period as the Administrative Agent shall approve) prior written notice to the Secured Party.

(f) Each Debtor will maintain comprehensive property and casualty insurance on the Collateral to the extent required by the Credit Agreement. Each Debtor hereby assigns to the Secured Party and grants to the Secured Party a security interest in any and all proceeds of such policies, and, upon the occurrence and during the continuance of an Event of Default, subject to the requirements of the Intercreditor Agreement, authorizes and empowers the Secured Party to adjust or compromise any loss under such policies and to collect and receive all such proceeds.

(g) Each Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances, documents, acknowledgments, certificates and instruments as the Secured Party may reasonably request to protect, vest in and assure to the Secured Party its rights hereunder or in any of the Collateral and the perfection and priority of its rights therein, provided, however, that so long as no Event of Default shall have occurred and be continuing, the perfection obligations of the Debtors pursuant to this Agreement shall be limited to such actions as are necessary or desirable to perfect a security interests by the filing of a financing statement in the jurisdiction of each Debtor's location (as defined in §9-307 of the UCC) .

(h) Each Debtor authorizes the Secured Party to file financing statements, continuation statements, amendments and other similar documents and instruments covering the Collateral, including financing statements that indicate or describe the Collateral as "all assets" or "all personal property," and containing such legends as Secured Party shall deem necessary or desirable to perfect or protect the Secured Party's interest in the Collateral. Each Debtor agrees to pay all taxes, fees and costs (including reasonable out of pocket attorneys' fees) paid or incurred by Secured Party in connection with the preparation, filing or recordation thereof.

(i) If an Event of Default has occurred and is continuing, each Debtor shall cooperate with the Secured Party to obtain and keep in effect one or more control agreements in Deposit Account, Electronic Chattel Paper, Investment Property and Letter-of-Credit Rights Collateral.

(j) If an Event of Default has occurred and is continuing, each Debtor shall promptly deliver to the Secured Party, with all endorsements and/or assignments required by the Secured Party, all Instruments, Chattel Paper, guaranties and the like received by any Debtor constituting, evidencing or relating to any of the Collateral or proceeds of any of the Collateral.

(k) No Debtor is authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in favor of the Secured Party without the prior written consent of Secured Party, and each Debtor agrees that it will not do so without the prior written consent of Secured Party, subject to such Debtor's rights under Section 9-509(d)(2) of the UCC.

2.3 Care of Collateral. Each Debtor shall have all risk of loss of the Collateral. The Secured Party shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of loss of or damage to, to collect or enforce any of its rights against, the Collateral, to collect any income accruing on the Collateral, or to preserve rights against account debtors or other parties with prior interests in the Collateral. While the Secured Party is not required to take any actions with respect to the Collateral, if action is needed, in the Secured Party's sole discretion, to preserve and maintain the Collateral, each Debtor authorizes the Secured Party to take such actions, but the Secured Party is not obligated to do so.

2.4 **Authorization and Power-of-Attorney.** Each Debtor authorizes the Secured Party to request other secured parties of any Debtor to provide accountings, confirmations of Collateral and confirmations of statements of account concerning Debtor. Each Debtor hereby designates and appoints the Secured Party and its designees as attorney-in-fact of each such Debtor, irrevocably and with power of substitution, with authority to endorse such Debtor's name on requests to other secured parties of such Debtor for accountings, confirmations of collateral and confirmations of statements of account.

3. **REPRESENTATIONS AND WARRANTIES**

To induce the Secured Party to enter into this Agreement, each Debtor represents and warrants to the Secured Party that:

3.1 **State of Incorporation, Legal Name and Identification Number.** Each Debtor's jurisdiction of incorporation and exact, complete legal name are set forth in the first paragraph of this Agreement. Each Debtor's corporate organizational number is set forth on Schedule 1.

3.2 **Good Standing .** Each Debtor is a corporation duly incorporated, legally existing and in good standing under the laws of its jurisdiction of incorporation, has the power to own its property and to carry on its business and is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary.

3.3 **Authority .** Each Debtor has full power and authority to enter into this Agreement, to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, all of which have been duly authorized by all necessary and proper corporate and other action, and no consent or approval of any person, including, without limitation, any shareholders, any board of directors, any officers, any members or managers, or any other person, or any public authority or regulatory body, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

3.4 **Binding Agreements .** This Agreement has been duly and properly executed by each Debtor, constitutes the valid and legally binding obligation of each Debtor and is fully enforceable against each Debtor in accordance with its terms, subject only to laws affecting the rights of creditors generally and application of general principles of equity.

3.5 **No Conflicting Agreements .** The execution, delivery and performance by each Debtor of this Agreement will not (a) violate (i) any provision of applicable Governmental Requirements or any order, rule or regulation of any Governmental Authority, (ii) any award of any arbitrator, (iii) the articles of incorporation, bylaws or other governing documents of Debtor, or (iv) any indenture, contract, agreement, mortgage, deed of trust or other document or instrument to which any Debtor is a party or by which any Debtor or any of its property is bound, except to the extent such violation could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is the subject of the agreements set forth in the Intercreditor Agreement, or (b) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a material default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of

any Lien upon any of the property or assets of any Debtor except for Liens created in favor of Secured Party under or pursuant to this Agreement.

3.6 **Litigation.** Except as set forth on Schedule 3.5 to the Credit Agreement, there are no judgments, injunctions or similar orders or decrees, claims, actions, suits or proceedings pending or, to the knowledge of Debtor, threatened in writing against or affecting Debtor or any property of Debtor, at law or in equity, by or before any court or any Governmental Authority, that has had or could reasonably be expected to have a Material Adverse Effect, which may affect the legality, enforceability or validity of this Agreement or any Credit Document or which could result in any material adverse change in the Collateral of any Debtor, and Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or any Governmental Authority, which could have a material adverse effect on the Collateral.

3.7 **Financial Condition .** The financial statements of Debtors heretofore delivered to the Secured Party are true and complete, fairly present the financial condition of the Debtors on a consolidated basis in accordance with GAAP as at such dates and the results of its operations for the period then ended for unaudited financial statements, subject to normal year-end adjustments.

3.8 **Taxes .** Each Debtor, to the extent required by Section 6.3 of the Credit Agreement, has paid or caused to be paid all taxes imposed by Governmental Authorities to the extent that such taxes have become due and has filed or caused to be filed all tax returns or other documents which are required to be filed by such Debtor.

3.9 **Title to Properties.** Each Debtor has good title to all of its owned properties included in the Collateral and a valid leasehold interest in or valid rights to use all such properties included in the Collateral, and all of the properties and assets of each Debtor are free and clear of Liens, except for Permitted Liens.

3.10 **Place of Business .** Each Debtor's principal place of business and chief executive office is located at the Business Premises, and each Debtor has such other business locations as disclosed to Secured Party in writing prior to the date hereof.

3.11 **Licenses and Permits .** Each Debtor has duly obtained and now holds all material licenses, permits, certifications, approvals and the like required by Governmental Requirements or necessary to conduct its business, and each remains valid and in full force and effect in each case, except to the extent failure to obtain or maintain such licenses, permits, certifications, approvals and the like could not reasonably be expected to have a Material Adverse Effect.

3.12 **Presence of Hazardous Materials or Hazardous Materials Contamination.** To each Debtor's knowledge, and except as permitted by applicable Governmental Requirements, no Hazardous Materials are located on any real property owned, operated or controlled by any Debtor or for which any Debtor is responsible and for which remedial or corrective action would be required under applicable Governmental Requirements, except as would not reasonably be expected to have a Material Adverse Effect. To each Debtor's knowledge, and except as permitted by applicable Governmental Requirements, no property owned, operated or controlled by Debtor has ever been used as a manufacturing, storage, or dump site for Hazardous Materials, except as would not reasonably be expected to have a Material Adverse Effect.

3.13 **Perfection and Priority of Collateral.** The Secured Party has, or upon proper recording of a financing statement will have and will continue to have as security for the Obligations, a valid and perfected Lien on all Collateral of each Debtor to the extent such Lien may be perfected by the filing of a financing statement in the jurisdiction of each Debtor's location, free of all other Liens, claims and rights of third parties whatsoever, except Permitted Liens.

3.14 **Survival.** All representations and warranties contained in or made in connection with this Agreement and the other Credit Documents shall survive the execution and delivery of this Agreement.

4. **COVENANTS**

Each Debtor covenants and agrees with the Secured Party that, until all Obligations have been irrevocably paid and performed in full and the Credit Documents have been terminated and discharged, each Debtor will perform, satisfy and comply with all Covenants set forth in Article VI and Article VII set forth in the Credit Agreement, in accordance therewith.

5. **ASSIGNED AGREEMENTS AND ACCOUNTS**

5.1 The contracts, agreements, documents and instruments assigned pursuant hereto and subject to the security interest granted hereby are referred to herein as the "Assigned Agreements". The assignment of and grant of security interest in the Assigned Agreements includes, without limitation, (i) all rights of each Debtor to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) all rights of each Debtor to receive proceeds of insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) all claims of each Debtor for damages arising out of or on breach of or default under the Assigned Agreements, and (iv) the right of each Debtor to terminate the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all rights and remedies thereunder.

5.2 Notwithstanding any other provision of this Agreement, (i) each Debtor shall remain liable under the Assigned Agreements to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Secured Party of any of its rights hereunder shall not release any Debtor from any of its duties or obligations under any Assigned Agreement and (iii) the Secured Party shall have no obligation or liability under the Assigned Agreements by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations, covenants or duties of any Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

5.3 Each Debtor shall immediately notify the Secured Party of any material amendment, modification, extension, restatement or waiver of any provision of any Assigned Agreement and provide copies thereof if so requested.

5.4 At the request of the Secured Party and subject to the terms of the Intercreditor Agreement, all agreements, documents, certificates or instruments representing the Assigned

Agreements or any other part of the Collateral shall be delivered to and held by or on behalf of the Secured Party and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party. Upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right, at any time in its discretion and without notice to any Debtor, to transfer or to register in the name of the Secured Party or any of its nominees any or all of the Collateral.

6. EVENTS OF DEFAULT

The occurrence of any event or the existence of any condition specified as an “Event of Default” under the Credit Agreement shall constitute an “Event of Default” hereunder.

7. RIGHTS AND REMEDIES

7.1 Rights and Remedies of Secured Party . Upon and after the occurrence of an Event of Default, the Secured Party may, without notice or demand, exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to the rights and remedies available to the Secured Party under the other Credit Documents, the rights and remedies of a secured party under the UCC and all other rights and remedies available to the Secured Party under applicable Governmental Requirements, whether at law or in equity, all such rights and remedies being available to Secured Party and being cumulative and enforceable alternatively, successively or concurrently:

- (a) Declare all Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.
- (b) Institute any proceeding or proceedings to enforce the Obligations and any Liens of the Secured Party.
- (c) Take possession of the Collateral, and for that purpose, so far as each Debtor may give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom without any liability for suit, action or other proceeding, each Debtor HEREBY WAIVING ANY AND ALL RIGHTS TO PRIOR NOTICE AND TO JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF COLLATERAL, and require each Debtor, at such Debtor’s expense, to assemble and deliver the Collateral to such place or places as the Secured Party may designate.
- (d) Operate, manage and control the Collateral (including use of the Collateral and any other property or assets of any Debtor in order to continue or complete performance of such Debtor’s obligations under any contracts or agreements of such Debtor), or permit the Collateral or any portion thereof to remain idle or store the same, and collect all rents and revenues therefrom and sell or otherwise dispose of any or all of the Collateral upon such terms and under such conditions as the Secured Party, in its sole discretion, may determine, and purchase or acquire any of the Collateral at any such sale or other disposition, all to the extent permitted by applicable Governmental Requirements.

(e) Enforce each Debtor's rights against account debtors and other obligors.

(f) Each Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to any Debtor, any such notice being expressly waived by each Debtor, to set-off and appropriate and apply any and all deposits, in any currency or form, and any other credits, indebtedness or claims, in any currency or form, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Secured Party to or for the credit or the account of any Debtor, or any part thereof, against and on account of the obligations and liabilities of any Debtor to the Secured Party hereunder, whether arising hereunder, under the Note, any other Credit Document or otherwise, as the Secured Party may elect in its sole discretion, whether or not the Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Secured Party shall notify the Debtors of any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Secured Party to set-off and appropriate are in addition to the other rights and remedies which the Secured Party may have hereunder, under any other Credit Document, or at law or in equity.

7.2 Power of Attorney . Each Debtor hereby irrevocably designates and appoints the Secured Party and its designees as a true and lawful attorney-in-fact of such Debtor, irrevocably and with full power of substitution, to act in the place and stead of such Debtor and in the name of such Debtor or in its own name, from time to time in the sole discretion of the Secured Party, upon the occurrence and during the continuation of any Event of Default, for the purpose of carrying out and implementing the terms of this Agreement and the other Credit Documents, to take any and all necessary or appropriate action and to execute and deliver any and all documents and instruments which may be necessary or appropriate to accomplish or fulfill the purposes of this Agreement and the other Credit Documents, including, without limitation, to endorse such Debtor's name on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into the Secured Party's possession; to execute proofs of claim and loss; to pay or discharge claims or liens levied or placed on or threatened against the Collateral; to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due, and to become due thereunder, directly to the Secured Party or as the Secured Party shall direct, and to receive payment of and receipt of any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral; to adjust and compromise any claims under insurance policies; to commence and prosecute, or defend, any suit, action or proceeding relating to any Debtor or the Collateral or to collect, defend or enforce any right with respect to the Collateral; to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the owner thereof for all purposes; and to undertake, do or perform all other acts and things necessary or advisable, in the Secured Party's sole discretion, to carry out and enforce this Agreement and the Credit Documents and to protect, preserve, defend or realize upon the Collateral. All acts of said attorney or designee are hereby ratified and approved by each Debtor and said attorney or designee shall not be liable for any acts of commission or omission nor for any error of judgment or mistake of fact or law, except in the case of gross negligence or willful misconduct. This

power of attorney is coupled with an interest and is irrevocable so long as any of the Obligations remain unpaid or unperformed.

7.3 **Notice of Disposition of Collateral and Disclaimer of Warranties** . It is mutually agreed that commercial reasonableness and good faith require the Secured Party to give the Debtors no more than ten (10) days prior written notice of the time and place of any public disposition of Collateral or of the time after which any private disposition or any other intended disposition is to be made. It is mutually agreed that it is commercially reasonable for the Secured Party to disclaim all warranties which arise with respect to the disposition of the Collateral.

7.4 **Costs and Expenses** . Each Debtor agrees to pay to the Secured Party within thirty (30) days after receipt of an invoice therefor, the amount of all costs and expenses paid or incurred by the Secured Party in consulting with counsel concerning any of its rights hereunder, under the other Security Documents or under applicable Governmental Requirements, all costs and expenses, including attorneys' fees and court costs paid or incurred by the Secured Party in undertaking, documenting and administering this Agreement and the other Security Documents and in exercising or enforcing any of its rights hereunder, under the Security Documents or under applicable Governmental Requirements, together with interest on all such amounts at the rate and calculated in the manner provided in the Credit Agreement. The provisions of this Subsection shall survive the termination of this Agreement and the Secured Party's security interest hereunder and the payment of all Obligations.

7.5 **Reinstatement** . To the extent that any payment made or received with respect to the Obligations is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other Person under any debtor relief law, common law or equitable cause or any other Governmental Requirement, then the Obligations intended to be satisfied by such payment shall be revived and shall continue as if such payment had not been received by the Secured Party and the Liens created by this Agreement shall be revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received by Secured Party.

8. MISCELLANEOUS

8.1 **Performance for Debtor** . Each Debtor agrees and hereby authorizes that the Secured Party may, in the Secured Party's sole discretion, but the Secured Party shall not be obligated to, whether or not an Event of Default shall have occurred, advance funds on behalf of any Debtor, without prior notice to such Debtor, in order to insure each Debtor's compliance with any covenant, warranty, representation or agreement of each Debtor made in or pursuant to this Agreement or any of the Credit Documents, or to preserve or protect any right or interest of the Secured Party in the Collateral or under or pursuant to this Agreement or any of the Credit Documents. Each Debtor shall pay to the Secured Party upon demand all such advances made by the Secured Party with interest thereon at the rate and calculated in the manner provided in the Credit Agreement. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted the Secured Party hereunder.

8.2 **Expenses**. Whether or not any of the transactions contemplated hereby shall be consummated, each Debtor agrees to pay to the Secured Party within thirty (30) days after receipt

of an invoice therefor, the amount of all costs and expenses paid or incurred by the Secured Party (including the fees and expenses of its counsel) in connection with the negotiation, preparation, delivery, amendment, modification or waiver of this Agreement and the Credit Documents and all documents and instruments referred to herein and all costs and expenses paid or incurred by the Secured Party in connection with the filing or recordation of all financing statements and instruments as may be required by the Secured Party at the time of, or subsequent to, the execution of this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. Each Debtor agrees to save harmless and indemnify the Secured Party from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs or any other costs or expenses incurred or paid by Secured Party in connection with this Agreement and the other Credit Documents. The provisions of this Section shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all other Obligations.

8.3 Applications of Payments and Collateral . Except as may be otherwise specifically provided in this Agreement, all Collateral and proceeds of Collateral coming into Secured Party's possession after the occurrence of an Event of Default and all payments made by the Debtor may be applied by the Secured Party to any of the Obligations, whether matured or unmatured, as the Secured Party shall determine in its sole but reasonable discretion in accordance with the terms of the other Credit Documents. The Secured Party may defer the application of non-cash proceeds of Collateral, including, but not limited to, non-cash proceeds collected pursuant hereto, to the Obligations until cash proceeds are actually received by Secured Party.

8.4 Secured Party as Agent. In acting under or by virtue of this Agreement, the Secured Party, acting as administrative agent, shall be entitled to all the rights, authority, privileges and immunities provided in the Credit Agreement, all of which provisions of said Credit Agreement (including Article 9 thereof) are incorporated by reference herein with the same force and effect as if set forth herein in their entirety. The Secured Party disclaims any representation or warranty to the Lenders or any other holders of the Obligations concerning the grant, maintenance or perfection of the liens and security interest granted hereunder or under any other Security Document, or in the existence or value of any of the Collateral.

8.5 Waivers by Secured Party . Neither any failure nor any delay on the part of the Secured Party in exercising any right, power or remedy hereunder, under any of the Credit Documents or under applicable Governmental Requirements shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

8.6 Waivers by Debtor. Each Debtor hereby waives, to the extent the same may be waived under applicable law: (a) notice of acceptance of this Agreement; (b) all claims, causes of action and rights of any Debtor against Secured Party on account of actions taken or not taken by the Secured Party in the exercise of the Secured Party's rights or remedies hereunder, under the Credit Documents or under applicable Governmental Requirements; (c) all claims of any Debtor for failure of the Secured Party to comply with any requirement of applicable Governmental

Requirements relating to enforcement of the Secured Party's rights or remedies hereunder, under the Credit Documents or under applicable Governmental Requirements; (d) all rights of redemption of any Debtor with respect to the Collateral; (e) in the event the Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (f) presentment, demand for payment, protest and notice of non-payment and all exemptions; (g) any and all other notices or demands which by applicable Governmental Requirements must be given to or made upon any Debtor by the Secured Party; (h) settlement, compromise or release of the obligations of any one or more Persons primarily or secondarily liable upon any of the Obligations; (i) all rights of any Debtor to demand that the Secured Party release account debtors from further obligation to the Secured Party; (j) any duty or obligation to marshal or apportion Collateral; and (k) substitution, impairment, exchange or release of any Collateral for any of the Obligations. Each Debtor agrees that the Secured Party may exercise any or all of its rights and/or remedies hereunder, under the Credit Documents and under applicable Governmental Requirements, from time to time, in any order, alternatively, successively or concurrently, without resorting to and without regard to any Collateral or sources of liability with respect to any of the Obligations.

8.7 **Modifications** . No modification, amendment or waiver of any provision of this Agreement or any of the Credit Documents, and no consent by the Secured Party to any departure by any Debtor therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon any Debtor in any case shall entitle any Debtor to any other or further notice or demand in the same, similar or other circumstances.

8.8 **Notices** . All notices shall be given in accordance with Section 10.3 of the Credit Agreement.

8.9 **Joint and Several Liability**. The Debtors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Debtor has a direct, tangible and immediate impact on the success of the other Debtors. Each of the Debtors acknowledges and agrees that (i) it shall be jointly and severally liable, with the other Debtors liable for the payment and performance of this Agreement and the other Credit Documents, and (ii) the Lenders are relying on such joint and several liability of the Debtors in entering into the Credit Documents and making loans to the Borrower. Each Debtor hereby unconditionally and irrevocably agrees that upon default in the payment when due of any principal, interest, fee or other amount under the Credit Documents, it will forthwith pay the same, without notice of demand. The Secured Party and the Lenders shall be entitled to rely upon any notice, request or communication received by it from any one Debtor on behalf of all Debtors, and shall be entitled to treat its giving of any notice hereunder pursuant to Section 8.8 hereof as notice to each and all Debtors.

8.10 **Continuing Agreement** . This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Obligations have been irrevocably and fully paid, performed and satisfied and the commitment of the Lenders to extend credit to or for the account of any Borrower under the Credit Agreement shall have expired or otherwise terminated.

8.11 **Applicable Law** . The performance and construction of this Agreement and the Credit Documents shall be governed by the internal laws of the State of New York, without reference to principles of conflicts of laws (other than Section 5-1401 of the New York General Obligations Law) provided, however, that the Mortgages shall be governed by and construed under the laws of the state in which they are filed.

8.12 **Survival; Successors and Assigns** . All covenants, agreements, representations and warranties made herein shall survive the execution and delivery hereof and thereof, and shall continue in full force and effect until all Obligations have been irrevocably paid and performed in full. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Debtor may assign this Agreement or any of its rights hereunder without the prior written consent of Secured Party.

8.13 **Severability** . If any term, provision or condition, or any part thereof, of this Agreement or any of the Credit Documents shall for any reason be found or held invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the Credit Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

8.14 **Merger and Integration** . This Agreement contains the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein shall be valid or binding.

8.15 **Rights Absolute**. All rights of the Secured Party and the pledge, assignment, charge, lien and security interest hereunder, and all obligations of any Debtor hereunder, shall be absolute and unconditional, irrespective of:

- (a) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto;
- (b) any change or modification in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment, modification, restatement, continuance or waiver of, or any consent to any departure from, the Credit Agreement or any other Credit Document, including, without limitation, any extension, restatement or continuance of, or increase in, the Obligations;
- (c) any taking, exchange, release or non-perfection of any other collateral, or any taking, release, amendment or waiver of or consent to departure from any guaranty, surety or support agreement for all or any of the Obligations;
- (d) any manner of application of collateral or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of any principal, guarantor or surety;

(e) any change, restructuring or termination of the corporate or company structure or existence of any Debtor or any affiliate thereof; and

(f) any other fact, event, action or circumstance that might otherwise constitute a defense available to, or a discharge of, any Debtor or any affiliate of any Debtor, any other Person liable for the Obligations or a third party guarantor or grantor of a security interest, whether at law or in equity.

8.16 Counterparts; Facsimile and Electronic Signatures . This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement may be validly executed and delivered by facsimile or other electronic transmission, and a signature by facsimile or other electronic transmission shall be as effective and binding as an original signature

8.17 Discharge . Upon the complete and irrevocable payment and performance in full of the Obligations, the Secured Party shall execute and deliver such releases and discharges of the security interests created hereby as the Debtors may reasonably request in writing, the cost and expense of which shall be paid by the Debtors.

8.18 Indemnity . Each Debtor agrees to pay, indemnify and hold harmless the Secured Party, each Lender, each Agent, their respective Affiliates and their respective directors, partners, managers, principals, officers, employees, agents, consultants and representatives (collectively, the “Indemnified Parties”) from and against any and all claims, damages, losses, penalties, liabilities, judgments, suits, proceedings, taxes, costs and expenses (including, without limitation, fees and disbursements of counsel) which may at any time (including, without limitation, at any time following the payment of the Note or any other Credit Document) be imposed on, incurred by or asserted against any such Indemnified Party, in any way relating to, in connection with or arising out of this Agreement, the other Credit Documents and the transactions contemplated hereby and thereby and any claim, investigation, subpoena, litigation, proceeding or otherwise related to or arising out of this Agreement or any other Credit Document or any transaction contemplated hereby or thereby (but in any case excluding any such claims, damages, losses, liabilities, costs or expenses incurred by reason of the gross negligence or willful misconduct of any indemnitee), subject to the limitations contained in Section 10.6 of the Credit Agreement. The obligations of each Debtor under this paragraph shall survive the payment in full of the Note and the other Credit Documents and the termination of this Agreement.

8.19 Intercreditor Agreement. Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Secured Party pursuant to this Agreement (including the priority of such Liens and the priority of the liens granted pursuant to the Revolver Security Agreement) and the exercise of any right or remedy by the Secured Party hereunder (including the application of any proceeds thereof) are subject to the terms of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, so long as the Intercreditor Agreement is in

effect, all requirements of any Debtor pursuant to this Agreement to endorse, assign, transfer, deliver or give control of any Collateral to the Secured Party (to the extent such requirements conflict with the requirements of the Intercreditor Agreement) shall be deemed satisfied if such Debtor has complied with the requirements in respect of endorsement, assignment, delivery or control of such Collateral under the Intercreditor Agreement.

8.20 **Headings** . The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and shall not be used or deemed to limit or diminish any of the provisions hereof.

[Remainder of this page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Security Agreement as of the date first above written.

DEBTOR:

ROYAL GOLD, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Chief Financial Officer and Treasurer

HIGH DESERT MINERAL RESOURCES, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Vice President and Treasurer

RG MEXICO, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Treasurer

SECURED PARTY :

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ William S. Edge III

Name: William S. Edge III

Title: Managing Director

PLEDGE AGREEMENT

This PLEDGE AGREEMENT, dated as of February 1, 2011 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this “Agreement”), is made and given by ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware, as pledgor, assignor and debtor (in such capacity and together with any successors in such capacity, the “Pledgor,”) in favor of HSBC BANK USA, NATIONAL ASSOCIATION a national banking association organized under the laws of the United States (“HSBC Bank”), as pledgee, assignee, secured party and administrative agent (in such capacity and together with any successors in such capacity, the “Administrative Agent”).

Recitals

A. Pursuant to that certain Second Amended and Restated Term Loan Facility Agreement dated as of February 1, 2011 (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, the “Credit Agreement”), by and among the Pledgor, as the borrower, RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporations Act, as a guarantor (“RGLD Canada”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware, as a guarantor (“High Desert”), RG Mexico, Inc., a corporation organized and existing under the laws of the State of Delaware, as a guarantor (“RG Mexico”), those additional guarantors identified as a “Guarantor” on the signature pages thereto and such additional guarantors from time to time party hereto, as guarantors (the “Additional Guarantors”) (with each of RGLD Canada, High Desert, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC Bank, as a lender, THE BANK OF NOVA SCOTIA, a bank organized and existing under the laws of Canada (“Scotia”), as a lender, and those banks and financial institutions identified as a “Lender” on the signature pages thereto and such other banks or financial institutions as may from time to time become parties thereto, as lenders (the “Additional Lenders”) (with each of HSBC Bank, Scotia and the Additional Lenders individually referred to therein as a “Lender” and collectively the “Lenders”), the Administrative Agent, HSBC SECURITIES (USA) Inc., a corporation organized under the laws of the United States (“HSBC Securities”), as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator and Scotia, as sole syndication agent, the Lenders have agreed to make certain loans to the Pledgor on the terms and subject to the conditions set forth therein, which will be guaranteed by the Guarantors. The Pledgor and each Guarantor will receive substantial benefits from the execution, delivery and performance of the Credit Agreement and the other Credit Documents associated therewith.

B. Pursuant to the Fourth Amended and Restated Revolving Credit Agreement, dated as of February 1, 2011 (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, the “Revolver Loan Agreement”) by and among the Pledgor, as the borrower, High Desert, as a guarantor, RGLD Canada, as a guarantor, RG Mexico, as a guarantor, those additional guarantors from time to

time party thereto, HSBC Bank and Scotia, each as a lender (together with the other banks or financial institutions as may from time to time become parties thereto, collectively, the “Revolver Lenders”), HSBC Bank, as administrative agent for the Revolver Lenders (“Revolver Agent”), HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator, and Scotia, as sole syndication agent, the Revolver Lenders have agreed to make certain loans to the Pledgor on the terms and conditions stated therein.

C. This Agreement is given by the Pledgor in favor of the Administrative Agent for the ratable benefit of each Lender to secure the payment and performance of the Loans and all other Obligations under the Credit Agreement. It is a condition to the obligation of the Lenders to make Loans under the Credit Agreement that the Pledgor execute and deliver this Agreement.

D. Reference is made to that certain Amended and Restated Pledge Agreement, dated as of February 1, 2011, by and between the Pledgor in favor of the Revolver Agent (the “Revolver Pledge Agreement”), which is being delivered in connection with the Revolver Loan Agreement, pursuant to which the Pledgor is granting a Lien on and a security interest on the pledged collateral (as defined in the Revolver Pledge Agreement, the “Revolver Pledged Collateral”) to the Revolver Agent on behalf of the Revolver Lenders to secure the obligations of the Pledgor under the Revolver Loan Agreement.

E. Reference is made to that certain Amended and Restated Intercreditor Agreement, by and among, *inter alia*, the Revolver Lenders and the Lenders, and acknowledged by the Pledgor and the Guarantors, dated as of February 1, 2011 (the “Intercreditor Agreement”). The parties hereto acknowledge and agree that the rights and priorities of the Revolver Lenders and the Lenders in the Pledged Collateral and the Revolver Pledged Collateral are set forth in the Intercreditor Agreement and all terms of this Agreement are subject to the requirements of the Intercreditor Agreement.

Agreement

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

“ Administrative Agent ” shall have the meaning assigned to such term in the Preamble hereof.

“ Agreement ” shall have the meaning assigned to such term in the Preamble hereof.

“ Credit Agreement ” shall have the meaning assigned to such term in Recital A hereof.

“ Credit Documents ” shall mean this Agreement, the Credit Agreement, each of the Notes, any Joinder Agreement, any Assignment Agreement, the Ratification, the Fee Letter, the Existing Credit Documents and each other agreement, including any security document or pledge agreement delivered in accordance with applicable local law to grant a valid, perfected security interest in the Pledged Collateral and all UCC and other financing statements or instruments of perfection required by this Agreement or any such other security document or pledge agreement to be filed with respect to the security interests in the Pledged Collateral, together with all amendments, modifications, supplements, revisions, extensions and restatements of the foregoing, as well as any other document or agreement which the Lenders and the Borrower agree is a Credit Document.

“ Distributions ” shall mean, collectively, all dividends, cash, Equity Interests, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to Pledgor in respect of or in exchange for any or all of the Pledged Securities.

“ Equity Interest ” shall mean (i) in the case of a corporation, capital stock, whether common, preferred or other, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests or other interests (however designated) representing a share of the profits and losses, and (v) any other right, interest, participation or classification that represents or confers an ownership interest, a control interest or a right to receive a share of the profits and losses or distribution of assets.

“ Event of Default ” shall have the meaning assigned to such term in Section 7.1 hereof.

“ Issuer ” shall mean any issuer of Equity Interests that are included in, part of or otherwise constitute Pledged Securities.

“ Material Adverse Effect ” shall mean an effect or change, resulting or occurring from any event or occurrence of any nature whatsoever, whether individually or in the aggregate, which is materially adverse to (a) the business, assets, operations, property or condition (financial or otherwise) of the Credit Parties and their Subsidiaries taken as a whole, (b) the ability of the Credit Parties, taken as a whole, to make any payment or otherwise perform their obligations under this Agreement or any other Credit Document, or (c) the validity or enforceability of this Agreement or any other Credit Document or the rights and remedies of the Administrative Agent or the Lenders hereunder or thereunder or the perfection priority of the Lien on the Pledged Collateral in favor of the Administrative Agent.

“ Obligations ” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and each Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with the Credit Agreement, the Notes, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

“ Organizational Documents ” shall mean, with respect to any Person, the articles of incorporation, certificate of incorporation, bylaws, articles of organization, articles of formation, formation certificate, operating agreement, limited liability company agreement, partnership agreement, joint venture agreement or such other organizational or governing documents, instruments or agreements of a Person.

“ Pledge Amendment ” shall have the meaning assigned to such term in Section 5.1 hereof.

“ Pledged Collateral ” shall have the meaning assigned to such term in Section 2.1 hereof.

“ Pledged Securities ” shall mean, collectively: (i) 100% (or, if less, the entire amount owned by Pledgor) of the Equity Interests owned by the Pledgor of each Subsidiary set forth on Schedule 1 attached hereto, (ii) all options, warrants, rights, agreements and additional Equity Interests of whatever class of such Issuer acquired by the Pledgor (including by issuance) in respect of such Equity Interests, (iii) all rights, privileges, authority and powers of the Pledgor relating to such Equity Interests in such Issuer or under any organizational document of such Issuer, (iv) all certificates, instruments and agreements representing such Equity Interests, (v) all dividends, distributions or returns of capital with respect to such Equity Interests, (vi) all additional Equity Interests arising or resulting from a stock split, stock dividend, revision, reclassification, exchange or otherwise, with respect to an Equity Interest and (vii) all Equity Interests issued in respect of the foregoing Equity Interests upon any merger or consolidation of any Issuer.

“ Pledgor ” shall have the meaning assigned to such term in the Preamble hereof.

“ UCC ” shall mean the Uniform Commercial Code as in effect from time to time in such United States jurisdiction that governs the perfection or priority of the Administrative Agent’s security interest in any item or portion of the Pledged Collateral.

ARTICLE II GRANT OF SECURITY AND OBLIGATIONS

SECTION 2.1. Grant of Security Interest. As collateral security for the prompt payment and performance in full of all the Obligations, the Pledgor hereby pledges, assigns and grants to the Administrative Agent, for the ratable benefit of each Lender, a Lien on and continuing security interest in all of the right, title and interest of the Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “ Pledged Collateral ”):

- (i) all Pledged Securities;
- (ii) all Distributions with respect to the Pledged Securities;
- (iii) all books and records relating to the Pledged Securities; and
- (iv) all Proceeds of any of the foregoing Pledged Collateral and all substitutions and replacements for, and profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Pledgor from time to time with respect to the foregoing Pledged Collateral.

SECTION 2.2. Filings.

(a) The Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any relevant jurisdiction any financing statements or other similar filings and amendments thereto covering the Pledged Collateral that contain the information required, with respect to each applicable jurisdiction, whether pursuant Article 9 of the UCC or other applicable Requirements of Law, including (i) whether such Pledgor is an organization, the type of organization and any organizational identification number issued to the Pledgor, and (ii) any financing or continuation statements or other documents or instruments, without the signature of the Pledgor where permitted by law. The Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon request by the Administrative Agent.

(b) The Pledgor hereby ratifies its authorization for the Administrative Agent to file in any relevant jurisdiction any financing statements or other similar filings or instruments relating to the Pledged Collateral if filed prior to the date hereof.

ARTICLE III PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF PLEDGED COLLATERAL

SECTION 3.1. Delivery of Certificated Securities Collateral; Perfection. The Pledgor represents and warrants that, subject to the requirements of the Intercreditor Agreement: (a) the Pledged Securities are represented by certificates; (b) all certificates, agreements or instruments representing or evidencing the Pledged Securities in existence on the date hereof have been delivered to the Administrative Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignments in blank; (c) all requisite taxes, fees and other amounts, including stock transfer tax stamps, imposed by applicable Governmental Authorities in connection with this Agreement and the delivery of the certificates, agreements or instruments referred to in the foregoing clause (b), have been paid in full; (d) all necessary and appropriate entries, notations, and written descriptions in the books, records or share registry of the Pledgor and each Issuer of Pledged Securities, which are necessary or desirable to create, evidence, or perfect the pledge of the Pledged Collateral pursuant hereto have been made; and (e) the Administrative Agent has a valid and perfected first priority security interest in the Pledged Collateral. The Pledgor hereby agrees that all certificates, agreements or instruments representing or evidencing Pledged Securities acquired by the Pledgor after the date hereof shall promptly (but in any event within five (5) Business Days after receipt thereof by the Pledgor) be

delivered to and held by or on behalf of the Administrative Agent pursuant hereto, subject to the requirements of the Intercreditor Agreement, and the Pledgor shall forthwith take all other actions necessary, appropriate or desirable pursuant to applicable Requirements of Law to create, evidence, and perfect the pledge of the Pledged Collateral. All certificated Pledged Securities shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignments in blank, all in form and substance satisfactory to the Administrative Agent. The Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Administrative Agent or any of its nominees or endorse for negotiation any or all of the Pledged Securities, without any indication that such Pledged Securities is subject to the security interest hereunder. In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right at any time to exchange certificates representing or evidencing Pledged Securities for certificates of smaller or larger denominations.

SECTION 3.2. Financing Statements and Other Filings; Maintenance of Perfected Security Interest. The Pledgor represents and warrants that all financing statements, agreements, instruments and other documents necessary to perfect the pledge and security interest granted by it to the Administrative Agent in respect of the Pledged Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office necessary for the perfection of such interest. The Pledgor agrees that at the sole cost and expense of the Pledgor and subject to the requirements of the Intercreditor Agreement, the Pledgor will maintain the security interest created by this Agreement in the Pledged Collateral as a perfected first priority security interest to the extent required hereunder.

SECTION 3.3. Issuer Acknowledgment and Undertaking. The Pledgor shall deliver, or cause to be delivered, to the Administrative Agent an Acknowledgment and Undertaking in the form of Exhibit A hereto executed by each Issuer.

SECTION 3.4. Supplements; Further Assurances. The Pledgor shall take such further actions, execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments and make or cause to be made such entries and notations in the books, records or share registry of the Pledgor or the Issuer of the Pledged Securities, as the Administrative Agent may in its reasonable judgment deem necessary or appropriate in order to create, perfect, preserve, record and protect the pledge of and security interest in the Pledged Collateral as provided herein and the rights and interests granted to the Administrative Agent hereunder, to carry into effect the purposes hereof or to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Pledged Collateral or to permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Pledged Collateral, including the filing of financing statements, continuation statements and other documents (including this Agreement) under the UCC or other applicable Requirements of Law. Without limiting the generality of the foregoing, the Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such schedules, descriptions and designations of the Pledged Collateral, additional security agreements, financing statements, transfer endorsements,

powers of attorney, certificates, notations in the books, records and shareholder registry documents of the Issuer of the Pledged Securities, and other actions, assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default has occurred and is continuing, the Administrative Agent may institute and maintain, in its own name or in the name of the Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgor in accordance with Section 9.13.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

The Pledgor represents, warrants and covenants as follows:

SECTION 4.1. Organization; Powers . The Pledgor and each Issuer (a) is duly organized and validly existing under the laws of the jurisdiction of its organization, (b) has all requisite organizational power and authority to carry on its business as now conducted and to own, lease or operate its property and (c) is qualified and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except in such jurisdictions where the failure to so qualify or be in good standing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. There is no existing default under any Organizational Document of the Pledgor or any Issuer, or any event that, with the giving of notice or passage of time or both, would constitute a default thereunder.

SECTION 4.2. Authorization; Enforceability . The Pledgor has full corporate power, authority and right to execute, deliver and perform this Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance by it of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of this Agreement (other than those which have been obtained) or with the validity or enforceability of this Agreement against the Pledgor or any Issuer (except such filings as are necessary in connection with the perfection of the Liens created hereunder). This Agreement has been duly executed and delivered on behalf of the Pledgor. This Agreement constitutes a legal, valid and binding obligation of the Pledgor, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

SECTION 4.3. Title .

(a) The Pledgor has, and at all times hereafter during the term of this Agreement the Pledgor will continue to have, subject to the terms of the Intercreditor Agreement, good and indefeasible title to the Pledged Collateral, free and clear of all pledges, liens, mortgages, hypothecations, security interests, charges, options, control agreements or other encumbrances or agreements whatsoever, except the lien and security interest created by this Agreement and the

Credit Documents. None of the Pledged Securities is subject to any voting agreement, voting trust, proxy or other agreement or arrangement with respect to voting or decision-making or any option or agreement for the sale or transfer of such Pledged Securities.

(b) The Pledged Securities subject to this Agreement, as described on Schedule 1 hereto, constitute 100% of the Equity Interests of each Issuer. As of the Closing Date, except as set forth on Schedule 1 hereto, the Pledgor does not own any Equity Interests of any Subsidiary that is a Credit Party.

SECTION 4.4. No Breach. The execution, delivery and performance by the Pledgor of this Agreement and the transactions contemplated hereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) violate any Requirement of Law applicable to the Pledgor, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, articles of organization, operating agreement or other organizational documents of the Pledgor or any Issuer or any material indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval of such Person, except to the extent that such conflict, breach or default with respect to any such indenture, agreement or instrument could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is the subject of the agreements set forth in the Intercreditor Agreement, or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under this Agreement, any of the Credit Documents, the Revolver Loan Agreement, any document executed in connection with the Revolver Loan Agreement, or Liens otherwise contemplated by the Intercreditor Agreement.

SECTION 4.5. Validity of Security Interest. Subject to the requirements of the Intercreditor Agreement, the pledge of, security interest in and Lien on the Pledged Collateral granted to the Administrative Agent for the benefit of the Lenders hereunder constitutes (a) a legal and valid security interest in all the Pledged Collateral to the extent required hereunder, subject to the Permitted Liens, which secures the payment and performance of the Obligations, and (b) subject to delivery to the Administrative Agent of the certificated Pledged Securities with all necessary indorsements as described in Section 3.1 hereof and the filings and other actions described herein, a perfected security interest in all the Pledged Collateral of the Pledgor. Subject to the requirements of the Intercreditor Agreement, the pledge, security interest and Lien granted to the Administrative Agent for the benefit of the Lenders pursuant to this Agreement in and on the Pledged Collateral will at all times constitute a perfected, continuing security interest therein, prior to all other Liens on the Pledged Collateral, subject to the Permitted Liens.

SECTION 4.6. Defense of Claims; Transferability of Pledged Collateral. The Pledgor shall, at its own cost and expense, defend title to the Pledged Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all Persons at any time claiming any interest therein materially adverse to the Administrative Agent or any Lender. Except for the Revolver Loan Agreement and the documents executed in connection therewith, there is no agreement, order, judgment or decree, and the Pledgor shall not enter into any agreement or take any other action, that would restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict with the Pledgor's obligations or the rights of the Administrative Agent hereunder.

SECTION 4.7. Other Financing Statements; Control. The Pledgor has not filed, nor authorized any third party to file (nor will there be), any valid or effective security agreement, pledge, financing statement or other similar filing or instrument covering or purporting to cover any interest of any kind in the Pledged Collateral, except such as have been filed in favor of the Administrative Agent pursuant to this Agreement and the other Credit Documents, or in favor of HSBC pursuant to the Existing Agreement, or as permitted under the Credit Agreement and the Intercreditor Agreement. The Pledgor shall not execute, authorize or permit to be filed in any public office any security agreement, pledge, financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) relating to any Pledged Collateral, except in favor of the Administrative Agent or the Revolver Agent as provided for hereunder, under the Credit Documents, under the Revolver Loan Agreement and under the Intercreditor Agreement. Subject to the terms of the Intercreditor Agreement, the Pledgor shall not cause or permit any Person other than the Administrative Agent or a Lender to have possession of or control over any part of the Pledged Collateral.

SECTION 4.8. Due Authorization and Issuance. All of the Pledged Securities existing on the date hereof have been, and to the extent any Pledged Securities are hereafter issued, such Pledged Securities will be, upon such issuance, duly authorized, validly issued and fully paid and non-assessable. There is no amount or other obligation owing by the Pledgor to any Issuer of the Pledged Securities in exchange for or in connection with the issuance of the Pledged Securities.

SECTION 4.9. Preservation of the Issuers.

(a) The Pledgor shall not cause or permit (i) the cancellation or termination of any Organizational Document of an Issuer, (ii) the amendment, supplement or other modification of the Organizational Documents of an Issuer in any respect that could reasonably be expected to be materially adverse to the interests of the Lenders or (iii) the amendment, supplement or other modification of the Organizational Documents of an Issuer in a manner that would deprive the holders of the Pledged Securities of ownership or control of such Issuer.

(b) The Pledgor shall not take, cause or permit any action to terminate, dissolve or liquidate any Issuer or commence or consent to the commencement of any proceeding seeking termination, dissolution or liquidation of an Issuer.

SECTION 4.10. Consents, etc. During the occurrence and continuation of an Event of Default, in the event that the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other person therefor, then, upon the reasonable request of the Administrative Agent, the Pledgor agrees to use its best efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.11. Defaults, etc. The Pledgor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Pledgor is a party relating to the Pledged Securities pledged by it, and the Pledgor is not in violation of any other provisions of any such agreement to which the Pledgor is a party, or

otherwise in default or violation thereunder. No Pledged Securities pledged by the Pledgor are subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Pledgor by any person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organizational Documents and certificates representing Pledged Securities that have been delivered to the Administrative Agent) which evidence any Pledged Securities of the Pledgor.

SECTION 4.12. Pledged Collateral; Pledgor's Name. All information set forth herein, including the schedules hereto, and all information contained in any schedules and lists heretofore delivered to any Lender, in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all respects. The Pledgor's full and complete legal name is accurately set forth in the preamble hereto.

SECTION 4.13. Solvency. Both immediately before and after the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby and immediately after giving the borrowing of any loans, (a) the fair value of the properties of the Pledgor and its Consolidated Subsidiaries will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Pledgor and its Consolidated Subsidiaries will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Pledgor and its Consolidated Subsidiaries will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Pledgor and its Consolidated Subsidiaries will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

SECTION 4.14. Litigation; Compliance with Laws. Except as set forth in Schedule 3.5 to the Credit Agreement, neither the Pledgor nor any Issuer is a party to any action, suit or proceeding at law or in equity, by or before any Governmental Authority (or, to the knowledge of such Person, threatened in writing) against or affecting the Pledgor or any Issuer which has had, or would reasonably be expected to have, a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document, and no judgments are outstanding which could reasonably be expected to have a Material Adverse Effect. The Pledgor is not in violation of, nor will the continued operation of its property as currently conducted violate, any Requirements of Law where such violation or default, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

SECTION 4.15. No Default. The Pledgor is not in default under or with respect to any of its Material Contracts, or any judgment, order or decree to which it is a party, in any respect that has had or could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

ARTICLE V
CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1. Pledge of Additional Securities Collateral. The Pledgor shall, upon obtaining any Pledged Securities, accept the same in trust for the benefit of the Administrative Agent and promptly (but in any event within five (5) Business Days after receipt thereof) deliver to the Administrative Agent a pledge amendment, duly executed by the Pledgor, in substantially the form of Exhibit B hereto (each, a “Pledge Amendment”), and, subject to the terms of the Intercreditor Agreement, the certificates and other documents required under Section 3.1 hereof in respect of the additional Pledged Securities which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities. The Pledgor hereby authorizes the Administrative Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities listed on any Pledge Amendment delivered to the Administrative Agent shall for all purposes hereunder be considered Pledged Collateral. The Pledgor and the Administrative Agent agree that such additional Pledged Securities shall be, and shall be deemed to be, part of the Pledged Collateral and subject to the terms of this Agreement whether or not a Pledge Amendment is signed and delivered or this Agreement is otherwise amended to refer to such additional Pledged Securities.

SECTION 5.2. Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Securities or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other document evidencing the Obligations; provided, however, that the Pledgor shall not in any event exercise such rights in any manner which could reasonably be expected to have a Material Adverse Effect.

(ii) The Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities of an Issuer shall be forthwith delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of the Pledgor and be promptly (but in any event within five (5) Business Days after receipt thereof) delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(b) So long as no Event of Default shall have occurred and be continuing, the Administrative Agent shall be deemed without further action or formality to have granted to the Pledgor all necessary consents relating to voting rights and shall, if necessary, upon written request of the Pledgor and at the sole cost and expense of the Pledgor, from time to time execute and deliver (or cause to be executed and delivered) to the Pledgor all such instruments as the Pledgor may reasonably request in order to permit the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 5.2(a)(i) hereof and to receive the Distributions which it is authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof.

(c) Upon the occurrence and during the continuance of any Event of Default:

(i) All rights of the Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.2(a)(i) hereof shall immediately cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(ii) All rights of the Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof shall immediately cease and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to receive and hold as Pledged Collateral such Distributions.

(d) The Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Administrative Agent appropriate instruments and documents as the Administrative Agent may request in order to permit the Administrative Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.2(c)(i) hereof and to receive all Distributions which it may be entitled to receive under Section 5.2(c)(ii) hereof.

(e) All Distributions which are received by the Pledgor contrary to the provisions of Section 5.2(c)(ii) hereof shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of the Pledgor and shall immediately be paid over to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

ARTICLE VI TRANSFERS

SECTION 6.1. Transfers of Pledged Collateral. Subject to the requirements of the Intercreditor Agreement, the Pledgor shall not sell, convey, assign, transfer or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder, or agree to do or undertake any of the foregoing, or permit or cause any Issuer or any other Person to do or undertake any of the foregoing, except in favor of the Administrative Agent as provided for herein, the Revolver Agent as provided for in the Revolver Pledge Agreement, and as otherwise permitted under the Credit Agreement and pursuant to the terms of the Intercreditor Agreement.

ARTICLE VII EVENT OF DEFAULT

SECTION 7.1. Events of Default. The occurrence of an Event of Default under the Credit Agreement or any other Credit Document constitutes an Event of Default hereunder (an “Event of Default”).

ARTICLE VIII
REMEDIES

SECTION 8.1. Remedies. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, whether in law or in equity, the following remedies:

- (a) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Pledged Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Pledged Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that, in the event that any such payments are made directly to the Pledgor, prior to receipt by any such obligor of such instruction, the Pledgor shall segregate all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than one (1) Business Day after receipt thereof) pay such amounts to the Administrative Agent;
- (b) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of the Pledgor constituting Pledged Collateral for application to the Obligations;
- (c) Retain and apply the Distributions to the Obligations;
- (d) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Pledged Collateral;
- (e) Retain all or any portion of the Pledged Collateral in satisfaction of the Obligations, but only after providing any notices required by the UCC or other Requirements of Law and otherwise complying with all applicable Requirements of Law. Unless and until the Administrative Agent shall have provided such notices and complied with all applicable Requirements of Law in order to retain the Pledged Collateral in satisfaction of the Obligations, the Administrative Agent shall not be deemed to have retained any Pledged Collateral in satisfaction of any Obligations for any reason; and
- (f) Exercise all the rights and remedies of a secured party on default under the UCC or other applicable Requirements of Law. The Administrative Agent may also in its sole discretion sell, or assign the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as may be commercially reasonable. To the extent permitted by applicable law, the Administrative Agent or any Lender or any of their respective Affiliates may be the purchaser, assignee or recipient of the Pledged Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the

purchase price for all or any portion of the Pledged Collateral sold or assigned at such sale, to use and apply any of the Obligations owed to such person as a credit on account of the purchase price of the Pledged Collateral or any part thereof payable by such person at such sale. Each purchaser, assignee or recipient at any such sale shall acquire the property sold or assigned absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obligated to make any sale of the Pledged Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Administrative Agent arising by reason of the fact that the price at which the Pledged Collateral or any part thereof may have been sold or assigned at such a private sale was less than the price which might have been obtained at a public sale.

SECTION 8.2. Notice of Sale. The Pledgor acknowledges and agrees that ten (10) Business Days' prior notice to the Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be given to the Pledgor and such notice shall be commercially reasonable notification of such matters.

SECTION 8.3. Waiver of Notice and Claims. The Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Pledged Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Pledgor would otherwise have under law, and the Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against the Pledgor and against any and all persons claiming or attempting to claim the Pledged Collateral so sold or realized upon, or any part thereof, from, through or under the Pledgor.

SECTION 8.4. Certain Sales of Pledged Collateral.

(a) The Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, including all applicable federal, provincial or state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. The Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall not be deemed to have been made in other than a commercially

reasonable manner by reason thereof and that, except as may be required by applicable law, the Administrative Agent shall have no obligation to engage in public sales or to delay the sale of any Pledged Securities for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(b) In connection with the Administrative Agent's sale of any or all of the Pledged Securities, upon written request, the Pledgor shall from time to time furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of securities included in the Pledged Securities which may be sold by the Administrative Agent as exempt transactions under applicable federal, provincial and state securities laws and the rules promulgated thereunder, as the same are from time to time in effect.

SECTION 8.5. No Waiver; Cumulative Remedies.

(a) No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law or otherwise available.

(b) In the event that the Administrative Agent shall have instituted any proceeding to enforce any right, power, privilege or remedy under this Agreement or any other Credit Document by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, then and in every such case, the Pledgor, the Administrative Agent and each Lender shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies, privileges and powers of the Administrative Agent and the Lenders shall continue as if no such proceeding had been instituted.

SECTION 8.6. Application of Proceeds. The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with the Credit Agreement.

ARTICLE IX MISCELLANEOUS

SECTION 9.1. Concerning Administrative Agent.

(a) The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that Administrative Agent shall not have responsibility for (i) ascertaining or

taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Securities, whether or not the Administrative Agent or any Lender has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any person with respect to any Pledged Collateral.

(b) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

SECTION 9.2. Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact.

(a) If the Pledgor shall fail to perform any covenants contained in this Agreement or any other Credit Document (including the Pledgor's covenants to (i) pay the premiums in respect of all required insurance policies, (ii) pay and discharge any taxes, assessments and special assessments, levies, fees and governmental charges imposed upon or assessed against, and landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law against, all or any portion of the Pledged Collateral, (iii) make repairs, (iv) discharge Liens or (v) pay or perform any obligations of the Pledgor under any Pledged Collateral) or if any representation or warranty on the part of the Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) advance funds on behalf of the Pledgor in order to insure the Pledgor's compliance with any covenant in this Agreement or any other Credit Document; provided, however, that, the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which the Pledgor fails to pay or perform as and when required hereby and which the Pledgor does not contest in accordance with the provisions of the Credit Agreement. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgor and shall become part of the Obligations. Neither the provisions of this Section 9.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 9.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default.

(b) The Pledgor hereby appoints the Administrative Agent as its attorney-in-fact, with full power and authority in the place and stead of the Pledgor and in the name of the Pledgor, or otherwise, from time to time during the continuation of an Event of Default, in the Administrative Agent's discretion, to take any action and to execute any instrument, document or agreement consistent with the terms of the Credit Agreement, this Agreement and the other Security Documents, which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof (but the Administrative Agent shall not be obligated to and shall have no liability to the Pledgor or any third party for failure to so do or take action). The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. The Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 9.3. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) be binding upon the Pledgor, its successors and assigns and (ii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent, its successors, transferees and assigns and each of the Lenders, their successors and assigns. Without limiting the generality of the foregoing clause (ii), any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Lender, herein or otherwise, subject however, to the provisions of the Credit Agreement. The Pledgor agrees that its obligations hereunder and the pledge and security interest created hereunder shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Obligations is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of the Pledgor or otherwise.

SECTION 9.4. Termination; Release. When all of the principal, interest, fees and other amounts due and payable under the Credit Agreement and the other Credit Documents have been irrevocably paid in full, this Agreement shall terminate. Upon termination of this Agreement, the Pledged Collateral shall be released from the Lien of this Agreement. Upon such release or any release of Pledged Collateral or any part thereof, the Administrative Agent shall, promptly upon the request and at the sole cost and expense of the Pledgor, assign, transfer and deliver to the Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Pledged Collateral or any part thereof to be released (in the case of a release) as may be in possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Pledged Collateral, proper documents and instruments acknowledging the termination hereof or the release of such Pledged Collateral, as the case may be.

SECTION 9.5. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Administrative Agent. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by the Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or the Credit Documents, no notice to or demand on the Pledgor in any case shall entitle the Pledgor to any other or further notice or demand in similar or other circumstances.

SECTION 9.6. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to the Pledgor, addressed to it at its address set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 9.6.

SECTION 9.7. Choice of Law; Forum Selection; Consent to Jurisdiction. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of New York (excluding the choice of law rules thereof, other than section 5-1401 of the New York General Obligations Law). Each party hereto hereby (a) agrees that all disputes and matters whatsoever arising under, in connection with, or incident to this Agreement shall be litigated, if at all, in and before a court located in the State of New York, and (b) irrevocably submits to the non-exclusive jurisdiction of any court in the State of New York in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

SECTION 9.8. Waiver of Jury Trial. The Pledgor and the Administrative Agent hereby irrevocably and unconditionally waive, to the extent permitted by applicable law, trial by jury in any legal action or proceeding relating to this Agreement and for any counterclaim therein.

SECTION 9.9. Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

SECTION 9.10. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

SECTION 9.11. Business Days. In the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

SECTION 9.12. No Release. Nothing set forth in this Agreement or any other Credit Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve the Pledgor from the performance of any term, covenant, condition or agreement on the Pledgor's part to be performed or observed under or in respect of any of the Pledged Collateral or from any liability to any person under or in respect of any of the Pledged Collateral or shall impose any obligation on the Administrative Agent or any Lender to perform or observe any such term, covenant, condition or agreement on the Pledgor's part to be so performed or observed or shall impose any liability (other than for gross negligence or willful misconduct) on the Administrative Agent or any Lender for any act or omission on the part of the Pledgor relating thereto or for any breach of any representation or warranty on the part of the Pledgor contained in this Agreement, the Credit Agreement or the other Credit Documents, or under or in respect of the Pledged Collateral or made in connection herewith or therewith.

Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any Lender shall have any obligation or liability under any contracts, agreements and other documents included in the Pledged Collateral by reason of this Agreement, nor shall the Administrative Agent or any Lender be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Pledged Collateral hereunder. The obligations of the Pledgor contained in this Section 9.12 shall survive the termination hereof and the discharge of the Pledgor's other obligations under this Agreement, the Credit Agreement and the other Credit Documents.

SECTION 9.13. Indemnity and Expenses. The Pledgor agrees to indemnify the Administrative Agent in its capacity hereunder to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Pledged Securities, this Agreement, or any documents contemplated by or referred to herein, the transactions contemplated hereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing, or otherwise, unless arising from the gross negligence or willful misconduct of the Administrative Agent, subject to the limitations contained in Section 10.6 of the Credit Agreement.

SECTION 9.14. Obligations Absolute. All obligations of the Pledgor hereunder shall be absolute and unconditional irrespective of:

- (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any other Credit Party;
- (ii) any lack of validity or enforceability of the Credit Agreement or any other Credit Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of, supplement to or any consent to any departure from the Credit Agreement or any other Credit Document, or any renewal or restatement of the Credit Agreement or any other Credit Document or any amount owing thereunder, or any other agreement or instrument relating thereto;
- (iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations;
- (v) whether the Pledgor's liability is joint, several, or joint and several, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Credit Parties, without preference or distinction among them;
- (vi) whether the Pledgor's liability is as a borrower, maker, acceptor, guarantor, surety, accommodation party or otherwise, it being the intention of the parties hereto

that each Credit Party is liable for the Obligations as a primary obligor, independent of the liability or obligations of any other Credit Party;

(vii) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Credit Document, with respect to the Pledgor or any other Credit Party, except as specifically set forth in a waiver granted pursuant to the provisions of Section 9.5 hereof; or

(viii) to the extent not prohibited by applicable Requirements of Law, any other circumstance, event, occurrence, defense or legal or equitable theory which might otherwise constitute a defense available to, or a discharge of, the Pledgor.

SECTION 9.15. **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Administrative Agent pursuant to this Agreement (including the priority of such Liens and the priority of the liens granted pursuant to the Revolver Pledge Agreement) and the exercise of any right or remedy by the Administrative Agent hereunder (including the application of any proceeds thereof) are subject to the terms of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, so long as the Intercreditor Agreement is in effect, all requirements of any Pledgor pursuant to this Agreement to endorse, assign, transfer, deliver or give control of any Pledged Collateral to the Administrative Agent (to the extent such requirements conflict with the requirements of the Intercreditor Agreement) shall be deemed satisfied if such Pledgor has complied with the requirements in respect of endorsement, assignment, delivery or control of such Pledged Collateral under the Intercreditor Agreement.

remainder of this page intentionally blank

IN WITNESS WHEREOF, the Pledgor and Administrative Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

ROYAL GOLD INC.,
as Pledgor

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Chief Financial Officer and Treasurer

[Signature Page to Pledge Agreement — Term Facility]

HSBC BANK USA, NATIONAL ASSOCIATION as
Administrative Agent

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

[Signature Page to Pledge Agreement — Term Facility]

\$225,000,000

FOURTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

among

ROYAL GOLD, INC. ,
as a Borrower,

HIGH DESERT MINERAL RESOURCES, INC. ,
as a Guarantor,

RGLD GOLD CANADA, INC. ,
as a Guarantor,

RG MEXICO, INC. ,
as a Guarantor

THE OTHER GUARANTORS
FROM TIME TO TIME PARTY HERETO ,
as Guarantors,

HSBC BANK USA, NATIONAL ASSOCIATION ,
as a Lender,

THE BANK OF NOVA SCOTIA ,
as a Lender,

AND SUCH OTHER LENDERS
AS MAY BECOME A PARTY HERETO FROM TIME TO TIME ,
as Lenders,

HSBC BANK USA, NATIONAL ASSOCIATION ,
as Administrative Agent,

HSBC SECURITIES (USA) INC. ,
as a Joint Lead Arranger and Sole Global Coordinator

SCOTIA CAPITAL ,
as a Joint Lead Arranger

and

THE BANK OF NOVA SCOTIA ,
as Sole Syndication Agent

Dated as of February 1, 2011

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Exhibit K	Form of Ratification and Confirmation

FOURTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT

This **FOURTH AMENDED AND RESTATED REVOLVING CREDIT AGREEMENT** dated as of February 1, 2011, is by and among ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware, as a borrower (“Royal Gold” or “Borrower”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware and a wholly-owned subsidiary of Royal Gold, as a guarantor (“High Desert”), RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporation Act, as a guarantor (“RGLD Canada”), RG MEXICO, INC., a corporation organized and existing under the laws of the State of Delaware, as a guarantor (“RG Mexico”), those additional guarantors identified as a “Guarantor” on the signature pages hereto and such additional guarantors from time to time party hereto, as guarantors (the “Additional Guarantors”) (with each of High Desert, RGLD Canada, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC BANK USA, NATIONAL ASSOCIATION a national banking association organized under the laws of the United States (“HSBC Bank”), as a lender, THE BANK OF NOVA SCOTIA, a bank organized and existing under the laws of Canada (“Scotia”), as a lender, and those banks and financial institutions identified as a “Lender” on the signature pages hereto and such other banks or financial institutions as may from time to time become parties to this Agreement, as lenders (the “Additional Lenders”) (with each of HSBC Bank, Scotia and the Additional Lenders individually referred to herein as a “Lender” and collectively referred to herein as the “Lenders”), HSBC Bank, as administrative agent for the Lenders hereunder (in such capacity, the “Administrative Agent”), HSBC SECURITIES (USA) INC. (“HSBC Securities”), as a joint lead arranger (in such capacity, a “Joint Lead Arranger”), SCOTIA CAPITAL, as a joint lead arranger (in such capacity, a “Joint Lead Arranger”), HSBC Securities, as the sole global coordinator (in such capacity, the “Sole Global Coordinator”) and Scotia, as the sole syndication agent (in such capacity, the “Sole Syndication Agent”).

Recitals

A. The Borrower, High Desert (as a Borrower thereunder), the Guarantors, the Lenders and the Administrative Agent entered into that certain Third Amended and Restated Credit Agreement dated as of October 30, 2008 (as amended, modified, continued or restated prior to the date hereof, the “Existing Agreement”), whereby the Lenders made available to the Borrower and High Desert a revolving credit facility in the amount of One Hundred Twenty-Five Million Dollars (\$125,000,000) (the “Existing Committed Amount”).

B. The Borrower, the Guarantors, the Lenders and the Administrative Agent now desire to (i) extend the maturity date of the Existing Agreement, (ii) increase the Committed Amount under the Existing Agreement to a maximum aggregate amount of Two Hundred Twenty-Five Million Dollars (\$225,000,000), and (iii) to otherwise amend, restate, modify and continue the Existing Agreement as provided in this Agreement and to continue any Loans under the Existing Agreement as Loans under this Agreement.

C. This Agreement, the Loans made pursuant hereto and the Obligations described herein are secured by Liens on the Collateral in favor of the Administrative Agent, which Liens, and the associated Security Documents, shall be ratified, continued and affirmed. Each of the

Guarantors shall unconditionally and irrevocably guaranty the payment and performance of all obligations hereunder and under the other Credit Documents.

D. Effective as of the Execution Date, the Existing Agreement is amended, continued and restated in its entirety as set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Defined Terms.

As used in this Agreement, terms defined in the preamble to this Agreement have the meanings therein indicated, and the following terms have the following meanings:

“ Additional Guarantors ” shall have the meaning set forth in the preamble to this Agreement.

“ Additional Lenders ” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“ Administrative Agent ” shall have the meaning set forth in the first paragraph of this Agreement and includes any successors in such capacity.

“ Affected Lender ” shall have the meaning set forth in Section 10.2.

“ Affiliate ” shall mean as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person shall be deemed to be “controlled by” a Person if such Person possesses, directly or indirectly, power either (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Notwithstanding the foregoing, no Agent or Lender shall be deemed an Affiliate of a Borrower solely by reason of the relationship created by the Credit Documents.

“ Agent ” or “ Agents ” shall mean a reference to the Administrative Agent and the Syndication Agent, collectively or individually, as such reference requires.

“ Agreement ” or “ Credit Agreement ” shall mean this Fourth Amended and Restated Revolving Credit Agreement, as amended, restated, amended and restated, modified, revised, increased, supplemented, extended, continued or replaced from time to time in accordance with its terms together with all Schedules and Exhibits hereto.

“ AML Legislation ” has the meaning set out in Section 10.19.

“ Applicable Percentage ” shall be determined from time to time by reference to the Leverage Ratio, shall be effective as of the calculation date of such Leverage Ratio and shall be equal to the following:

	<u>Leverage Ratio</u>	<u>Applicable Percentage</u>
Level I	≤ 1.0 to 1.0	1.75%
Level II	≤ 2.0 to 1.0	1.875%
Level III	> 2.0 to 1.0	2.25%

“ Applicable Reserve Percentage ” shall mean for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100th of 1%) which is in effect for such day as prescribed by any banking authority or other applicable Governmental Authority (or any successor) to which any Lender is subject for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) for purposes of making Loans at the LIBOR Rate or any other category of deposits or liabilities by reference to which the LIBOR Rate is determined. The Applicable Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“ Approved Bank ” shall mean (a) any commercial bank of recognized standing having capital and surplus in excess of \$250,000,000 or (b) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof, or from Moody’s is at least P-1 or the equivalent thereof, or from Dominion Bond Rating Service Limited is at least R-1 or the equivalent thereof.

“ Approved Fund ” shall mean any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ Assignment Agreement ” shall mean an Assignment Agreement, substantially in the form of Exhibit A

“ Bankruptcy Code ” shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

“ Bankruptcy Laws ” shall mean the Bankruptcy Code, the Ley de Concursos Mercantiles of Mexico, the Canadian Insolvency Legislation and all other Requirements of Law pertaining or applicable to bankruptcy, insolvency, debtor relief, debtor protection, liquidation, reorganization, arrangement, receivership, moratorium, assignment for the benefit of creditors or other similar laws applicable in the United States, Mexico, Canada or other applicable jurisdictions as in effect from time to time.

“ Base Rate ” shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day; (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%; or (c) the Lenders’ actual cost of funds in effect on such day, as determined by each Lender in its sole discretion and provided to the Administrative Agent. For purposes hereof: “ Prime Rate ” shall mean, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and “ Federal Funds Effective Rate ” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Base Rate shall be determined without regard to clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or in the actual cost of funds shall be effective on the opening of business on the date of such change.

“ Base Rate Loan ” shall mean a Loan bearing interest at a rate per annum equal to the sum of (i) the Base Rate, plus (ii) the Applicable Percentage; the applicable Base Rate shall be re-determined by the Administrative Agent on each day that a change in the Base Rate occurs.

“ Borrower ” shall have the meaning set forth in the first paragraph of this Agreement.

“ Borrowing Date ” shall mean, in respect of any Loan, the date such Loan is made.

“ Business Day ” shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Denver, Colorado, New York, New York and Toronto, Ontario are authorized or required by law to close.

“ Canadian Credit Party ” means any Credit Party incorporated or otherwise organized under the laws of Canada or any province or territory thereof.

“ Canadian Income Tax Act ” means the Income Tax Act (Canada), as amended from time to time.

“ Canadian Insolvency Legislation ” shall mean the Bankruptcy and Insolvency Act (Canada), the Companies’ Creditors Arrangement Act (Canada), as amended from time to time, and all other Requirements of Law pertaining or applicable to bankruptcy, insolvency, debtor relief, debtor protection, winding up, liquidation, reorganization, arrangement, receivership,

moratorium, relief of debts, assignment for the benefit of creditors or other similar laws applicable in Canada or any other applicable jurisdictions as in effect from time to time.

“ Canadian Pension Plan ” shall mean a “registered pension plan”, as that term is defined in subsection 248(1) of the Canadian Income Tax Act, which is or was sponsored, administered or contributed to, or required to be contributed to by, any Credit Party or under which any Credit Party has any actual or potential liability.

“ Canadian Security Agreement ” shall mean that certain General Security Agreement of even date herewith from RGLD Canada in favor of the Administrative Agent, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“ Capital Expenditure ” shall mean, for any period, all capital expenditures of the Credit Parties and their Subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP and reflected on the Consolidated balance sheet of the Borrower.

“ Capital Lease ” shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

“ Capital Lease Obligations ” shall mean the capitalized lease obligations relating to a Capital Lease determined in accordance with GAAP.

“ Capital Stock ” shall mean (i) in the case of a corporation, capital stock, (ii) in the case of a *sociedad anonima de capital variable*, the corporate capital interests or *capital social* , (iii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iv) in the case of a partnership, partnership interests (whether general or limited), (v) in the case of a limited liability company, membership interests and (vi) any other right, interest, participation or classification similar to the foregoing that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“ Cash Equivalents ” shall mean (i) securities issued or directly and fully guaranteed or insured by Canada or the United States of America or any agency or instrumentality thereof having maturities of not more than twelve months from the date of acquisition (“ Government Obligations ”), (ii) Canadian dollar denominated or Dollar denominated time deposits, certificates of deposit, Eurodollar time deposits and Eurodollar certificates of deposit of an Approved Bank, in each case with maturities of not more than 364 days from the date of acquisition, (iii) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof), or any variable rate notes issued by, or guaranteed by any domestic corporation rated by two out of three of the following ratings agencies as A-1 (or the equivalent thereof) or better by S&P, or P-1 (or the equivalent thereof) or better by Moody’s, or R-1 (or the equivalent thereof) or better by Dominion Bond Rating Service Limited, and maturing within six months of the date of acquisition, (iv) repurchase agreements with a bank or trust company (including a Lender) or a recognized securities dealer having capital and surplus in excess of

\$500,000,000 for direct obligations issued by or fully guaranteed by Canada or the United States of America, (v) obligations of any province of Canada or state of the United States or any political subdivision thereof for which the payment of the principal, interest and redemption price shall have been arranged by irrevocably deposited government obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, (vi) auction preferred stock rated by two out of three of the following ratings agencies in the highest short-term credit rating category by S&P, Moody's or Dominion Bond Rating Service Limited and (vii) shares of money market mutual or similar funds that (A) invest exclusively in assets satisfying the requirements of clauses (i) through (vi) of this definition or (B) comply with Rule 2a-7 of the Investment Company Act of 1940.

"Change of Control" shall mean the occurrence of any of the following events: (a) any "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act) of more than 25% of then outstanding Voting Stock of a Borrower, measured by voting power rather than the number of shares, or (b) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of a Borrower then in office, or (c) the Borrower or the Guarantors shall cease to directly or indirectly own and control the Capital Stock that each of them has pledged to the Administrative Agent pursuant to a Pledge Agreement.

"Closing Date" shall mean the date of this Agreement.

"Collateral" shall mean a collective reference to the collateral which is identified in, and at any time will be, or is intended to be, subject to or covered by, a Security Document and any other property or assets of a Credit Party, whether tangible or intangible, whether real or personal and whether now or hereafter acquired, that may from time to time secure the Obligations, including the Collateral Royalties.

"Collateral Requirement" shall have the meaning set forth in Section 4.3.

"Collateral Royalties" shall mean each of (i) the following Royalties owned by the Borrower: GSR #1, GSR #2, GSR #3 and NVR #1 with respect to the Pipeline Project and the Robinson Royalty with respect to the Robinson Project; (ii) the following Royalties owned by High Desert: SJ Royalty with respect to the Betze-Post Mine and the Leeville Royalty with respect to the Leeville Project; (iii) the following Royalties owned by RG Mexico: the Mulatos Royalty with respect to the Mulatos Mine, the Penasquito Royalty with respect to the Penasquito Project, the Dolores I and Dolores II Royalties with respect to the Dolores Project; and (iv) the following Royalties owned by RGLD Canada: Holt McDermott, Malartic, Allan and Kutcho Creek; each of such Collateral Royalties is further described on Schedule 1.1(a) hereto, together with, from time to time hereafter, any other Royalty Interest subject to a Mortgage or other Security Document satisfactory to the Required Lenders in their sole discretion.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Loans in an aggregate principal amount at any time outstanding up to an amount equal to such Lender's Commitment Percentage of the Committed Amount.

“Commitment Fee” shall have the meaning set forth in Section 2.2(a).

“Commitment Fee Percentage” shall be determined from time to time by reference to the Leverage Ratio, effective as of the last date and shall be equal to the following:

	<u>Leverage Ratio</u>	<u>Commitment Fee Percentage</u>
Level I	≤ 1.0 to 1.0	0.375%
Level II	≤ 2.0 to 1.0	0.50%
Level III	> 2.0 to 1.0	0.50%

“Commitment Percentage” shall mean, for each Lender, the percentage identified as its Commitment Percentage on the Lenders’ Administrative Details Schedule or in the Assignment Agreement pursuant to which such Lender became a Lender hereunder, as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 10.7(c).

“Commitment Period” shall mean the period beginning on the date of satisfaction of the conditions precedent set forth in Section 5.1 to, but not including, the Maturity Date.

“Committed Amount” shall mean the maximum aggregate principal amount of Loans that may be made by the Lenders hereunder, subject to the terms and conditions herein, at any time, with such Committed Amount at the Closing Date being equal to Two Hundred Twenty Five Million Dollars (\$225,000,000).

“Consolidated” or “consolidated” shall mean, with reference to any term defined herein, such term as applied to the accounts of Royal Gold and its Subsidiaries, consolidated in accordance with GAAP.

“Consolidated EBITDA” shall mean, for any period, Consolidated Net Income of the Borrower and its Subsidiaries determined in accordance with GAAP for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation, amortization, depletion and non-cash reclamation for such period, and (iv) any extraordinary or non-recurring charges or non-cash charges, including non-cash charges resulting from requirements to mark-to-market derivative obligations (including commodity-linked securities) for such period (provided that any cash payment made with respect to any such non-cash charge shall be subtracted in computing Consolidated EBITDA for the period in which such cash payment is made), and minus (b) without duplication and to the extent included in determining such Consolidated Net Income, any extraordinary or non-recurring gains or non-cash gains for such period, all determined on a consolidated basis in accordance with GAAP.

“ Consolidated Interest Expense ” shall mean, for any period, the interest expense (including imputed interest expense in respect of capital lease obligations) of the Borrower and its Subsidiaries determined on a consolidated basis in accordance with GAAP.

“ Consolidated Net Income ” shall mean, for any period, the consolidated net income (or deficit) of the Borrower and its Subsidiaries, after deduction of all expenses, taxes, and other proper charges, determined in accordance with GAAP.

“ Consolidated Net Worth ” shall mean, at any time, the value of all Consolidated tangible assets of the Borrower and its Subsidiaries which would be shown on a Consolidated balance sheet prepared as of such time in accordance with GAAP, excluding all intangible assets, minus the sum of (x) all amounts which would be shown on such balance sheets as minority interests in any such Subsidiary, plus (y) all Consolidated liabilities of the Borrower and its Subsidiaries which would be shown on such balance sheet prepared as of such time in accordance with GAAP.

“ Consolidated Total Indebtedness ” means, without duplication, in relation to the Borrower and its Subsidiaries, (A) the sum of (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes or similar instruments, (c) all obligations under conditional sale or other title retention agreements relating to property acquired and under all purchase money obligations, (d) all obligations in respect of the deferred purchase price of property or services, (e) all other obligations secured by any lien on property owned or acquired, whether or not the obligations secured thereby have been assumed limited to the fair market value of the property secured thereby, (f) all guarantees of the obligations of others, (g) all capital lease obligations, (h) all obligations, contingent or otherwise, as an account party (including reimbursement obligations to the issuer) in respect of letters of credit and letters of guarantee which support or secure obligations of others, (i) the aggregate of all negative mark to market amounts in respect of hedge obligations (netted against the aggregate of all positive mark to market amounts in respect of hedge obligations), (k) all obligations in respect of prepaid production arrangements, prepaid forward sale arrangements or derivative contracts in respect of which the Borrower or its Subsidiaries receive upfront payments in consideration of an obligation to deliver product or commodities (or make cash payments based on the value of product or commodities) at a future time, and (l) all obligations, contingent or otherwise, in respect of bankers’ acceptances; minus (B) any amounts borrowed under the Term Loan Agreement, provided that such facility continues to be secured by cash collateral held in a pledged account with HSBC Bank USA, National Association; provided, that, for all purposes herein, Consolidated Total Indebtedness, with respect to the Borrower or the Credit Parties, shall mean all Consolidated Total Indebtedness of the Borrower and its Subsidiaries on a Consolidated basis; provided, further, that Consolidated Total Indebtedness shall not include Indebtedness among the Credit Parties to the extent such Indebtedness would be eliminated on a Consolidated basis.

“ Continuing Directors ” shall mean during any period of twenty-four (24) consecutive months commencing after the Closing Date, individuals who at the beginning of such twenty-four (24) month period were directors of a Borrower (together with any new director whose election by such Borrower’s board of directors was approved by, or whose nomination for election by such Borrower’s shareholders was recommended by, a vote of at least a majority of the directors then still in office who either were directors at the beginning of such period or

whose election or nomination for election was previously approved or recommended as described in this parenthetical).

“Credit Documents” shall mean this Agreement, each of the Notes, any Joinder Agreement, any Assignment Agreement, the Security Documents, the Ratification, the Fee Letter, the Existing Credit Documents and all other agreements, documents, certificates and Instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection herewith or therewith, together with all amendments, modifications, supplements, revisions, extensions and restatements of the foregoing, as well as any other document or agreement which the Lenders and the Borrower agree is a Credit Document.

“Credit Party” or “Credit Parties” shall mean any of the Borrower or the Guarantors, individually or collectively, as appropriate.

“Current Ratio” shall mean, at any date, the ratio of (a) the current assets of Royal Gold and its Subsidiaries determined on a Consolidated basis in accordance with GAAP, to (b) the current liabilities of Royal Gold and its Subsidiaries determined on a Consolidated basis in accordance with GAAP.

“Debt Investments” shall have the meaning set forth in Section 7.7.

“Debt Service Coverage Ratio” shall mean, at any date, the ratio of (a) Consolidated EBITDA to (b) the sum of (i) scheduled principal payments with respect to Consolidated Total Indebtedness, plus (ii) Consolidated Interest Expense, in each case and for each amount, for the four (4) most recently completed fiscal quarters most recently ended on or prior to such date.

“Default” shall mean any of the events specified in Section 8.1, whether or not any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

“Default Rate” shall mean an interest rate equal to the sum of the LIBOR Rate, plus the Applicable Percentage, plus two and one-half percent (2.5%) per annum.

“Defaulting Lender” shall mean, at any time, any Lender that, at such time (a) has failed to make a Loan required pursuant to the terms of this Agreement in accordance with the terms hereof, (b) has failed to pay to the Administrative Agent or any Lender an amount owed by such Lender pursuant to the terms of this Agreement, or (c) has been deemed insolvent or has become subject to a bankruptcy or Insolvency Proceeding or to a receiver, trustee or similar official.

“Dollars” and “\$” shall mean dollars in lawful currency of the United States of America.

“Eligible Assignee” shall mean (a) a Lender, (b) an Affiliate of a Lender, and (c) any other Person (other than a natural person) approved by (i) the Administrative Agent and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, Eligible Assignee shall not include any Credit Party or any Affiliate or Subsidiary thereof.

“Employee Benefit Plan” shall mean any pension plan or other similar employee benefit plan regulated by or within the meaning of ERISA or any other similar legislation pursuant to which any Credit Party establishes a pension for or otherwise makes contributions in respect of its employees, but does not include a Canadian Pension Plan.

“Environmental Laws” shall mean any and all applicable Requirements of Law regulating or relating to pollution or protection of human health or the environment, as now or hereafter in effect, including Requirements of Law regulating or relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes, and the applicable World Bank Guidelines and Criteria and International Finance Corporation Guidelines, each as in effect from time to time.

“ERISA” means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, each as amended or modified from time to time.

“ERISA Affiliate” means any Person who together with a Borrower or any of its Subsidiaries are treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

“Event of Default” shall mean any of the events specified in Section 8.1.

“Existing Agreement” shall have the meaning given thereto in Recital A.

“Existing Credit Documents” shall mean the Existing Agreement, the Original Notes, the Existing Security Documents, the Intercreditor Agreement, the Fee Letter and all other agreements, documents, certificates and Instruments delivered to the Administrative Agent or any Lender by any Credit Party in connection with the Existing Agreement, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, as well as any other document or agreement which the Lenders and the Borrower agree is an Existing Credit Document.

“Existing Security Documents” shall mean the Security Documents entered into in connection with the Existing Agreement, and any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Administrative Agent’s security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Administrative Agent arising thereunder or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations executed in connection with the Existing Agreement or any Existing Credit Document, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in

accordance with its terms (specifically including, but not limited to, any PPSA extensions necessary or desirable to reflect the Supplemental Loan and the amendments made hereunder); provided, however, no such Security Agreement, Pledge Agreement, Subordination Agreement, nor any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument shall constitute an Existing Security Document if it has been terminated in accordance with the requirements of this Agreement.

“ Expropriation Event ” shall mean the appropriation, confiscation, expropriation, cancellation, seizure or nationalization (by Requirement of Law, intervention, court order, condemnation, exercise of eminent domain or other action or form of taking) of ownership or control of a Credit Party or any of its Subsidiaries or of any Project or any substantial portion thereof, or any substantial portion of the rights related thereto, or any substantial portion of the economic value thereof, or which prevents or materially interferes with the ability of a Person to own or operate the property subject to such action, including by the imposition of any Tax, fee, charge or royalty.

“ Fee Letter ” shall mean the Fee Letter on behalf of HSBC Securities and Scotia dated February 1, 2011, and any other agreements among the parties pertaining to the payment of fees to the Agents or the Lenders, as each may be amended, modified or otherwise supplemented.

“ Fund ” shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“ GAAP ” shall mean generally accepted accounting principles in effect in the United States applied on a consistent basis, subject, however, to the provisions of Section 1.4 for the purpose of determination of compliance with the financial covenants set out in Section 6.16.

“ Gold ” shall mean gold of minimum purity of at least 0.995 fineness conforming in all respects with the requirements for good delivery on the London Bullion Market.

“ Governmental Approvals ” shall mean any authorization, license, permit, consent, approval, lease, ruling, certification, exemption, filing, variance, decree, sanction, publication, declaration or registration, or other action whether written or oral, of, by, from or on behalf of any Governmental Authority.

“ Governmental Authority ” shall mean the government of any nation, and any provincial, territorial, divisional, state, county, regional, city or other political subdivision thereof, and any tribal, aboriginal or native government, and any entity, court, arbitrator or board of arbitrators, agency, department, commission, board, bureau, regulatory authority or other instrumentality of any of them exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or Requirements of Law, and any securities exchange or securities regulatory authority to which a Credit Party is subject.

“ Guarantor ” has the meaning set forth in the preamble to this Agreement. The Guarantors as of the Execution Date are RGLD Canada, High Desert, and RG Mexico. Guarantors shall include any other Person that becomes a Guarantor by executing a Joinder Agreement, together with the successors and permitted assigns of each Guarantor.

“Guaranty” shall mean the guaranty of the Guarantors set forth in Article XI.

“Guaranty Obligations” shall mean, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation in respect of Indebtedness, whether or not contingent, (i) to purchase any such Indebtedness or any property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the lesser of (a) the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guaranty Obligation.

“Hedging Agreement” shall mean, with respect to any Person, any agreement or transaction entered into to protect such Person against fluctuations in the price of gold, silver or other metals, interest rates, currency, raw materials, fuel or commodity values, including any forward sales, spot deferred sales, options, swaps, price fixing commitment, interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more counterparties, any foreign currency exchange agreement, currency protection agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements or other similar agreements or arrangements.

“High Desert” shall have the meaning given to such term in the Preamble.

“HSBC Bank” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“HSBC Securities” shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

“Indebtedness” shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, indentures or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay

or similar arrangements or under commodities agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guaranty Obligations of such Person with respect to Indebtedness of another Person, (h) the principal portion of all Capital Lease Obligations of such Person, (i) all net payment obligations of such Person under Hedging Agreements, (j) the maximum amount of all letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Capital Stock issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product and (m) the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer; provided however that Indebtedness shall not include Indebtedness among the Credit Parties to the extent such Indebtedness would be eliminated on a Consolidated basis.

“ Information ” shall have the meaning set forth in Section 10.16.

“ Insolvency Proceeding ” shall mean any proceeding seeking to adjudicate a Person an insolvent, seeking a receiving order against under any Bankruptcy Law, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief or composition of such Person or its debts or a stay of proceedings of such Person's creditors generally (or any class of creditors) or any other relief, under any federal, state provincial or foreign law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Bankruptcy Code and any similar legislation in any jurisdiction) or at common law or in equity.

“ Instrument ” means any contract, agreement, indenture, mortgage, document, writing or other instrument (whether formal agreement, letter or otherwise) under which any obligation is evidenced, assumed or undertaken, or any Lien (or right or interest therein) is granted or perfected.

“ Intercreditor Agreement ” shall mean that certain Amended and Restated Intercreditor Agreement of even date herewith among the Borrower, the Guarantors and the Lenders, and the “Borrower”, the “Guarantors” and the “Lenders” each as defined in the Term Loan Agreement.

“ Interest Coverage Ratio ” means, on any date, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Expense, in each case, for the four most recently completed fiscal quarters most recently ended on or prior to such date.

“ Interest Payment Date ” shall mean (a) as to any Loan having an Interest Period of three months or less, the last day of such Interest Period, (b) as to any Loan having an Interest Period longer than three months, the day that is three months after the first day of such Interest Period

and the last day of such Interest Period, and (c) as to any Base Rate Loan, the fifteenth (15th) day following the last day of each calendar month.

“ Interest Period ” shall mean, with respect to any Loan,

(i) initially, the period commencing on the Borrowing Date or extension date, as the case may be, with respect to a Loan and ending one, two, three or six months thereafter, as selected by the Borrower in the Notice of Borrowing or Notice of Conversion given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such Loan and ending one, two or three months thereafter, or of a longer period of days if available and agreed to by the Lenders, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

provided that the foregoing provisions are subject to the following:

(A) if any Interest Period pertaining to a Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(B) any Interest Period pertaining to a Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(C) if the Borrower shall fail to give notice as provided above, the Borrower shall be deemed to have selected a Loan with an Interest Period of one month;

(D) no Interest Period in respect of any Loan shall extend beyond the Maturity Date; and

(E) no more than four (4) Loans may be in effect at any time. For purposes hereof, Loans with different Interest Periods shall be considered as separate Loans, even if they shall begin on the same date and have the same duration, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new Loan with a single Interest Period.

“ Investment ” shall mean all investments, in cash or by delivery of property made, directly or indirectly in or to any Person, whether by acquisition of shares of Capital Stock, property, assets, indebtedness or other obligations or securities or by loan, credit advance, capital contribution or otherwise.

“Joinder Agreement” shall mean a Joinder Agreement substantially in the form of Exhibit B, executed and delivered by a new or additional Guarantor.

“Lender” shall have the meaning set forth in the first paragraph of this Agreement.

“Lenders’ Administrative Details Schedule” shall mean, with respect to any Lender, Schedule 1.1(b) (as revised or updated by any Lender from time to time) containing such Lender’s contact information for purposes of notices provided under this Credit Agreement and account details for purposes of payments made to such Lender under this Credit Agreement.

“Leverage Ratio” means, on any date, the ratio of (a) Consolidated Total Indebtedness as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

“LIBOR” shall mean, for any Loan for any Interest Period therefor, a rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the rate per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term “LIBOR” shall mean, for any Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBOR Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If, for any reason, neither of such rates is available, then “LIBOR” shall mean the rate per annum at which, as determined by the Administrative Agent, Dollars in an amount comparable to the Loans then requested are being offered to leading banks at approximately 11:00 A.M. London time, two (2) Business Days prior to the commencement of the applicable Interest Period for settlement in immediately available funds by leading banks in the London interbank market for a period equal to the Interest Period selected.

“LIBOR Lending Office” shall mean, initially, the office of each Lender designated as such Lender’s LIBOR Lending Office shown on the Lenders’ Administrative Details Schedule; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which the Loans of such Lender are to be made.

“LIBOR Rate” shall mean a rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.00 - \text{Applicable Reserve Percentage}}$$

“ Lien ” shall mean any mortgage, deed of trust, pledge, charge, hypothecation, assignment for security purposes, deposit arrangement for security purposes, preferential right, option, encumbrance, lien (statutory or other), or other security interest or collateral arrangement, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

“ Loan ” shall have the meaning set forth in Section 2.1.

“ Material Adverse Effect ” shall mean an effect or change, resulting or occurring from any event or occurrence of any nature whatsoever, whether individually or in the aggregate, which is materially adverse to (a) the business, assets, operations, property or condition (financial or otherwise) of the Credit Parties and their Subsidiaries taken as a whole, (b) the ability of the Credit Parties, taken as a whole, to make any payment or otherwise perform their obligations under this Agreement, any of the Notes or any other Credit Document when such payments and obligations are required to be performed, (c) a Collateral Royalty, or (d) the validity or enforceability of this Agreement, any of the Notes or any of the other Credit Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder or the perfection or priority of any Lien in favor of the Administrative Agent.

“ Material Contract ” shall mean any contract or agreement to which any Credit Party or any of its Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect, including each Royalty Agreement relating to a Collateral Royalty.

“ Materials of Environmental Concern ” shall mean any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, pollutants, contaminants or other materials or substances defined or regulated in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

“ Maturity Date ” shall mean the first to occur of (a) February 1, 2014 or (b) any date on which the due date of the Loans is accelerated by reason of an Event of Default pursuant to Section 8.2.

“ Metals ” shall mean Gold, Silver, copper, lead, zinc, molybdenum, nickel, and all other metals, minerals, ores and similar substances.

“ Moody's ” shall mean Moody's Investors Service, Inc.

“ Mortgages ” shall mean, collectively, (i) the Fourth Amended and Restated Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Pipeline Project) of even date herewith from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (ii) the Third Amended and Restated Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Pipeline Project) of even date herewith from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (iii) the Second Amended and Restated Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Robinson Project) of even date herewith

from the Borrower to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; (iv) the Second Amended and Restated Mortgage, Deed of Trust, Security Agreement, Pledge and Financing Statement (Leeville Project) from High Desert to Stewart Title of Nevada Holdings, Inc. with the Administrative Agent as the beneficiary; in each case, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof; a description of each of the Mortgages and the relevant filing information with respect thereto is set forth on Schedule 1.1(c).

“ Nevada Royalties ” shall mean the following Royalties owned by the Borrower: GSR #1, GSR #2, GSR #3 and NVR #1 with respect to the Pipeline Project and the Robinson Royalty with respect to the Robinson Project; and the following Royalties owned by High Desert: SJ Royalty with respect to the Betze-Post Mine and the Leeville Royalty with respect to the Leeville Project; in each case, as each of such Material Royalties is further described on Schedule 1.1(a) hereto.

“ Non-Credit Party ” shall mean a Subsidiary of a Credit Party that is not itself a Credit Party.

“ Non-Credit Party Royalty Interest ” shall mean all Royalties now owned or hereafter acquired by or for the benefit of a Non-Credit Party.

“ Notes ” shall mean each amended and restated promissory note made by the Borrower in favor of each of the Lenders evidencing the Loans provided pursuant hereunder, individually or collectively, as appropriate, substantially in the form of Exhibit C , as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

“ Notice of Borrowing ” shall mean a request for a Loan borrowing pursuant to Section 2.1(b)(i) pursuant to a Form of Notice of Borrowing in the form attached as Exhibit D .

“ Notice of Extension ” shall mean the written notice of the continuation and extension of a Loan, in each case substantially in the form of Exhibit E , as described in Section 2.6.

“ Obligations ” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and each Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with this Agreement, the Notes, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

“ Operating Lease ” shall mean, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any property (whether real, personal or mixed) which is not a Capital Lease other than any such lease in which that Person is the lessor.

“Original Notes” means (i) that certain Third Amended and Restated Promissory Note dated October 30, 2008 made by the Borrower and High Desert in favor of HSBC in the principal amount of Eighty Million Dollars (\$80,000,000); and (ii) that certain Promissory Note dated October 30, 2008 made by the Borrower and High Desert in favor of Scotiabanc Inc. in the principal amount of Forty-Five Million Dollars (\$45,000,000).

“Ounce” means a fine ounce troy weight.

“Participant” shall have the meaning set forth in Section 10.7(b).

“Permitted Liens” shall mean:

- (i) Liens created by or otherwise existing, under or in connection with this Agreement or the other Credit Documents;
- (ii) Purchase Money Liens securing purchase money indebtedness and Liens to secure Capital Lease Obligations (and refinancings thereof) to the extent permitted under Section 7.1(c);
- (iii) Liens for Taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed 30 days), if any, related thereto has not expired or which are being diligently contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;
- (iv) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s inchoate, unperfected or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 20 days or which are being diligently contested in good faith by appropriate proceedings; provided that a reserve, bond or other appropriate provision shall have been made therefore to the reasonable satisfaction of the Administrative Agent;
- (v) pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;
- (vi) any interest or title of a lessor under any lease entered into by any Credit Party or any Subsidiary in the ordinary course of its business and covering only the assets so leased;
- (vii) deposits and bonds to secure the performance of bids, trade contracts (other than for Consolidated Total Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;
- (viii) Liens existing on the Closing Date and set forth on Schedule 7.2; provided that (a) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Closing Date and (b) the principal amount of

the Indebtedness secured by such Liens shall not be increased, extended, renewed, refunded or refinanced;

(ix) Liens pursuant to the Term Loan Agreement made in favor of HSBC Bank or any other “Lender” thereunder;

(x) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances which do not individually or in the aggregate interfere in any material respect with the occupation, value or use of the property to which such Lien is attached or with such Person’s activities or operations on such property;

(xi) Liens and minor title defects reflected in the Title Opinions, to the extent not objected to by the Administrative Agent;

(xii) any Lien with respect to judgments, orders or awards to the extent such judgments, orders or awards secured thereby shall not, either individually or in the aggregate, result in an Event of Default under Section 8.1(f);

(xiii) rights of setoff or bankers’ Liens upon deposits of cash or broker’s Liens upon securities accounts in favor of financial institutions, banks or other depository institutions; and

(xiv) any Lien with respect to interests in pre-feasibility, feasibility or development stage properties not currently producing Metals, so long as such Liens do not cover or attach to a Collateral Royalty; provided that such Liens do not secure Indebtedness.

“ Permitted Subordinated Indebtedness ” shall have the meaning set forth in Section 7.1(i).

“ Person ” shall mean an individual, partnership, corporation, limited liability company, *sociedad anonima* , business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“ Pipeline Project ” means the Project relating to the Pipeline Project Properties, as described on the Schedule of Collateral Royalties in Schedule 1.1(a).

“ Pledge Agreements ” shall mean (i) each of the Pledge Agreements dated as of the Closing Date to be executed in favor of the Administrative Agent by a Borrower, substantially in the form of Exhibit F hereto, and (ii) any other pledge agreement, document, agreement, arrangement or Instrument executed by a Credit Party to secure the Obligations, in each case as any of the foregoing may be amended, modified, restated or supplemented from time to time.

“ Products ” shall mean, without limitation, all ore, minerals, concentrate, doré bar and refined Metals produced on behalf of, or payable to, a Credit Party pursuant to a Royalty Interest from a Project Property.

“ Project ” means each mine, mining project and properties, including Project Properties, in which a Credit Party has or acquires a Royalty Interest. As of the Closing Date, the Projects include those set forth on Schedule 1.1(d) hereto.

“ Project Managers ” means the operator or manager of each Project, with the Project Manager for each Project in existence on the date hereof set forth on Schedule 1.1(d) hereto.

“ Project Properties ” means all real property right, title or interests, now owned or hereafter acquired, included in each of the Projects, which are burdened with a Royalty Interest, including all fee property, concessions, unpatented mining claims and other real property interests which are identified in any Royalty Agreement, together with all relocations, modifications, additions or amendments thereof, and all lands subject thereto.

“ Property ” shall mean all real estate, surface and subsurface rights and interests, minerals, mineral leases, mineral rights, lands, concessions, licenses, exploration or exploitation rights, claims, water rights and other property right, title and interest, howsoever characterized or designated, that are owned, leased, operated, held or controlled, directly or indirectly, by any Borrower or any of their Subsidiaries, including all such rights and interests associated with the Projects, together with all rights, titles and interests hereafter acquired.

“ Purchase Money Lien ” shall mean a Lien taken or reserved in personal property to secure payment of all or part of its purchase price, provided that such Lien (i) secures an amount not exceeding the purchase price of such personal property, (ii) extends only to such personal property and its proceeds, and (iii) is granted prior to or within 30 days after the purchase of such personal property.

“ Purchasing Lenders ” shall have the meaning set forth in Section 10.7(c).

“ Quebec Security Documents ” shall mean (i) a Deed of Hypothec and Issue of Bonds, (ii) a Bond, (iii) a Delivery Order, (iv) a Pledge of Bond Agreement, (v) a Register of Bondholders, and (vi) such other Instruments as may be necessary to obtain and perfect a collateral security interest in favour of the Administrative Agent with respect to the Malartic Royalty, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“ Ratification ” means the Ratification and Confirmation Agreement of even date herewith in the form set forth in Exhibit M hereto.

“ Required Lenders ” shall mean (a) for so long as any one Lender and its Affiliates control fifty percent (50%) or more of the Commitment Percentage, those Lenders holding in the aggregate greater than 66.667% of (i) the outstanding Loans and unfunded Commitments or (ii) if the Commitments have been terminated, the outstanding Loans; and (b) at any time that no Lender and its Affiliates controls fifty percent (50%) or more of the Commitment Percentage, those Lenders holding in the aggregate greater than 50.1% of (i) the outstanding Loans and unfunded Commitments or (ii) if the Commitments have been terminated, the outstanding Loans; provided, however, that if any Lender shall be a Defaulting Lender at such time, then there shall be excluded from the determination of Required Lenders, Obligations owing to such Defaulting

Lender and such Defaulting Lender's Commitments, or after termination of the Commitments, the principal balance of the Obligations owing to such Defaulting Lender.

"Requirement of Law" shall mean each law, statute, code, ordinance, treaty, order, rule, regulation, judgment, ruling, decree, injunction, franchise, permit, certificate, license, authorization, regulation, approval or other direction of any Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, and as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person.

"Responsible Officer" shall mean, as to (a) a Borrower, any of the President, the Chief Executive Officer or the Chief Financial Officer or (b) any other Credit Party, any duly authorized officer thereof.

"RGLD Canada" shall have the meaning set forth in the Preamble.

"RG Mexico" shall have the meaning set forth in the Preamble.

"Royal Gold" shall have the meaning set forth in the Preamble.

"Royalties" shall mean any share of mineral production, including, gross smelter return royalties, net smelter return royalties, overriding royalties, non-participating royalties, production payments, net profit interests and all other mineral royalties of every type and characterization, whether constituting a real property or a personal property interest.

"Royalty Agreements" means, collectively, each of the agreements with or for the benefit of a Credit Party relating to a Royalty Interest, whether now or hereafter in existence, together with all amendments, restatements, modifications, revisions, supplements, extensions, continuations, replacements and renewals thereof in accordance with its terms.

"Royalty Interests" means all Royalties now owned or hereafter acquired by or for the benefit of a Credit Party, in or relating to a Project, with the Collateral Royalties in existence as of the Closing Date described on Schedule 1.1(a) hereto and all other Royalties (other than the Collateral Royalties) in existence and held by a Credit Party as of the Closing Date described on Schedule 1.1(d) hereto, and all Metals received or receivable with respect thereto, now held or hereafter acquired by a Credit Party, whether pursuant to a Royalty Agreement or otherwise.

"S&P" shall mean Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc.

"Scotia" shall have the meaning set forth in the preamble to this Agreement and includes any successors in such capacity.

"Securities Exchange Act" shall mean the Securities Exchange Act of 1934, together with any amendment thereto or replacement thereof and any rules or regulations promulgated thereunder.

“Security Agreements” shall mean (i) the U.S. Security Agreement, (ii) the Canadian Security Agreement, (iii) each other security agreement (or other equivalent Instrument, howsoever designated) given by a Credit Party for the benefit of the Administrative Agent, substantially in the form of Exhibit H hereto, covering and extending to all assets of such Credit Party, and (iv) each other Instrument whereby a Credit Party subordinates its rights to receive payment of any amounts from any other Credit Party to the complete payment in full of the Obligations, and any other security agreement or other Instrument by which the Administrative Agent obtains a Lien in or on any personal property or assets of a Credit Party to secure the Obligations, together with all amendments, restatements, modifications, supplements, extensions and restatements thereof in accordance with its terms.

“Security Documents” shall mean the Security Agreements, the Mortgages, the Pledge Agreements, the Quebec Security Documents, the Existing Security Documents, and any other agreement, assignment, document, power-of-attorney, public deed, or other Instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Administrative Agent’s security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Administrative Agent, or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations or any Credit Document, together with all amendments, restatements, amendments and restatements, modifications, revisions, supplements, extensions, continuations, and replacements thereof in accordance with its terms; provided, however, no such Security Document, nor any other agreement, assignment, document, power of attorney, public deed, or other Instrument shall constitute a Security Document if it has been terminated in accordance with the requirements of this Agreement.

“Silver” shall mean silver of minimum purity of at least 0.999 fineness conforming in all respects with the requirements for good delivery on the London Bullion Market.

“Subsidiary” shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. For purposes of clarity, as of the Closing Date, Crescent Valley Partners, L.P. shall be deemed a Subsidiary of Royal Gold. Unless otherwise qualified, all references to a “Subsidiary” or to “Subsidiaries” in this Agreement shall refer to a Subsidiary or Subsidiaries of a Borrower.

“Syndication Agent” shall have the meaning set forth in the first paragraph of this Agreement and includes any successors in such capacity.

“Taxes” shall mean all present and future taxes, levies, duties, imposts, deductions, charges, withholdings and other similar levies and liabilities of whatever nature, including stamp, sales, use, documentary, value added, excise, registration, property and income taxes.

“Term Loan Agreement” shall mean the Second Amended and Restated Term Loan Facility Agreement dated February 1, 2011 among Royal Gold, as the borrower, RGLD Canada, as a guarantor, High Desert, as a guarantor, RG Mexico, as a guarantor, the other guarantors from time to time party thereto, HSBC Bank, as a lender, Scotia, as a lender, HSBC Securities and Scotia Capital, as joint lead arrangers, HSBC Securities, as sole global coordinator, and Scotia, as sole syndication agent, as amended, modified, increased, replaced, supplemented or refinanced from time to time.

“Title Opinions” means those legal opinions from counsel to the Credit Parties pertaining to the Nevada Royalties and the right, title and interest of the Credit Parties in and to such Nevada Royalties attached hereto as Schedule 1.1(e), together with any additional or future legal opinions pertaining to the Nevada Royalties and the right, title and interest of the Credit Parties in and to such Nevada Royalties, which are in form and substance acceptable to the Administrative Agent.

“Transfer Effective Date” shall have the meaning set forth in each Assignment Agreement.

“U.S. Security Agreement” shall mean that certain Amended and Restated Security Agreement of even date herewith from Royal Gold, High Desert and RG Mexico in favor of the Administrative Agent, together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof.

“Voting Stock” shall mean, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

Section 1.2 Other Definitional Provisions; Time References.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or other Credit Documents or any certificate or other document made or delivered pursuant hereto.

(b) The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(d) The word “including” means “including without limitation” or “including, but not limited to,” and does not create or denote a limitation.

(e) Unless otherwise expressly indicated, each time reference in any Credit Document shall be to New York time.

Section 1.3 Québec Matters . For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) “personal property” shall include “movable property”, (b) “real property” or “real estate” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include a “hypothec”, “right of retention”, “prior claim” and a resolutive clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or a Personal Property Security Act shall include publication under the *Civil Code of Québec*, (g) all references to “perfection” of or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” lien or security interest as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (i) “goods” shall include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall include a “mandatary”, (k) “construction liens” shall include “legal hypothecs”; (l) “joint and several” shall include “solidary”; (m) “gross negligence or wilful misconduct” shall be deemed to be “intentional or gross fault”; (n) “beneficial ownership” shall include “ownership on behalf of another as mandatary”; (o) “easement” shall include “servitude”; (p) “priority” shall include “prior claim”; (q) “survey” shall include “certificate of location and plan”; (r) “state” shall include “province”; (s) “fee simple title” shall include “absolute ownership”; (t) “accounts” shall include “claims”. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. *Les parties aux présentes confirment que c’est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.*

Section 1.4 Accounting Terms . Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of the Borrower delivered to the Administrative Agent; provided that, if the Borrower shall notify the Administrative Agent that it wishes to amend any covenant in Section 6.16 (or the definitions used therein) to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Section 6.16 or any definition used therein for such purpose), then compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

The Borrower shall deliver to the Administrative Agent at the same time as the delivery of any annual or quarterly financial statements given in accordance with the provisions of Section 6.1, (a) a description in reasonable detail of any material change in the application of accounting principles employed in the preparation of such financial statements from those applied in the most recently preceding quarterly or annual financial statements as to which no

objection shall have been made in accordance with the provisions above and (b) a reasonable estimate of the effect on the financial statements on account of such changes in application.

Section 1.5 Amendment and Restatement . This Agreement amends, restates and continues the Existing Agreement, and this Agreement and each Note and all Instruments, agreements, and documents executed in connection herewith, constitute an amendment, renewal, continuance and restatement of all Indebtedness and Obligations of the Borrower and the Guarantors evidenced by the Existing Agreement and the Original Notes. All promissory notes, instruments, documents, and agreements entered into in connection with the Existing Agreement or the Original Note shall remain in full force and effect, except to the extent expressly modified in accordance with their respective terms. It is expressly understood and agreed by the parties hereto that this Agreement is in no way intended to constitute, and does not constitute, a release, repayment, satisfaction, discharge or novation of the obligations and liabilities existing under the Existing Agreement or the Original Notes or a release, termination, novation or impairment of any Lien or Existing Credit Document. All Liens created pursuant to the Existing Credit Documents shall extend and apply to this Agreement and each Note issued hereunder and the full payment and performance of all Obligations, in each case for the benefit of the Lenders and all such Liens are hereby expressly continued, ratified and confirmed by the Borrower and the Guarantors (except to the extent such Liens have previously been expressly released or modified or are being modified by the Credit Documents). The amendment and restatement hereby of the Existing Agreement, or the concurrent amendment and restatement of any other Existing Credit Document, shall not constitute a waiver of any conditions or requirements set forth herein or therein, whether or not performed, fulfilled or required to be performed or fulfilled prior to the date hereof, nor does it constitute consent to any prior or existing default, event of default or breach of any provision hereof or of any other Existing Credit Document. All references to the Existing Agreement in any Existing Credit Document shall be deemed to refer to this Agreement. If any inconsistency exists between this Agreement and the Existing Credit Agreement, the terms of this Agreement shall prevail. Nothing contained in this Agreement or any other document or instrument executed contemporaneously herewith shall be deemed to satisfy or discharge the Indebtedness or Obligations arising under this Agreement or any Note (this being an amendment and restatement only).

Section 1.6 Permitted Liens. Any reference in any of the Credit Documents to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Lien created by any of the Credit Documents to any Permitted Lien.

ARTICLE II THE LOANS; AMOUNT AND TERMS

Section 2.1 Revolving Loans.

(a) **Revolving Commitment .** During the Commitment Period, subject to the terms and conditions hereof, the Lenders severally agree to make revolving credit loans (the “Loans”) to the Borrower from time to time in an aggregate principal amount of up to the Committed Amount; provided, however, that (i) with regard to each Lender individually, the sum of such

Lender's Commitment Percentage of outstanding Loans shall not exceed such Lender's Commitment, and (ii) with regard to the Lenders collectively, the aggregate sum of the outstanding Loans shall not exceed the Committed Amount. Loans may be repaid and reborrowed in accordance with the provisions hereof.

(b) Loan Borrowing Procedure.

(i) Notice of Borrowing. The Borrower shall request a Loan borrowing by delivering a written Notice of Borrowing (or telephone notice promptly confirmed in writing by delivery of a written Notice of Borrowing, which delivery may be by facsimile) to the Administrative Agent not later than 11:00 a.m. on the third Business Day prior to the date of the requested borrowing. Each such Notice of Borrowing shall be irrevocable and shall specify (A) that a Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed, and (D) the requested Interest Period(s). If the Borrower shall fail to specify an applicable Interest Period in the Notice of Borrowing, then such notice shall be deemed to be a request for an Interest Period of one month. The Administrative Agent shall give notice to each Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such Lender's share thereof.

(ii) Minimum Amounts. Each Loan shall be in a minimum aggregate amount of \$1,000,000 and in integral multiples of \$500,000 in excess thereof.

(iii) Advances. Each Lender will make its Commitment Percentage of each Loan borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in the Lenders' Administrative Details Schedule, or at such other office as the Administrative Agent may designate in writing, by 1:00 p.m. on the date specified in the applicable Notice of Borrowing in Dollars and in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent by crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

(c) Repayment. The principal amount of all Loans shall be due and payable in full on the Maturity Date. Each Borrower covenants and agrees to pay the Loans in accordance with the terms of this Agreement and the Notes.

(d) Interest. Except as set forth in Section 2.10 hereof, Loans shall bear interest at a per annum rate equal to the sum of the LIBOR Rate plus the Applicable Percentage. Each Borrower covenants and agrees to promptly pay interest on the Loans on each Interest Payment Date, with such interest payable in arrears.

(e) Amendment, Restatement and Continuance. This Agreement amends, restates, continues and replaces the Existing Agreement, and nothing contained in this Agreement shall be deemed or construed to be a repayment, satisfaction or novation of the Loans outstanding under the Existing Agreement, or to release, terminate, novate or in any way impair any Lien or

Security Document that guarantees or secures the payment and performance of the Loans, this Agreement and the other Credit Documents. All Liens and Security Documents that guarantee or secure such payment and performance shall extend to and apply to all Loans made hereunder and under the Note, and such Liens and Security Documents shall be continued, ratified and confirmed. Any Interest Periods applicable to amounts outstanding as of the Closing Date under the Existing Agreement shall continue until the expiration date applicable thereto, without being effected by this Agreement.

Section 2.2 Fees.

(a) Commitment Fee. In consideration of the Commitment, the Borrower agrees to pay to the Administrative Agent, for the ratable benefit of the Lenders, a commitment fee (the “Commitment Fee”) in an amount equal to the Commitment Fee Percentage per annum on the average daily unused portion of the Committed Amount beginning on the Closing Date. The Commitment Fee shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the prior calendar quarter.

(b) Agent Fees. On or prior to the Closing Date, the Borrower agrees to pay to the Administrative Agent the fees described in the Fee Letters. During the term of this Agreement, the Borrower agrees to pay to the Administrative Agent for its account, an agent’s fee in the amount of \$10,000 per annum payable (i) on the Closing Date if more than one Lender is a party hereto, (ii) if only one Lender is a party hereto as of the Closing Date, on the date that the first additional Lender receives an assignment of a portion of the Commitment, and (iii) on each anniversary of the date on which such agent’s fee is first paid, during the term hereof, so long as more than one Lender continues to hold a portion of the Commitment on such anniversary date.

(c) Finality of Fees. All fees hereunder are fully earned and payable when due and are non-refundable.

Section 2.3 Commitment Reductions.

(a) Voluntary Reduction. The Borrower shall have the right at any time and from time to time, upon at least five (5) Business Days prior written notice from the Borrower to the Administrative Agent, to permanently reduce the Committed Amount by an aggregate principal amount not less than \$1,000,000, plus any whole multiples of \$1,000,000 in excess thereof or any amount in excess thereof which would reduce the Committed Amount to the aggregate sum of the outstanding Loans.

(b) Commitment Reduction Repayment. Upon the giving of notice set forth in Section 2.3(a), which shall be irrevocable, each permanent reduction in the Committed Amount permitted pursuant to this Section 2.3 and any amounts due as a result thereof shall be due and payable on the date set forth therein.

(c) Maturity Date. The Commitment shall automatically terminate on the Maturity Date.

Section 2.4 Prepayments.

(a) Optional Prepayments. The Borrower shall have the right to prepay Loans in whole or in part from time to time; provided, however, that each partial prepayment of a Loan shall be in a minimum principal amount of \$1,000,000 and integral multiples of \$500,000 in excess thereof or, if less, the unpaid balance thereof. The Borrower shall give three (3) Business Days' irrevocable notice of prepayment to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable). Each prepayment pursuant to this Section 2.4(a) shall be applied to the outstanding Loans as the Borrower may elect; provided, however, each prepayment shall be applied in direct order of Interest Period maturities. All prepayments under this Section 2.4(a) shall be subject to Section 2.14, but otherwise without premium or penalty. Interest on the principal amount prepaid shall be payable on the next occurring Interest Payment Date that would have occurred had such Loan not been prepaid or, at the request of the Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a prepayment is made hereunder through the date of prepayment.

(b) Mandatory Prepayments. If at any time after the Closing Date, the aggregate sum of all the outstanding Loans shall exceed the Committed Amount, the Borrower shall immediately prepay the Loans in an amount sufficient to eliminate such excess (such prepayment to be applied to the Loans in direct order of Interest Period maturities).

Section 2.5 Default Rate and Payment Dates. Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at the Default Rate.

Section 2.6 Extension of an Interest Period. Any Loans may be continued or extended upon the expiration of an Interest Period with respect thereto by delivery by the Borrower of a Notice of Extension to the Administrative Agent not later than 11:00 a.m. on the third Business Day prior to the last day of the Interest Period applicable thereto. If the Borrower shall fail to deliver a Notice of Extension as contemplated by this Section 2.6, the Borrower shall be deemed to have delivered a Notice of Extension, including all certifications therein, requesting an Interest Period of one-month.

Section 2.7 Computation of Interest and Fees.

(a) Interest payable hereunder and all other fees and other amounts payable hereunder shall be calculated on the basis of a 360 day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a LIBOR Rate on the Business Day of the determination thereof.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the computations used by the Administrative Agent in determining any interest rate.

(c) It is the intent of the Lenders and the Credit Parties to conform to and contract in strict compliance with applicable usury law from time to time in effect. All agreements between the Lenders and the Credit Parties are hereby limited by the provisions of this paragraph which shall override and control all such agreements, whether now existing or hereafter arising and whether written or oral. In no way, nor in any event or contingency (including but not limited to prepayment or acceleration of the maturity of any Obligation), shall the interest taken, reserved, contracted for, charged, or received under this Agreement, under the Notes or otherwise, exceed the maximum nonusurious amount permissible under applicable law. If, from any possible construction of any of the Credit Documents or any other document, interest would otherwise be payable in excess of the maximum nonusurious amount, any such construction shall be subject to the provisions of this paragraph and such interest shall be automatically reduced to the maximum nonusurious amount permitted under applicable law, without the necessity of execution of any amendment or new document. If any Lender shall ever receive anything of value which is characterized as interest on the Loans under applicable law and which would, apart from this provision, be in excess of the maximum nonusurious amount, an amount equal to the amount which would have been excessive interest shall, without penalty, be applied to the reduction of the principal amount owing on the Loans and not to the payment of interest, or refunded to the Borrower or the other payor thereof if and to the extent such amount which would have been excessive exceeds such unpaid principal amount of the Loans. The right to demand payment of the Loans or any other Indebtedness evidenced by any of the Credit Documents does not include the right to receive any interest which has not otherwise accrued on the date of such demand, and the Lenders do not intend to charge or receive any unearned interest in the event of such demand. All interest paid or agreed to be paid to the Lenders with respect to the Loans shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term (including any renewal or extension) of the Loans so that the amount of interest on account of such indebtedness does not exceed the maximum nonusurious amount permitted by applicable law.

(d) For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day or 365-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360 or 365, as applicable. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

(e) Any provision of this Agreement that would oblige a Canadian Credit Party to pay any fine, penalty or rate of interest on any arrears of principal or interest secured by a mortgage on real property or hypothec on immovables that has the effect of increasing the charge on arrears beyond the rate of interest payable on principal money not in arrears shall not apply to such Canadian Credit Party, which shall be required to pay interest on money in arrears at the same rate of interest payable on principal money not in arrears.

(f) If any provision of this Agreement would oblige a Canadian Credit Party to make any payment of interest or other amount payable to any Secured Party in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Secured Party of

“interest” at a “criminal rate” (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by that Secured Party of “interest” at a “criminal rate”, such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows:

- (i) first, by reducing the amount or rate of interest; and
- (ii) thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

Section 2.8 Pro Rata Treatment and Payments.

(a) Pro Rata Treatment. Each borrowing of Loans and any reduction of the Commitments shall be made pro rata according to the respective Commitment Percentages of the Lenders. Each payment (other than prepayments) of principal or interest under this Agreement or any Note shall be applied pro rata, first, to any fees and expenses then due and owing by the Borrower hereunder, second, to interest then due and owing hereunder and under the Notes and, third, to principal then due and owing hereunder and under the Notes. Each payment on account of any fees and expenses hereunder shall be made pro rata in accordance with the respective amounts due and owing. Each optional prepayment of the Loans shall be applied in accordance with Section 2.4(a) and each mandatory prepayment of the Loans shall be applied in accordance with Section 2.4(b). Prepayments made pursuant to Section 2.11 shall be applied in accordance with such section. All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees shall be made without defense, set-off or counterclaim and shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent’s office specified on the Lenders’ Administrative Details Schedule in Dollars and in immediately available funds not later than 12:00 Noon on the date when due. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) Allocation of Payments After Event of Default. Notwithstanding any other provisions of this Agreement to the contrary, after the exercise of remedies by the Administrative Agent or the Lenders pursuant to Section 8.2 (or after the Commitments shall automatically terminate and the Loans (with accrued interest thereon) and all other amounts under the Credit Documents shall automatically become due and payable in accordance with the terms of such Section), all amounts collected or received by the Administrative Agent or any Lender on

account of the Obligations or any other amounts outstanding under any of the Credit Documents or in respect of the Collateral shall be paid over or delivered as follows:

FIRST, to the payment of all out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents and any protective advances made by the Administrative Agent with respect to the Collateral under or pursuant to the terms of the Security Documents;

SECOND, to payment of any fees owed to the Agents;

THIRD, to the payment of all out-of-pocket costs and expenses (including without limitation, reasonable attorneys' and consultants' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Obligations owing to such Lender;

FOURTH, to the payment of all of the Obligations consisting of interest and any accrued fees not paid under the foregoing;

FIFTH, to the payment of the outstanding principal amount of the Obligations and any breakage, termination or other payments due on the Obligations, and any interest accrued thereon together with all Obligations arising under any Hedging Agreement with a Lender (or an Affiliate of a Lender) or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender);

SIXTH, to all other Obligations and all other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whomever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category.

Section 2.9 Non-Receipt of Funds by the Administrative Agent.

(a) Unless the Administrative Agent shall have been notified in writing by a Lender prior to the date a Loan is to be made by such Lender (which notice shall be effective upon receipt) that such Lender does not intend to make the proceeds of such Loan available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such proceeds available to the Administrative Agent on such date, and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent, the Administrative Agent shall be able to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, in accordance with the terms hereof, the

Administrative Agent will promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent at a per annum rate equal to the applicable rate for the applicable borrowing pursuant to the Notice of Borrowing.

(b) Unless the Administrative Agent shall have been notified in writing by the Borrower, prior to the date on which any payment is due from it hereunder (which notice shall be effective upon receipt) that the Borrower does not intend to make such payment, the Administrative Agent may assume that the Borrower has made such payment when due, and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Lender on such payment date an amount equal to the portion of such assumed payment to which such Lender is entitled hereunder, and if the Borrower has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, repay to the Administrative Agent the amount made available to such Lender. If such amount is repaid to the Administrative Agent on a date after the date such amount was made available to such Lender, such Lender shall pay to the Administrative Agent on demand interest on such amount in respect of each day from the date such amount was made available by the Administrative Agent to such Lender to the date such amount is recovered by the Administrative Agent at a per annum rate equal to the LIBOR Rate.

(c) A certificate of the Administrative Agent submitted to the Borrower or any Lender with respect to any amount owing under this Section 2.9 shall be conclusive in the absence of manifest error.

Section 2.10 Inability to Determine Interest Rate; Base Rate Loans . Notwithstanding any other provision of this Agreement, if (i) the Administrative Agent shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that, by reason of circumstances affecting the relevant market, reasonable and adequate means do not exist for ascertaining LIBOR for such Interest Period, including that LIBOR quotations are unavailable or insufficient in number or (ii) the Required Lenders shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to such Lenders of funding Loans that the Borrower has requested during such Interest Period, the Administrative Agent shall forthwith give telephone notice of such determination, confirmed in writing, to the Borrower and the Lenders at least two Business Days prior to the first day of such Interest Period. Until any such notice has been withdrawn by the Administrative Agent, no further Loans shall be made as, continued as, or converted into, LIBOR Rate Loans for the Interest Periods so affected, and all Loans outstanding shall be converted into a Base Rate Loan (i) on the last day of the then-current Interest Period if the Lenders may lawfully continue to maintain the Loans as LIBOR Rate Loans to such day, or (ii) immediately if the Administrative Agent or any Lender shall determine that any Lender may not lawfully continue to maintain the Loans as LIBOR Rate Loans to such day. Furthermore, until any such notice has been withdrawn by the Administrative Agent, all Loans requested by the Borrower or advanced by any Lender hereunder shall be made and advanced as a Base Rate Loan, to which all other terms and conditions of this Agreement shall apply.

Section 2.11 Illegality . Notwithstanding any other provision of this Agreement, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof by the relevant Governmental Authority to any Lender shall make it unlawful for such Lender or its LIBOR Lending Office to make or maintain LIBOR Rate Loans as contemplated by this Agreement or to obtain in the interbank eurodollar market through its LIBOR Lending Office the funds with which to make such Loans, (a) such Lender shall promptly notify the Administrative Agent and the Borrower thereof, and (b) the commitment of such Lender hereunder to make LIBOR Rate Loans or continue LIBOR Rate Loans as such shall forthwith be suspended until the Administrative Agent shall give notice that the condition or situation which gave rise to the suspension shall no longer exist. The Borrower hereby agrees to promptly pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender in making any repayment in accordance with this Section including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

Section 2.12 Requirements of Law.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject such Lender to any tax of any kind whatsoever with respect to any LIBOR Rate Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for tax on the overall net income of such Lender or franchise taxes imposed on it in lieu of net income taxes and changes in the rate of such taxes);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on such Lender any other condition not otherwise expressly excluded above;

and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining LIBOR Rate Loans or to reduce any amount receivable hereunder or under any Note or Loan, then, in any such case, the Borrower shall promptly pay such Lender, within fifteen (15)

days after its demand, any additional amounts necessary to compensate such Lender for such additional cost or reduced amount receivable which such Lender reasonably deems to be material as determined by such Lender with respect to its LIBOR Rate Loans. A certificate as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this paragraph of this Section; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or other disadvantages deemed by such Lender to be material.

(b) If any Lender shall have reasonably determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand by such Lender, the Borrower shall pay to such Lender such additional amount as shall be certified by such Lender as being required to compensate it for such reduction. Such a certificate as to any additional amounts payable under this Section submitted by a Lender (which certificate shall include a description of the basis for the computation), through the Administrative Agent, to the Borrower shall be conclusive absent manifest error.

(c) The agreements in this Section 2.12 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.13 Judgment Currency Conversion . If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Credit Document, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due under this Agreement or under any other Credit Document in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which the Administrative Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Administrative Agent of the amount due, the Borrower will, on the date of receipt by the Administrative Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Administrative Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Administrative Agent is the amount then due under this Agreement or such other Credit

Document in the Currency Due. If the amount of the Currency Due which the Administrative Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Administrative Agent and the Lenders harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Credit Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Administrative Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Credit Document or under any judgment or order.

Section 2.14 Indemnity . The Borrower hereby agrees to indemnify each Lender and to hold such Lender harmless from any liabilities, claims, costs, charges, funding loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment of the principal amount of or interest on any Loan by such Lender in accordance with the terms hereof, (b) default by the Borrower in accepting a borrowing after the Borrower have given a notice in accordance with the terms hereof, (c) default by the Borrower in making any prepayment after the Borrower have given a notice in accordance with the terms hereof, and/or (d) any payment or prepayment of a Loan, or the extension thereof, on a day which is not the last day of the Interest Period with respect thereto, in each case including, but not limited to, any such loss, expense, cost or liability arising from interest, fees, costs or charges payable by such Lender to lenders of funds obtained by it in order to maintain its Loans hereunder. A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. The agreements in this Section shall survive termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.15 Taxes.

(a) All payments made by the Borrower hereunder or under any Note shall be made free and clear of, and without deduction or withholding for, any present or future Taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding any Tax imposed on or measured by the net income or profits of a Lender or franchise taxes imposed on it in lieu of net income taxes, in each case pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or applicable lending office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto. If any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The Borrower will furnish to the Administrative Agent as soon as practicable after the date the payment of any Taxes is due pursuant to applicable law certified copies (to the extent reasonably available and required by law) of tax receipts evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this Section; provided, however, that such efforts shall not cause the imposition on such Lender of any additional costs or other disadvantages deemed by such Lender in its sole discretion to be material.

(c) If the Borrower pays any additional amount pursuant to this Section 2.16 with respect to a Lender, such Lender shall use reasonable efforts to obtain a refund of tax or credit against its tax liabilities on account of such payment; provided that such Lender shall have no obligation to use such reasonable efforts if either (i) it is in an excess foreign tax credit position or (ii) it believes in good faith, in its sole discretion, that claiming a refund or credit would cause adverse tax consequences to it. In the event that such Lender receives such a refund or credit, such Lender shall pay to the Borrower an amount that such Lender reasonably determines is equal to the net tax benefit obtained by such Lender as a result of such payment by the Borrower. In the event that no refund or credit is obtained with respect to the Borrower's payments to such Lender pursuant to this Section 2.16, then such Lender shall upon request provide a certification that such Lender has not received a refund or credit for such payments. Nothing contained in this Section 2.16(c) shall require a Lender to disclose or detail the basis of its calculation of the amount of any tax benefit or any other amount or the basis of its determination referred to in the proviso to the first sentence of this Section 2.16(c) to the Borrower or any other party.

(d) Each Lender that is not a "United States person" (as such term is defined in Section 7701(a)(30) of the Code) (a "Foreign Lender") shall submit to Borrower and Administrative Agent on or before the date such financial institution becomes a party hereto, two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to an exemption from, or reduction of, withholding tax on all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement) or such other evidence satisfactory to Borrower and Administrative Agent that such Foreign Lender is entitled to an exemption from, or reduction of, United States withholding tax. Thereafter and from time to time, each such Foreign Lender shall: (i) promptly submit to Administrative Agent such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to Borrower and Administrative Agent of any available exemption from or reduction of, United States withholding taxes in respect of all payments to be made to such Foreign Lender by Borrower pursuant to this Agreement; (ii) promptly notify Administrative Agent of any change in circumstances that would modify or render invalid any claimed exemption or reduction; and (iii) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Foreign Lender, and as may be reasonably necessary (including the re-designation of its lending office) to avoid any requirement of applicable laws that Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender. If any Foreign Lender fails to deliver the forms or other documentation referred to in this subsection, then the Borrower shall not be required to pay any additional amount to such Foreign Lender under Section 2.16(a) with respect to any withholding tax imposed by Sections 1441 and 1442 of the Code; provided that if such Foreign Lender shall have satisfied the requirement of this Section 2.16(d) on the date such

Foreign Lender became a Lender, nothing in this Section 2.16(d) shall relieve the Borrower of their obligations to pay any amounts pursuant to Section 2.16(a) in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Foreign Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Foreign Lender or is not subject to withholding.

(e) The agreements in this Section 2.16 shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

ARTICLE III REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Agreement and to make the Loans herein provided for, the Credit Parties hereby represent and warrant to the Administrative Agent and to each Lender that:

Section 3.1 Corporate Existence; Compliance with Law . Each of the Credit Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite corporate power, authority and right to acquire, lease, own and operate, as applicable, all its property and to conduct the business in which it is currently engaged, (c) is duly qualified to conduct business and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to so qualify or be in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.2 Corporate Power; Authorization; Enforceable Obligations . Each of the Credit Parties has full corporate power, authority and right to execute, deliver and perform the Credit Documents to which it is party and has taken all necessary limited liability company or corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery or performance of any Credit Document by the Credit Parties (other than those which have been obtained) or with the validity or enforceability of any Credit Document against the Credit Parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents). Each Credit Document to which it is a party has been duly executed and delivered on behalf of each of the Credit Parties. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of each of the Credit Parties, enforceable against such Credit Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

Section 3.3 Financial Condition; No Material Adverse Effect.

(a) The audited Consolidated financial statements of the Borrower for the twelve-month period ending June 30, 2010, and the related Consolidated statements of income and of cash flows for the fiscal year ended on such date, all of which have been furnished to the Administrative Agent, have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and fairly present the financial condition of the Borrower and its Subsidiaries as of the date or dates thereof and results of operations for the periods covered thereby. Such financial statements and the notes thereto disclose all material liabilities, direct or contingent, of the Borrower and its Subsidiaries that are required to be disclosed under GAAP.

(b) Subsequent to the respective dates as of which information is given in such financial statements, there has been no change or event that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

Section 3.4 Compliance with Laws; No Conflict; No Default.

(a) The execution, delivery and performance by each Credit Party of the Credit Documents to which such Credit Party is a party, in accordance with their respective terms, the borrowings hereunder and the transactions contemplated hereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) violate any Requirement of Law applicable to such Credit Party, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, articles of organization, operating agreement or other organizational documents of such Credit Party or any material indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval of such Person, except to the extent that such conflict, breach or default with respect to any such indenture, agreement or instrument could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under the Credit Documents.

(b) Each Credit Party (i) has all Governmental Approvals required by law for it to conduct its business in all material respects, and (ii) is in compliance with each Governmental Approval applicable to it and in compliance with all other Requirements of Law relating to it or any of its respective properties, in each case except to the extent the failure to obtain such Governmental Approval or failure to comply with such Governmental Approval or Requirement of Law could not reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 3.4(b) and except for matters that do not have or would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Credit Parties, the Project Managers of each of the Projects have obtained all material Governmental Approvals required to operate such Projects as currently being operated in accordance with the then-effective mine plan therefore and are operating such Projects in material compliance therewith.

(c) Except as set forth in Schedule 3.4(c) hereto, (i) each Credit Party has complied in all material respects with all Requirements of Law, (ii) to the knowledge of each Credit Party, each Project is in compliance with all Requirements of Law relating to the operation of such

Project, in each case except to the extent that the failure to obtain a Governmental Approval or the failure to comply with such Governmental Approval or Requirement of Law has not had, and would not reasonably be expected to have, a Material Adverse Effect, and (iii) to the knowledge of each Credit Party, no investigation is currently being conducted by any local, state or federal agency with respect to enforcement of Requirements of Law that would reasonably be expected to have a Material Adverse Effect. Except as disclosed in Schedule 3.4(c), no Credit Party has knowledge of any existing violation of Requirements of Law or notices thereof issued by any Governmental Authority, with respect to a Credit Party or a Project, that has had or would reasonably be expected to have a Material Adverse Effect.

(d) None of the Credit Parties is in default under or with respect to any of its Material Contracts, or any judgment, order or decree to which it is a party, in any respect that has had or could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

Section 3.5 No Material Litigation . Except as set forth in Schedule 3.5 hereto, no Credit Party is a party to any action, suit or proceeding at law or in equity, by or before any Governmental Authority (or, to the knowledge of any Credit Party, threatened in writing) against or affecting any Credit Party, any Royalty Interest, or any Project that has had, or would reasonably be expected to have a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document. Except as set forth in Schedule 3.5, to the knowledge of each Credit Party, there is no action, suit or proceeding at law or in equity, by or before any Governmental Authority now pending or threatened against or, with direct and specific application, affecting, any Credit Party, the Royalty Interests or any Project, which has had, or would reasonably be expected to have, a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document, and no judgments are outstanding which could reasonably be expected to have a Material Adverse Effect.

Section 3.6 Employee Benefit Plans and Canadian Pension Plans.

(a) Employee Benefit Plans . Each Employee Benefit Plan established or maintained by the Borrower or any other Credit Party complies, and has been maintained and administered, in all material respects in accordance with applicable Requirements of Law. Each Employee Benefit Plan is fully funded on a going concern basis in accordance with its terms and applicable Requirements of Law, and the present value of all accrued benefits under any such plans do not exceed the value of the assets of such plans allocable to such accrued benefits by an amount that could reasonably be expected to have a Material Adverse Effect. No material liability exists with respect to any Employee Benefit Plan that has been terminated.

(b) Canadian Pension Plans . Each of the Canadian Pension Plans (if any) is duly registered under the Canadian Income Tax Act and any other applicable Laws which require registration, has been administered in accordance with the Canadian Income Tax Act and such other applicable Laws and no event has occurred which could reasonably be expected to cause the loss of such registered status, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. All material obligations of each of the Credit Parties (including fiduciary, funding, investment and administration obligations)

required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. There are no outstanding disputes concerning the assets of the Canadian Pension Plans. No promises of benefit improvements under the Canadian Pension Plans have been made except where such improvement could not reasonably be expected to have a Material Adverse Effect. All contributions or premiums required to be made or paid by each of the Credit Parties to the Canadian Pension Plans have been made on a timely basis in accordance with the terms of such plans and all applicable Laws. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans. None of the Canadian Pension Plans contain or have ever contained a “defined benefit provision”, as that term is defined in subsection 147.1(1) of the Canadian Income Tax Act. Each of the Canadian Pension Plans is fully funded on a solvency basis and going concern basis (using actuarial methods and assumptions which are consistent with the valuations last filed with the applicable Governmental Authorities and which are consistent with GAAP).

Section 3.7 Environmental Matters.

(a) To the knowledge of the Credit Parties, the Projects are owned, leased, developed, operated or otherwise utilized in compliance with all applicable Environmental Laws and Governmental Approvals, in each case except to the extent that the failure to comply with such Environmental Laws or Governmental Approvals has not had, and would not reasonably be expected to have, a Material Adverse Effect.

(b) No Credit Party has received any written or actual notice of violation, alleged violation, non-compliance, notice of investigation, liability or potential liability regarding Materials of Environmental Concern, compliance with Environmental Laws or other environmental matters with regard to any of the Projects, in each case, except as those that have not had, and would not reasonably be expected to have, a Material Adverse Effect, nor does any Credit Party have knowledge that any such notice will be received or is being threatened.

(c) No judicial proceeding or governmental or administrative action under any Environmental Law is pending or, to the knowledge of any Credit Party threatened, against any Credit Party, or to the knowledge of any Credit Party is pending against any Project that has had, or would reasonably be expected to have, a Material Adverse Effect. To the knowledge of the Credit Parties, there are no consent decrees or other clean-up orders, mitigation orders, compliance orders, remediation orders, decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to any Project that have had, or would reasonably be expected to have, a Material Adverse Effect.

Section 3.8 Purpose of Loans . The proceeds of the Loans shall be used by the Borrower to pay any fees and expenses in connection with this Agreement and to provide for the working capital and general corporate requirements of the Borrower and its Subsidiaries.

Section 3.9 Subsidiaries . Set forth on Schedule 3.9 is a complete and accurate list of all Subsidiaries of the Credit Parties as of the Closing Date. Information on the attached

Schedule includes jurisdiction of incorporation or organization; the number of authorized shares of each class of Capital Stock or other equity interests; the number of outstanding shares of each class of Capital Stock or other equity interests, the owner thereof and the percentage of such ownership; and the number and effect, of all outstanding options, warrants, rights of conversion or purchase and similar rights. The outstanding Capital Stock and other equity interests of all such Subsidiaries is validly issued, fully paid and non-assessable and is owned free and clear of all Liens (other than Permitted Liens).

Section 3.10 Ownership; Insurance.

(a) Each of the Credit Parties has good, legal and valid title to (or in the case of any leased premises, easement properties or licensed property, valid leasehold, easement or license interests, which are in full force and effect, in) its real property and good title to, or a valid leasehold interest in, its personal property.

(b) Each of the Credit Parties has and maintains in full force and effect adequate insurance in accordance with Section 6.10 hereof and which insurance is described in full as of the Closing Date on Schedule 6.10.

Section 3.11 Title to Royalty Interests; Liens . Schedule 1.1(a) sets forth, as of the Closing Date, a complete and accurate listing and description of each Collateral Royalty, including the Project and the Royalty Interest associated therewith. Schedule 1.1(d) sets forth, as of the Closing Date, a complete and accurate listing of each of the Royalty Interests, other than the Collateral Royalties. Each Credit Party has good and marketable title to the Collateral Royalties owned by it, free and clear of any claims or rights of title and free and clear of all Liens except for Permitted Liens; and each Credit Party has good title to the Royalty Interests (other than the Collateral Royalties) owned by it, free and clear of any claims or rights of title and free and clear of all Liens except for Permitted Liens.

Section 3.12 Royalty Agreements . Schedule 1.1(a) sets forth a complete and accurate list of all Royalty Agreements of each Credit Party relating to a Collateral Royalty and in effect as of the Closing Date. Each Royalty Agreement relating to a Collateral Royalty is (i) a legal, valid and binding obligation of the Credit Party that is a party thereto, and to each Credit Party's knowledge, each other party thereto, and (ii) other than as set forth in Schedule 3.12, each such Royalty Agreement is, and after giving effect to the transactions contemplated by the Credit Documents will be, in full force and effect in accordance with the terms thereof. To the extent requested by the Administrative Agent, the Borrower has delivered or made available to the Administrative Agent a true and complete copy of each Royalty Agreement listed on Schedule 1.1(a). No Credit Party is in breach of or in default under any Royalty Agreement for a Collateral Royalty. As of the Closing Date and since the date thereof, other than as set forth on Schedule 3.12, no Credit Party has made any unresolved allegation that any counterparty to a Material Contract has breached or defaulted under any such agreement in a material respect, except for allegations of breach or default that a Credit Party has diligently pursued and resolved within thirty (30) days of obtaining knowledge thereof and which has not had, and would not reasonably be likely to have, a Material Adverse Effect during such period of time. To the knowledge of each Credit Party, other than as set forth on Schedule 3.12, no counterparty to any Material Contract is in material breach of or in material default of any such Material Contract,

except for allegations of breach or default that a Credit Party is diligently pursuing and will resolve within thirty (30) days of obtaining knowledge thereof and which breach or default has not had, and would not reasonably be likely to have, a Material Adverse Effect.

Section 3.13 Indebtedness . Except as otherwise permitted under Section 7.1, the Credit Parties and their Subsidiaries have no Indebtedness.

Section 3.14 Taxes . Each of the Credit Parties and their Subsidiaries has filed, or caused to be filed, all Tax returns (federal, provincial, state, local, foreign or otherwise) required to be filed and has paid (a) all amounts of Taxes shown thereon to be due (including interest and penalties) and (b) all other Taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except, in each case, for such Taxes (i) which are not yet delinquent, (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP, or (iii) that arise and become due in jurisdictions outside of the United States, Canada or Mexico and which are not material either individually or in the aggregate. Each Credit Party has established reserves which are reasonably believed by the officers and representatives of such Credit Party to be adequate for the payment of such taxes. None of the Credit Parties is aware of any proposed Taxes or Tax assessments against it or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 3.15 No Burdensome Restrictions . None of the Credit Parties or any of its Subsidiaries is a party to any agreement or Instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable Requirement of Law which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

Section 3.16 Limitations on Incurrence of Indebtedness . No Credit Party is subject to any Requirement of Law limiting its ability to borrow money or to incur or perform the Obligations or to grant Liens with respect to the Collateral as set forth in the Security Documents.

Section 3.17 Accuracy and Completeness of Information . No factual information heretofore, contemporaneously or hereafter furnished by or on behalf of any Credit Party or any of its Subsidiaries to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any other Credit Document contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances when made, not materially misleading; provided, however, that projections contained therein are not to be viewed as factual and that actual results during the periods covered thereby may differ from the results set forth in such projections by a material amount. There is no fact now known to any Credit Party or any of its Subsidiaries which has, or could reasonably be expected to have, a Material Adverse Effect.

Section 3.18 Events of Default . No event has occurred and is continuing, or would result from the incurring of the Obligations by the Borrower under this Agreement, that, individually or in the aggregate, constitute, or could be reasonably expected to constitute, a Default or Event of Default.

Section 3.19 Material Contracts . Except as set forth in Schedule 3.19 hereto, no Credit Party is a party to any material agreement or Instrument or subject to any charter or other corporate restriction that has had or could reasonably be expected to have a Material Adverse Effect. Each Material Contract of the Credit Parties is, and after giving effect to the transactions contemplated by the Credit Documents will be, in full force and effect in accordance with the terms thereof and no Borrower or Subsidiary thereof has violated in any respect any such Material Contract, the effect of which has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE IV COLLATERAL SECURITY

Section 4.1 Security Documents . As security for the prompt, complete and irrevocable payment and performance of the Obligations, each of the Credit Parties shall, contemporaneously with the execution of this Agreement, confirm, ratify and continue, or grant, execute and deliver, the Security Documents, other than the Quebec Security Documents. The Security Documents create (or in the case of the Quebec Security Documents, upon their delivery will create) valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens are, or upon the filing of the appropriate perfection or other administrative action or notices to third parties necessary to perfect such security interests and Liens will be, perfected security interests and Liens, prior to all other Liens, other than Permitted Liens.

Section 4.2 No Limitation on Application of Security Interest . The Credit Parties agree that notwithstanding any provision of any other Credit Document to the contrary, the Liens created pursuant to the Security Documents shall secure all Obligations. The payment and performance of all Obligations are unconditionally and irrevocably guaranteed by the Guarantors.

Section 4.3 Maintenance of Security Over Collateral Royalties . The Credit Parties shall at all times grant and maintain Mortgages or other Security Documents satisfactory to the Required Lenders in their sole discretion over and with respect to the Collateral Royalties (the “Collateral Requirement”).

Section 4.4 Perfection and Maintenance of Liens . Each Credit Party hereby authorizes the Administrative Agent and the other Lenders to file such UCC financing statements, PPSA financing statements and other agreements, documents, registrations, filings or Instruments with such Governmental Authorities in such jurisdictions as it determines to be desirable and to take such other actions as the Administrative Agent or any Lender determine to be necessary or desirable to legalize, authenticate, protect, perfect and maintain the perfection of first priority Liens in the Collateral identified in the Security Documents (subject to the terms of the Intercreditor Agreement). The Credit Parties agree to cooperate with the Administrative Agent and the other Lenders in delivering all share certificates and other certificates of Capital Stock pledged pursuant to Pledge Agreement and in undertaking and completing all recordings, filings, registrations and other actions required in connection with the Security Documents, and each Credit Party further agrees to promptly take all such other actions as the Administrative

Agent may reasonably determine to be necessary or appropriate to confirm, perfect, maintain and protect the perfection of the Liens granted by the Security Documents.

ARTICLE V CONDITIONS PRECEDENT

Section 5.1 Conditions to Closing . This Agreement shall become effective upon the satisfaction of the following conditions precedent:

(a) Execution of Credit Documents . The Administrative Agent shall have received (i) counterparts of this Agreement, (ii) a Note for the account of each Lender, (iii) counterparts to each Security Document, (other than the Quebec Security Documents, which shall be delivered to the Administrative Agent as set forth in Section 6.9) and (iv) counterparts to each other Credit Document, in each case conforming to the requirements of this Agreement and executed by a duly authorized officer of each party thereto, and in each case in form and substance reasonably satisfactory to the Lenders.

(b) Authority Documents . The Administrative Agent shall have received a certificate from the secretary of each Credit Party substantially in the form of Exhibit G attached hereto, together with certified copies of each of the following attachments:

(i) Articles of Incorporation/Charter Documents . Copies of the articles of incorporation or other charter documents, as applicable, of such Credit Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the jurisdiction of its incorporation;

(ii) Bylaws/Operating Agreement . A copy of the bylaws or comparable operating agreement of such Credit Party;

(iii) Resolutions . Copies of resolutions of the board of directors of such Credit Party approving and adopting the Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof;

(iv) Good Standing . Copies of certificates of good standing, existence or its equivalent with respect to such Credit Party certified as of a recent date by the appropriate Governmental Authorities of the state of incorporation or organization and each other state in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect on the business or operations of such Credit Party; and

(v) Incumbency . Incumbency signatures of appropriate officers of such Credit Party, including each officer executing a Credit Document.

(c) Legal Opinions of Counsel . The Administrative Agent shall have received opinions of legal counsel (including local counsel to the extent required by the Administrative Agent) for the Credit Parties, dated the Closing Date and addressed to the Administrative Agent and the Lenders in form and substance reasonably acceptable to the Required Lenders.

- (d) Collateral. The Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent:
- (i) searches of all Lien filings, registrations and records deemed necessary by the Administrative Agent, and copies of any documents, filings and Instruments on file in such jurisdictions;
 - (ii) all financing statements, registrations, filings or other Instruments for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect, or maintain the perfection of, the Administrative Agent's security interest in the Collateral (other than with respect to the Quebec Security Documents, which shall be delivered to the Administrative Agent in accordance with Section 6.9);
 - (iii) all stock or membership certificates evidencing the Capital Stock pledged to the Administrative Agent pursuant to the Pledge Agreements, together with duly executed in blank, undated stock or transfer powers attached thereto; and
 - (iv) such other duly executed agreements, consents, notices or Instruments as are necessary, in the Administrative Agent's sole discretion, to formalize, legalize, protect and perfect the Administrative Agent's security interest in the Collateral.
- (e) Liability, Casualty and Business Interruption Insurance. The Administrative Agent shall have received copies of insurance policies or certificates of insurance evidencing liability, casualty and business interruption insurance meeting the requirements set forth herein or in the Security Documents.
- (f) Fees. The Agents and the Lenders shall have received all fees, if any, owing pursuant to the Fee Letters and Section 2.2.
- (g) Consents. The Administrative Agent shall have received evidence that all material governmental, shareholder, board of director and third party consents and approvals necessary in connection with the financings and other transactions contemplated hereby have been obtained.
- (h) Material Adverse Effect. No material adverse change shall have occurred since June 30, 2010 in the business, properties, operations or financial condition of the Credit Parties and their Subsidiaries taken as a whole.
- (i) Officer's Certificates. The Administrative Agent shall have received a certificate executed by a Responsible Officer of each of the Credit Parties as of the Closing Date, substantially in the form of Exhibit I hereto stating that (i) except as set forth on Schedule 3.5, there is no pending or, to the knowledge of any Credit Party threatened, litigation, investigation, bankruptcy or insolvency, injunction, order or claim affecting or relating to any Credit Party or any of its Subsidiaries, or any Royalty Interest or Project, which has had, or would reasonably be expected to have, a Material Adverse Effect, or which would reasonably be expected to affect the legality, validity or enforceability of this Agreement or the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date and (ii) immediately after giving effect to this Agreement (including the initial Loans hereunder), the

other Credit Documents and all the transactions contemplated therein to occur on such date, (A) no Default or Event of Default exists, (B) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects, and (C) the Credit Parties are in compliance with each of the financial covenants set forth in Section 6.16.

(j) Term Loan Agreement. The Administrative Agent shall have received counterparts of the Term Loan Agreement executed by a duly authorized officer of each party thereto, and in each case in form and substance reasonably satisfactory to the Administrative Agent and all other agreements, documents, certificates and Instruments to be delivered by any party thereto in connection with therewith.

(k) Additional Matters. Such other approvals, opinions, documents or Instruments as the Administrative Agent may reasonably request, and all documents and legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

Section 5.2 Conditions to All Loans. The obligation of each Lender to make any Loan hereunder, including the initial Loan, is subject to the satisfaction of the following conditions precedent on the date of making such Loan:

(a) Representations and Warranties. The representations and warranties made by the Credit Parties herein, in the Security Documents or which are contained in any certificate furnished at any time under or in connection herewith shall be true and correct on and as of the date of such Loan as if made on and as of such date, except for representations and warranties expressly stated to relate to a specific earlier date.

(b) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to such Loan.

(c) Compliance with Commitments. Immediately after giving effect to the making of any such Loan (and the application of the proceeds thereof), the aggregate sum of all outstanding Loans shall not exceed the Committed Amount.

(d) Litigation. Except for litigation disclosed on Schedule 3.5, there shall not exist any litigation, investigation, bankruptcy or insolvency, injunction, order or claim affecting or relating to any Credit Party or any of its Subsidiaries, or any Royalty Interest or Project, which has had, or would reasonably be expected to have, a Material Adverse Effect, or which would reasonably be expected to affect the legality, validity or enforceability of this Agreement and the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated.

(e) Additional Conditions to Loans. All conditions set forth in Section 2.1, including delivery of an executed Notice of Borrowing, shall have been satisfied, and all of the conditions set forth in Section 5.1 shall have been, and shall remain, satisfied, and the Borrower shall have certified the satisfaction of all such conditions precedent by its delivery of a Notice of Borrowing.

(f) Compliance Certificate. The Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower demonstrating compliance with the

financial covenants contained in Section 6.16 by calculation thereof as of the end of the most recently completed fiscal quarter.

(g) Evidence of Mortgage Filings. The Administrative Agent shall have received copies of each Mortgage as filed with the appropriate county recording office, together with a supplemental legal opinion from legal counsel to the Credit Parties, in form and content reasonably acceptable to the Required Lenders, confirming the perfection in favor of the Administrative Agent of enforceable first priority Liens on the Collateral Royalties and on the other property rights and interests of each Credit Party that are subject to the Security Documents, substantially in the form of the security legal opinions delivered to the Administrative Agent in connection with the Existing Agreement.

Each request for a Loan shall be deemed to constitute representations and warranties by the Borrower as of the date of such Loan that the applicable conditions in paragraphs (a) through (g) of this Section have been, and remain, satisfied.

ARTICLE VI AFFIRMATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Closing Date, and thereafter for so long as this Agreement is in effect and until the Commitments have terminated, no Note remains outstanding and unpaid and all the Obligations owing to the Administrative Agent or any Lender hereunder, are irrevocably paid in full, the Credit Parties shall, and shall cause each of their Subsidiaries to:

Section 6.1 Financial Statements and Information . Furnish to the Administrative Agent:

(a) Annual Financial Statements. As soon as available, but in any event within ninety (90) days after the end of each fiscal year, a copy of the consolidated balance sheet of Royal Gold and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of income and retained earnings and of cash flows of Royal Gold and its consolidated Subsidiaries for such year which shall be audited by a firm of independent certified public accountants of recognized standing reasonably acceptable to the Administrative Agent, setting forth in each case in comparative form the figures for the previous year, reported on without a “going concern” or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) Quarterly Financial Statements. As soon as available and in any event within sixty (60) days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the consolidated balance sheet of Royal Gold and its consolidated Subsidiaries as at the end of such period and related consolidated statements of income and retained earnings and of cash flows for Royal Gold and its consolidated Subsidiaries for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments);

(c) Financial Statement Standards. All financial statements shall be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments and the lack of footnotes) and prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in the application of accounting principles as provided in Section 1.4;

(d) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 6.1(a) and 6.1(b) above, a certificate of a Responsible Officer of the Borrower substantially in the form of Exhibit J, (i) demonstrating compliance with the financial covenants contained in Section 6.16 by calculation thereof as of the end of each such fiscal period, and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Credit Parties propose to take with respect thereto; and

(e) Other Information. Each Credit Party shall deliver to the Administrative Agent such other information (in form reasonably acceptable to the Administrative Agent) regarding the conditions or operations, financial or otherwise, of each Credit Party, the Royalty Interests, the Projects, the Project Properties or any other properties or activities of a Credit Party as the Administrative Agent may reasonably request from time to time to the extent such information is in the possession or control of a Credit Party and not subject to confidentiality restrictions that prevent the Borrower's disclosure thereof.

Section 6.2 Notices. Promptly provide written notice to the Administrative Agent (which shall promptly transmit such notice to each Lender) of:

(a) the occurrence of any Default or Event of Default, which notice shall be provided in any event within two (2) Business Days after any Credit Party knows or has reason to know thereof;

(b) the occurrence of any default or event of default known to a Credit Party under any Material Contract of any Credit Party or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of \$2,000,000;

(c) any litigation, lawsuit, action, claim or dispute, or any investigation or proceeding known to any Credit Party, (i) affecting any Credit Party or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or involve a monetary claim in excess of \$2,000,000, (ii) affecting or with respect to this Agreement or any other Credit Document or (iii) involving an environmental claim or potential liability of any Credit Party or any of its Subsidiaries under Environmental Laws in excess of \$2,000,000;

(d) any loss or damage to the Collateral in excess of \$1,000,000, exclusive of diminution in value caused solely by changes in the price of any Metal from time to time;

- (e) the consummation by any Credit Party of any purchase or acquisition transaction involving a Royalty Interest with a value in excess of \$10,000,000, whether a new Royalty Interest or an addition to or increase in an existing Royalty Interest;
- (f) any acquisition of an additional interest in a Project that is subject to a Collateral Royalty;
- (g) every notice, and the contents thereof, received by a Borrower in relation to any renewal of any rights with respect to, or having a material adverse effect upon any Collateral Royalty or associated Project, including notices pertaining to the loss of or a failure to obtain or a failure to be able to renew such interest in a material part of such Project, together with a copy of such notice if in writing;
- (h) every default or other adverse claim or demand made by any Person which would, if successful, constitute a Material Adverse Effect;
- (i) every press release issued by a Credit Party together with a copy of such press release, and any other occurrence, matter, event or thing (other than changes in the price of Gold or other Metals) constituting a Material Adverse Effect, together with a reasonably detailed explanation of such other occurrence, matter, event or thing;
- (j) each material memorandum, letter or report received by a Credit Party from any Project Manager concerning any Collateral Royalty or associated Project, including (to the extent received by a Borrower and not subject to confidentiality restrictions that prevent such Credit Party from disclosure thereof) the annual strategic business plan and all reserve, mine plan and/or operating reports received by a Credit Party with respect to a Project that is subject to a Collateral Royalty, together with a copy of such plans and reports;
- (k) any notice of any material violation of or material noncompliance by any Credit Party or any Subsidiary thereof with any Requirement of Law received by any Credit Party from any Governmental Authority;
- (l) any amendment or waiver of, or any notice of default or event of default with respect to, the Term Loan Agreement;
- (m) promptly after a Responsible Officer of a Credit Party obtains knowledge thereof, any attachment, judgment, Lien, levy or order exceeding \$2,000,000 that is, or is reasonably likely to be, assessed against any Credit Party other than Permitted Liens; and
- (n) promptly after a Responsible Officer of a Credit Party obtains knowledge thereof, any other development, occurrence or event (other than changes in the price of Gold or other Metals) which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Credit Parties propose to take with respect thereto, if any. In the case of any notice of a Default or Event of Default, the Borrower shall specify that such notice is a Default or Event of Default notice on the face thereof. For so long as the Administrative Agent and the “Administrative

Agent” (as defined in the Term Loan Agreement) shall be the same financial institution or servicer, a notice under this Section 6.2 shall constitute notice under Section 6.2 of the Term Loan Agreement and a notice under Section 6.2 of the Term Loan Agreement shall constitute notice under this Section 6.2.

Section 6.3 Payment of Taxes and Other Obligations . Each Credit Party and its Subsidiaries shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its Taxes in the United States, Canada and Mexico, all its material Taxes in all jurisdictions other than the United States, Canada and Mexico, and all other material obligations and liabilities of whatever nature which, in each of the foregoing cases, if unpaid, could become a Lien upon the Collateral, and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such Taxes, obligations and liabilities. Each Credit Party shall have the right, however, to contest in good faith the validity or amount of any such Taxes by proper proceedings timely instituted, and may permit the Taxes so contested to remain unpaid during the period of such contest if: (a) it diligently prosecutes such contest, (b) it sets aside on its books adequate reserves in conformity with GAAP with respect to the contested items, (c) during the period of such contest, the enforcement of any contested item is effectively stayed, (d) such contest does not involve any material risk of the sale, forfeiture or loss of any part of the Collateral and provided such non-payment is permitted by the appropriate taxing legislation. Each Credit Party shall promptly pay or cause to be paid any valid final judgment enforcing any such taxes and cause the same to be satisfied of record.

Section 6.4 Payment of Indebtedness . Except as would not constitute a Default or an Event of Default pursuant to Section 8.1 (d), each Credit Party shall pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all of its Indebtedness and other material obligations of whatever nature, except for any Indebtedness or other material obligations which are being contested in good faith and by appropriate proceedings if (a) reserves in conformity with GAAP with respect thereto are maintained on its books, and (b) such contest does not involve any material risk of the sale, forfeiture or loss of any part of the Collateral.

Section 6.5 Conduct of Business and Maintenance of Existence . Each Credit Party shall continue to engage in business of the same general type as conducted by it on the Closing Date; preserve, renew and keep in full force and effect its existence and good standing in its jurisdiction of organization and each other jurisdiction where the failure to so qualify could not reasonably be expected to have a Material Adverse Effect; take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Material Contracts except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.6 Maintenance of Royalty Interests and Defend Title . Each Credit Party shall, at its own cost and expense, maintain, warrant and defend the title to the Collateral Royalties and the other Collateral against the claims and demands of all Persons whomsoever, except as permitted in writing by the Administrative Agent and except for matters disclosed in the Title Opinion and not objected to by the Administrative Agent.

Section 6.7 Maintenance of Liens . Each Credit Party shall take all action required or desirable to maintain and preserve the Liens of the Administrative Agent on the Collateral and, to the extent required under each Security Document, the first priority thereof. Each Credit Party, at no cost to the Administrative Agent or any Lender, shall from time to time execute, deliver, file and record, and each Credit Party authorizes the Administrative Agent to file and record, any and all further Instruments (including financing statements, continuation statements and similar statements with respect to any of the Security Documents) reasonably requested by the Administrative Agent for such purposes, including such as may be necessary to include within the Collateral (a) any additional real property interests or other increase in the Collateral Royalties and (b) any other or additional Royalty Interests included or added as a Collateral Royalty.

Section 6.8 Maintenance and Perfection of Pledged Assets . Each Credit Party shall, and shall cause each of its Subsidiaries to, cause 100% of the Capital Stock of each of High Desert and RG Mexico, Inc. to be subject at all times, subject to the requirements of the Intercreditor Agreement, to a first priority, perfected Lien in favor of the Administrative Agent pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request, including the delivery of all share certificates therefor.

Section 6.9 Quebec Security Documents . The Credit Parties shall use their commercially reasonable efforts to finalize, execute and deliver to the Administrative Agent the Quebec Security Documents, in form and content satisfactory to the Administrative Agent, as promptly as practicable after the Execution Date, including: (i) a Deed of Hypothec and Issue of Bonds; (ii) a Bond; (iii) a Delivery Order; (iv) a Pledge of Bond Agreement; (v) a Register of Bondholders; with delivery of the foregoing in clauses (i) through (v) to be completed as promptly as practicable and in any event by not later than March 15, 2011; and (vi) such other duly executed and notarized agreements, consents, notices, documents, opinions or Instruments as are necessary, in the Administrative Agent's sole discretion, to formalize, legalize, protect and perfect the Administrative Agent's fully enforceable, first priority security interest in the Collateral identified in the Quebec Security Documents, and all documents and legal matters in connection with the Quebec Security Documents shall be satisfactory in form and substance to the Administrative Agent and its counsel, with delivery of the foregoing to be completed as promptly as practicable and in any event by not later than March 15, 2011.

Section 6.10 Insurance . Maintain with financially sound and reputable insurance companies (i) insurance on all its property (including without limitation its tangible Collateral) insuring against at least such risks as are usually insured against in the same or a similar business and as required by Requirements of Law and (ii) liability insurance covering at least such risks as are usually insured against in the same or a similar business and as required by Requirements of Law; and furnish to the Administrative Agent, upon request, full information as to the insurance carried. The present insurance coverage of the Credit Parties as of the Closing Date is outlined as to carrier, policy number, expiration date, type and amount on Schedule 6.10 . Upon the request of the Administrative Agent from time to time, each Credit Party shall deliver to the Administrative Agent evidence of the insurance then in effect, including a detailed list of such insurance containing the information set forth on Schedule 6.10 .

Section 6.11 Inspection of Property; Books and Records; Discussions.

(a) Keep proper books of records and accounts in which full, true, correct and complete entries shall be made of all dealings and transactions in relation to its businesses and activities, such entries to be in conformity with GAAP and all Requirements of Law.

(b) Permit, during normal business hours and upon reasonable notice, the Administrative Agent, any Lender or any agent or representative of the foregoing to examine the books of record and accounts, to visit, examine and inspect the properties of the Credit Parties, to examine and make abstracts from any of the books and records of the Credit Parties and their Subsidiaries and to discuss the affairs, finances and accounts of each Credit Party with such Credit Party's principal officers, engineers, technical staff and independent accountants, at such intervals as the Administrative Agent may desire; provided, however, that (1) the Administrative Agent, the Lenders and their agents and representatives shall provide such Credit Party with at least five Business Days' notice of any visit and shall use commercially reasonable efforts not to disrupt such Credit Party's business during any such visits, and (2) so long as no Event of Default shall have occurred and be continuing, the Credit Parties shall not be responsible for the cost and expense of any visit or inspection to a Project or more than one visit or inspection per calendar year in the aggregate by the Administrative Agent and the Lenders. Upon any request by the Administrative Agent to visit and inspect any Project associated with a Collateral Royalty, each Credit Party will use commercially reasonable efforts to make arrangements with the Project Manager for such a visit to and inspection of such Project Property by the Administrative Agent or its agents or representatives (it being understood that any such inspection or visit shall be (1) at the risk of the Administrative Agent and the Lenders, as applicable, and (2) subject to all limitations applicable to inspections of or visits to such Projects by the Credit Parties).

Section 6.12 Compliance with Law . Each Credit Party shall, and shall cause each of its Subsidiaries to, comply in all respects with all Requirements of Law, including Environmental Laws and Governmental Approvals, applicable to it and its property, except where any noncompliance or violation has not had, and could not reasonably be expected to have, a Material Adverse Effect.

Section 6.13 Environmental Laws . Defend, indemnify and hold harmless the Agents and the Lenders, and their respective Affiliates, employees, agents, consultants, representatives, officers, managers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of, or in any way relating to or associated with the violation of, noncompliance with or investigation, liability, claim, lawsuit, failure or action under, any Environmental Law applicable to the operations of the Credit Parties or any of their Subsidiaries or to the Properties or the Projects, or any orders, requirements, remediation, reclamation, settlements, response or demands of Governmental Authorities related thereto, or with respect to the release, presence, handling or disposal of Materials of Environmental Concern at any Property or Project, including reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of (i) the gross negligence or willful misconduct of the party seeking indemnification therefor as determined by a court of competent jurisdiction in a final and non-appealable judgment or (ii) any other loan facility or other interest in the Properties

or the Projects not attributable to this Agreement or the other Credit Documents. The agreements in this paragraph shall survive repayment of the Obligations.

Section 6.14 Compliance with ERISA . Each Credit Party shall (a) comply with all applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to all Plans, (b) not take any action or fail to take any action the result of which could be a liability to the PBGC or to a Multiemployer Plan, (c) not participate in any prohibited transaction that would result in any civil penalty under ERISA or tax under the Code, (d) operate each Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (e) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Plan as may be reasonably requested by the Administrative Agent.

Section 6.15 Further Assurances . Each Credit Party shall execute, acknowledge and deliver to the Administrative Agent such other and further documents and Instruments and do or cause to be done such other acts as the Administrative Agent reasonably determines to be necessary or desirable to effect the intent of the parties to this Agreement or otherwise to protect and preserve the interests of the Administrative Agent and the Lenders hereunder, promptly upon request of the Administrative Agent, including the execution and delivery of any and all documents which are necessary or advisable to create, protect or maintain in favor of the Administrative Agent, for the benefit of the Lenders, Liens on all Collateral of the Credit Parties as may be required by this Agreement or any Security Document that are duly perfected in accordance with all applicable Requirements of Law.

Section 6.16 Financial Covenants . The Credit Parties shall at all times maintain and comply with the following financial covenants:

(a) Leverage Ratio . The Leverage Ratio shall be less than or equal to 3.0 to 1.0.

(b) Consolidated Net Worth . A Consolidated Net Worth of not less than an amount equal to (i) 80% multiplied by (ii) the sum of (A) \$480,782,000, plus (B) 50% of the cumulative positive quarterly net income for the period beginning July 1, 2008 and ending with the most recently completed fiscal quarter for which financial statements have been provided pursuant to Section 6.1(b).

(c) Interest Coverage Ratio . The Interest Coverage Ratio shall be greater than 3.0 to 1.0.

(d) Current Ratio . The Current Ratio shall be greater than or equal to 1.5 to 1.0.

(e) Debt Service Coverage Ratio . The Debt Service Coverage Ratio shall not be less than 1.25 to 1.0.

ARTICLE VII
NEGATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Closing Date, and thereafter for so long as this Agreement is in effect and until the Commitments have terminated, no Note remains outstanding and unpaid and the Obligations owing to the Administrative Agent or any Lender hereunder, are irrevocably paid in full, that:

Section 7.1 Indebtedness . Each of the Credit Parties will not, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Indebtedness, except, to the extent that none of the following, individually or in the aggregate, would create or result in a breach of the Leverage Ratio:

- (a) Indebtedness arising or existing under this Agreement and the other Credit Documents;
- (b) Indebtedness existing as of the Closing Date as referenced in the financial statements referenced in Section 3.3 (and set out more specifically in Schedule 7.1 hereto) together with any refinancings or replacements thereof that do not increase the principal amount thereof;
- (c) Indebtedness incurred after the Closing Date consisting of Capital Leases or Indebtedness incurred to provide all or a portion of the purchase price of furniture, fixtures and equipment provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such furniture, fixtures and equipment; (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing; and (iii) the total amount of all such Indebtedness shall not exceed \$1,000,000 at any time outstanding and renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension;
- (d) Unsecured intercompany Indebtedness between any Credit Parties, between Subsidiaries of the Credit Parties or between any Credit Party and a Subsidiary thereof; provided that any such Indebtedness owing by a Credit Party to a Subsidiary shall be fully subordinated to the Obligations hereunder on terms and conditions satisfactory to the Required Lenders;
- (e) Indebtedness and obligations owing under Hedging Agreements entered into in order to manage existing or anticipated business risks and not for speculative purposes; provided, that at all times no such Hedging Agreement requires a Credit Party or a Subsidiary to post collateral or margin to secure its obligations under such Hedging Agreement;
- (f) Indebtedness in respect of Guaranty Obligations to the extent permitted under Section 7.3;
- (g) Unsecured Indebtedness issued and owed by a Credit Party or any Subsidiary in an aggregate amount not to exceed \$5,000,000 at any time;
- (h) Indebtedness arising or existing under the Term Loan Agreement; and

(i) Indebtedness of any Credit Party that is subordinated to the Obligations; provided, however, that (i) the subordination of such Indebtedness is pursuant to a written subordination agreement satisfactory to the Required Lenders in their sole discretion, (ii) the terms, conditions and amount of any such subordinated Indebtedness shall be satisfactory to the Required Lenders in their sole discretion, (iii) the stated maturity date or mandatory redemption date of such subordinated Indebtedness shall not be prior to the Maturity Date, including as such Maturity Date may be extended pursuant to the terms of this Agreement, and (iv) immediately prior to and immediately after giving pro forma effect to the full amount of such subordinated Indebtedness, no Default or Event of Default shall occur hereunder (“ Permitted Subordinated Indebtedness”).

Section 7.2 Liens . Each of the Credit Parties will not, nor will it permit any Subsidiary to, directly or indirectly, contract, create, incur, assume, permit or suffer to exist, or agree to grant or create, any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), including the Royalty Interests, the Non-Credit Party Royalty Interests or any Collateral, whether now owned or hereafter acquired, except for Permitted Liens. Notwithstanding the foregoing, if a Credit Party shall grant a Lien on any of its assets in violation of this Section 7.2, then it shall be deemed to have simultaneously granted an equal and ratable Lien on any such assets in favor of the Administrative Agent for the benefit of the Lenders, to the extent such a Lien has not already been granted to the Administrative Agent.

Section 7.3 Guaranty Obligations . The Credit Parties will not, directly or indirectly, enter into or otherwise become or be liable in respect of any Guaranty Obligations other than (a) those in favor of the Administrative Agent or the Lenders in connection herewith, and (b) Guaranty Obligations by the Credit Parties and their Subsidiaries with respect to Indebtedness permitted under Section 7.1 (except, as regards Indebtedness under subsection (b) thereof, only if and to the extent such Indebtedness was guaranteed on the Closing Date).

Section 7.4 Nature of Business . Each of the Credit Parties will not, nor will it permit any Subsidiary to, engage in any business activities or operations substantially different from the business of ownership of non-executory interests in mining properties or capital stock of companies in the mining sector and activities and operations reasonably related thereto; provided, however, that the Credit Parties shall be permitted to enter into exploration agreements with respect to mining properties owned by it and into joint venture agreements or other similar business arrangements pursuant to which its executory or ownership interests are convertible into Royalties.

Section 7.5 Dissolution or Sale of Assets . Each of the Credit Parties will not, nor will it permit any Subsidiary to (whether in one transaction or in a series of transactions and whether directly or indirectly): (a) dissolve, liquidate or wind up its affairs, except for the dissolution, liquidation or winding up of the affairs of any Non-Credit Party at such time as such Non-Credit Party has no material assets; provided that the Credit Parties have provided advance written notice thereof to the Administrative Agent; or (b) sell, assign, transfer, lease to a third party or otherwise dispose of its business or assets as a whole or in an amount which constitutes a substantial portion thereof, except with respect to any Non-Credit Party that has no material assets, which shall be permitted so long as no Default or Event of Default has occurred and is continuing, or would otherwise occur as a result of such action; provided that the Credit Parties have provided advance written notice thereof to the Administrative Agent; or (c) sell, assign,

transfer, lease to a third party or otherwise dispose of any material property or asset, including any Royalty Interest or Non-Credit Party Royalty Interest, equity interests of any Non-Credit Party or any portion of the foregoing; or (d) agree to do any of the foregoing at a future time; except, in the case of clause (c), a Credit Party or Non-Credit Party shall be permitted to undertake the following actions so long as no Default or Event of Default has occurred and is continuing, or would occur as a result of such action:

(i) the sale, assignment, lease, transfer or other disposition in the ordinary course of business of (A) inventory or property that has become obsolete or worn out or no longer used in the conduct of business, (B) Non-Credit Party Royalty Interests and Royalty Interests (other than Collateral Royalties) other than Royalties on or with respect to precious Metals, (C) Non-Credit Party Royalty Interests and Royalty Interests (other than Collateral Royalties) in respect of precious Metals in an aggregate amount not to exceed \$5,000,000 in the aggregate in any calendar year, or (D) the assets set forth on Schedule 7.5, or (E) other assets not constituting Royalty Interests or Non-Credit Party Royalty Interests in an aggregate amount not to exceed \$1,000,000 in any calendar year;

(ii) the swap or exchange of any Non-Credit Party Royalty Interest or Royalty Interest not constituting a Collateral Royalty for another Non-Credit Party Royalty Interest or Royalty Interest of at least reasonably equivalent value, as determined by the Board of Directors of Royal Gold and approved in writing by the Administrative Agent (or, to the extent that the Royalty Interest or Non-Credit Party Royalty Interest to be acquired is less than reasonably equivalent value, such swap or exchange shall be permitted if the net disposition amount would be permitted pursuant to the immediately preceding clause (i)); or

(iii) the sale, assignment, lease or transfer of property or assets, other than a Collateral Royalty, to the Credit Parties or any Subsidiary thereof.

Section 7.6 Mergers . Each of the Credit Parties will not, nor will it permit any Subsidiary to, (whether in one transaction or in a series of transactions and whether directly or indirectly): (a) enter into any transaction of amalgamation, merger, consolidation, partnership, joint venture or other combination where such combination involves a contribution by a Credit Party or a Subsidiary thereof of all or a substantial portion of its assets, except, in each case, for the amalgamation, merger or consolidation of a Credit Party or a Subsidiary thereof with and into another Credit Party or the amalgamation, merger or consolidation of any Subsidiary that is not a Credit Party with and into another Subsidiary that is not a Credit Party; provided that if a Borrower is a party thereto, such Borrower will be the surviving corporation, or (b) agree to do any of the foregoing at a future time.

Section 7.7 Advances and Loans . Each of the Credit Parties will not, nor will it permit any Subsidiary to, lend money or extend credit or make advances (collectively, "Debt Investments") to any Person except for: (a) receivables owing to any Credit Party or any of its Subsidiaries, and advances to suppliers and other extensions of trade credit, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; (b) intercompany Debt Investments permitted pursuant to Section 7.1; (c) non-cash consideration received in connection with sales of property or assets

permitted under Section 7.5; (d) Debt Investments existing as of the Closing Date as set forth on Schedule 7.7; (e) purchases and investments made in connection with the creation, development, acquisition or other investment in any Royalty Interest or Non-Credit Party Royalty Interest; (f) Debt Investments to employees of the Credit Parties or any Subsidiary to finance travel, entertainment and relocation expenses and other ordinary business purposes; (g) customary deposits in connection with operating leases and good faith deposits made in connection with an acquisition otherwise permitted hereunder; (h) Cash Equivalents; and (i) Guaranty Obligations otherwise permitted hereunder. For clarity, the requirements of this Section 7.7 shall not limit the ability of the Credit Parties or any Subsidiary thereof to make equity investments in or to invest in Royalty Interests or Non-Credit Party Royalty Interests.

Section 7.8 Transactions with Affiliates . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate that is not a Credit Party or Subsidiary thereof other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate, except for (a) dividends and distributions to shareholders otherwise permitted hereunder and (b) expense reimbursement and reasonable salaries and other reasonable director or employee compensation to officers and directors of the Credit Parties and their Subsidiaries.

Section 7.9 Organizational Documents . Each of the Credit Parties will not, nor will they permit any of its Subsidiaries to, amend, modify or change their articles of incorporation (or corporate charter or other similar organizational document), operating agreement or bylaws (or other similar document) in any material respect.

Section 7.10 Modification of Material Agreements . Each of the Credit Parties will not, nor will it permit any of its Subsidiaries to, without the approval of the Administrative Agent, modify or amend any Collateral Royalty, any Material Contract or any confidentiality agreements or provisions to which a Credit Party is a party or otherwise subject in connection with a Collateral Royalty or a Material Contract if such modification or amendment would be adverse to the Lenders in any material respect. With respect to any confidentiality agreement that any Credit Party may execute with respect to (i) any existing Collateral Royalty or a Project related thereto, or (ii) any Royalty Interest or the Project associated with such Royalty Interest acquired after the date hereof with the proceeds of a Loan, such Credit Party shall use commercially reasonable efforts to include appropriate provisions in such confidentiality agreement authorizing the Credit Parties to provide to the Administrative Agent and the Lenders information obtained by such Credit Party pursuant to such confidentiality agreement.

Section 7.11 Limitation on Restricted Actions . Each of the Credit Parties will not, nor will it permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Person to (a) pay dividends or make any other distributions to any Credit Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Credit Party, (c) make loans or advances to any Credit Party, (d) sell, lease or transfer any of its properties or assets to any Credit Party, or (e) act as a Guarantor and pledge its assets pursuant to the Credit Documents or any renewals,

refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (a)-(e) above) for such encumbrances or restrictions existing under or by reason of (i) this Agreement and the other Credit Documents, (ii) applicable Requirements of Law, (iii) pursuant to any document or Instrument governing Indebtedness permitted by Section 7.1(c), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (iv) any Permitted Lien or any document or Instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (v) customary restrictions on the assignment of or granting of a Lien on a particular lease, sublease, license or contract set forth in such lease, sublease, license or contract entered into in the ordinary course of business, (vi) restrictions on the pledge of interests in or assets of joint ventures contained in the applicable joint venture agreement, (vii) customary restrictions and conditions relating to a disposition of property or assets permitted hereunder pending the consummation of such disposition, and (viii) restrictions contained in the Term Loan Agreement.

Section 7.12 Maintenance of Collateral Royalties . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any agreement or undertaking, or otherwise act to sell, assign, transfer or create or suffer the creation of rights of any Person other than a Credit Party or the Administrative Agent or the Lenders in or with respect to a Collateral Royalty or any Metals accruing to the account of a Credit Party pursuant thereto.

Section 7.13 Canadian Pension Plans . Each Credit Party shall not:

- (a) terminate, or permit any other Credit Party to terminate, any Canadian Pension Plan in a manner, or take any other action with respect to any Canadian Pension Plan which could reasonably be expected to result in any material liability of a Credit Party;
- (b) fail to make, or permit any other Credit Party to fail to make, full payment when due of all amounts which, under the provisions of any Canadian Pension Plan, any agreement relating thereto or applicable Law, the Borrower or any other Credit Party is required to pay as contributions thereto, except where the failure to make such payments could not reasonably be expected to have a Material Adverse Effect,
- (c) permit to exist, or allow any other Credit Party to permit to exist, any accumulated funding deficiency, whether or not waived, with respect to any Canadian Pension Plan in an amount which could reasonably be expected to have a Material Adverse Effect;
- (d) contribute to or assume an obligation to contribute to, or permit any other Credit Party to contribute to or assume an obligation to contribute to, any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario), unless such contribution is required to be made by a Requirement of Law;
- (e) acquire, or permit any other Credit Party to acquire, an interest in any Person if such Person sponsors, maintains or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to any “multi-employer pension plan” as such term is defined in the *Pension Benefits Act* (Ontario); provided that, any Credit Party may acquire an interest in any such Person if such Person is acquired as a Permitted Acquisition

and no Credit Party has any legal liability to perform such Person's obligations or assume such Person's liabilities; or

(f) permit, or allow any other Credit Party to permit, the actuarial present value of the benefit liabilities (computed on an accumulated benefit obligation basis in accordance with GAAP) under all Canadian Pension Plans in the aggregate to exceed the current value of the assets of all Canadian Pension Plans in the aggregate that are allocable to such benefit liabilities, in each case only to the extent such liabilities and assets relate to benefits to be paid to employees of the Credit Parties, by an amount that could reasonably be expected to cause a Material Adverse Effect.

Section 7.14 No Further Negative Pledges . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security to secure obligations under such agreement if security is given for some other obligation, except (a) pursuant to this Agreement and the other Credit Documents, (b) pursuant to any document or Instrument governing Indebtedness incurred pursuant to Section 7.1(c), provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (c) in connection with any Permitted Lien or any document or Instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (d) customary restrictions on the assignment of or granting of a lien on a particular lease, sublease, license or contract set forth in such lease, sublease, license or contract entered into in the ordinary course of business, (e) restrictions on the pledge of interests in or assets of joint ventures contained in the applicable joint venture agreement, (f) customary restrictions and conditions relating to a disposition of property or assets permitted hereunder pending the consummation of such disposition, and (g) restrictions contained in the Term Loan Agreement.

Section 7.15 No Prepayment of Permitted Subordinated Indebtedness . To the extent that any Borrower has incurred Permitted Subordinated Indebtedness in accordance with Section 7.1(h) hereof, such Borrower shall pay such Permitted Subordinated Indebtedness only in accordance with the terms thereof and shall not (i) voluntarily prepay any principal of or interest on any such Permitted Subordinated Indebtedness, (ii) use proceeds from any Loan to make any payment or prepayment of principal of or interest on, or to create a sinking fund payment in respect of, any such Permitted Subordinated Indebtedness, or (iii) pay, prepay, redeem or purchase or deposit funds or property for the payment, prepayment, redemption or purchase of Permitted Subordinated Indebtedness, except, in each case, for regularly scheduled interest payments on the Permitted Subordinated Indebtedness made in compliance with the subordination terms thereof. The Borrower shall not make any payment on any Permitted Subordinated Indebtedness if such payment would violate the subordination provisions thereof or result in a Default or Event of Default hereunder.

Section 7.16 Restrictive and Inconsistent Agreements . Each of the Credit Parties will not, nor will it permit any Subsidiary to, enter into any agreement, Instrument or undertaking or incur or suffer any obligation prohibiting or inconsistent with the performance by such Credit Party of the Obligations or its obligations under any Royalty Agreement.

ARTICLE VIII
EVENTS OF DEFAULT

Section 8.1 Events of Default . An Event of Default shall exist upon the occurrence of any of the following specified events (each an “ Event of Default ”):

(a) Any Borrower shall fail to pay (i) any principal on any Loan when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof, or (ii) within five (5) Business Days of the date when due, any interest, costs, fees or any other Obligation or other amount payable hereunder or under any Credit Document when due (whether at maturity, by reason of acceleration or otherwise) in accordance with the terms hereof; or any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations hereunder; or

(b) Any representation or warranty of a Credit Party made or deemed made herein, in the Security Documents or in any of the other Credit Documents or which is contained in any certificate, document or financial statement furnished at any time under or in connection with this Agreement provided by a Responsible Officer shall prove to have been incorrect, false or misleading in any material respect on or as of the date made or deemed made; or

(c) Any Credit Party shall fail to observe, perform or comply with any covenant contained in this Agreement (other than the covenants referred to in paragraph (a) above) and such Credit Party shall have not remedied such default within ten (10) days after written notice of such default has been given by the Administrative Agent to the Borrower; or

(d) A default shall occur under any Credit Document, any Royalty Agreement pertaining to a Collateral Royalty or any agreement pertaining to Indebtedness permitted hereunder; or any Credit Party or any Subsidiary thereof shall fail to pay any Indebtedness with a value, individually or in the aggregate, in excess of \$2,500,000 (excluding Indebtedness evidenced by the Notes) or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the Instrument relating to such Indebtedness; or any other default under any Instrument relating to any such Indebtedness, or any other event, shall occur and shall continue after the applicable grace period, if any, specified in such Instrument, if the effect of such default or event is to accelerate, or to permit the acceleration of, the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof; or, other than as described in this Agreement, any Credit Party shall default or fail to perform under any Credit Document and such Credit Party shall have not remedied such default within ten (10) days after written notice of such default has been given by the Administrative Agent to the Borrower; or

(e) (i) Any Credit Party or any of its Subsidiaries shall initiate or commence any case, proceeding or other action (A) under any existing or future Bankruptcy Law or at common law or in equity, or otherwise seeking to have it judged bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, compromise, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of

creditors), composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Credit Party or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) any Canadian Credit Party shall commit an act of bankruptcy under the Bankruptcy and Insolvency Act (Canada), or makes an assignment of its property for the general benefit of its creditors under such Act, or makes a proposal (or files a notice of its intention to do so) under such Act; or (iii) there shall be commenced against any Credit Party or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above (including without limitation any petition or application being filed or made or other proceeding instituted against such Credit Party seeking a receiving order under the *Bankruptcy and Insolvency Act* (Canada) which (A) results in the entry of an order for relief or any such adjudication or appointment; (B) remains undismissed, undischarged or unbonded for a period of sixty (60) days; or C) in respect of which such Credit Party files an answer admitting the material allegations of a petition filed against it in any such proceeding; or (iv) there shall be commenced against any Credit Party or any of its Subsidiaries any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of their assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (v) any Credit Party or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), (iii), or (iv) above; or (vi) any Credit Party or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(f) One or more judgments, orders, decrees or arbitration awards shall be entered against any Credit Party or any Subsidiary thereof involving in the aggregate a liability (to the extent not covered by third-party insurance with respect to which coverage has not been disputed by the insurer) of \$2,500,000 or more, and all such judgments, orders, decrees or arbitration awards shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof, or any injunction, temporary restraining order or similar decree shall be issued against any Credit Party, any of its Subsidiaries or any of their respective Properties or Projects that could reasonably be expected to result in a Material Adverse Effect; or

(g) Any involuntary Lien or Liens for amounts then due in the aggregate sum of \$250,000 or more, of any kind or character (other than Permitted Liens) shall attach to any assets or property of any Credit Party if such Lien or Liens are not discharged or bonded pending proceedings to release such Lien or Liens within sixty (60) days after the date of attachment or unless such Lien or Liens are being contested in good faith; or

(h) An Expropriation Event occurs with respect to any Collateral Royalty or a Collateral Royalty is sold under threat of such taking, or possession of any material portion of a Project Property pertaining to a Collateral Royalty is taken through exercise of such power; or

(i) Any Governmental Authority shall commence an investigation or take any action with respect to any Credit Party or any Project or the Collateral, which would result in a Material Adverse Effect on any Credit Party, unless such action is set aside, dismissed or withdrawn

within ninety (90) days of its institution or such action is being contested in good faith and its effect is stayed during such contest; or

(j) There shall exist a defect or deficiency in title to any Royalty Interest or the Project Properties (other than as identified in the Title Opinion) which results in a Material Adverse Effect, and the Credit Parties have not remedied such defect or deficiency within ten (10) days after written notice of default has been given to the Borrower by the Administrative Agent or any Lender; or

(k) Any Lien established or purported to be established by the Security Documents shall fail to constitute a valid and effective Lien in the Collateral described therein, perfected and with first priority to the extent required by the Security Document related thereto, or any Credit Party shall so state in writing, and the Credit Parties have not remedied such default within ten (10) days after written notice of default has been given to the Borrower by the Administrative Agent or any Lender; or

(l) There shall occur a Change of Control; or

(m) Any event or change occurs with respect to the Pipeline Project, including the abandonment or termination or the taking by power of expropriation or eminent domain of all or any material portion thereof, which has a Material Adverse Effect; or

(n) The aggregate principal amount of all Loans shall exceed the Committed Amount at any time; or

(o) An "Event of Default" (as defined in the Term Loan Agreement) shall occur and be continuing under the Term Loan Agreement; or

(p) The Guaranty or any provision thereof for any reason shall cease to be in full force and effect or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm any Guarantor's obligations under the Guaranty; or

(q) Any other Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Lenders the rights, powers and privileges purported to be created thereby in any material respect (except as such documents may be terminated or no longer in force and effect in accordance with the terms thereof, other than those indemnities and provisions which by their terms shall survive).

Section 8.2 Acceleration; Remedies . Upon the occurrence and during the continuation of an Event of Default, then, (a) if such event is an Event of Default specified in Section 8.1(e) above, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon), and all other Obligations under the Credit Documents shall immediately become due and payable, without notice from the Administrative Agent or any Lender, and (b) if such event is any other Event of Default, any of the following actions may be taken: with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, (i) by notice to the Borrower declare all or any portion of the Commitments to be terminated forthwith, whereupon such Commitments shall immediately terminate, (ii) by notice of default to the Borrower, declare

the Loans (with accrued interest thereon) and all other Obligations under the Credit Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, (iii) hire, at the expense of the Credit Parties, one or more Independent Engineers or other consultants, and the Credit Parties agree to cooperate with such engineers and consultants, (iv) exercise any rights or remedies of the Administrative Agent or the Lenders under this Agreement or any other Credit Document, including, without limitation, any rights or remedies with respect to the Collateral, and (v) exercise any and all rights or remedies available to the Administrative Agent or Lenders under applicable Requirements of Law, whether under law, in equity or otherwise.

ARTICLE IX THE AGENT

Section 9.1 Appointment . Each Lender hereby irrevocably designates and appoints HSBC Bank USA, National Association as the Administrative Agent of such Lender under this Agreement, and each such Lender irrevocably authorizes HSBC Bank USA, National Association, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

Section 9.2 Delegation of Duties . The Administrative Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care. Without limiting the foregoing, the Administrative Agent may appoint one of its affiliates as its agent to perform the functions of the Administrative Agent hereunder relating to the advancing of funds to the Borrower and distribution of funds to the Lenders and to perform such other related functions of the Administrative Agent hereunder as are reasonably incidental to such functions.

Section 9.3 Exculpatory Provisions . Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any of the Credit Documents or for any failure of the Borrower to perform their obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as

to the observance or performance by the Borrower of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower.

Section 9.4 Reliance by Administrative Agent . The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any Note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless (a) a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent and (b) the Administrative Agent shall have received the written agreement of such assignee to be bound hereby as fully and to the same extent as if such assignee were an original Lender party hereto, in each case in form satisfactory to the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under any of the Credit Documents in accordance with a request of the Required Lenders or all of the Lenders, as may be required under this Agreement, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

Section 9.5 Notice of Default . The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default”. In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; provided, however, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders, as the case may be.

Section 9.6 Non-Reliance on Administrative Agent and Other Lenders . Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed

appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

Section 9.7 Indemnification . The Lenders agree to indemnify the Administrative Agent in its capacity hereunder (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of any Credit Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the Administrative Agent's gross negligence or willful misconduct, as determined by a court of competent jurisdiction. The agreements in this Section 9.7 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 9.8 Administrative Agent in Its Individual Capacity . The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower as though the Administrative Agent were not the Administrative Agent hereunder. With respect to its Loans made or renewed by it and any Note issued to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 9.9 Successor Administrative Agent . The Administrative Agent may resign as Administrative Agent upon 30 days' prior notice to the Borrower and the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the Notes, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower with such approval not to be unreasonably withheld (provided, however if an Event of Default shall exist at such time, no

approval of the Borrower shall be required hereunder), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term “Administrative Agent” shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent’s rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Administrative Agent’s resignation as Administrative Agent, the provisions of this Section 9.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 9.10 Quebec Security .

(a) For greater certainty each of the Lenders hereby irrevocably constitutes HSBC Bank USA, National Association as the holder of an irrevocable power of attorney (*fondé de pouvoir* within the meaning of Article 2692 of the *Civil Code of Québec*) in order to hold hypothecs and security granted by any Credit Party on property pursuant to the laws of the Province of Québec in order to secure obligations of any Credit Party under any bond, debenture or similar title of indebtedness, issued by any Credit Party, and hereby agrees that the Administrative Agent, may act as the bondholder and mandatary (i.e. agent) with respect to any shares, capital stock or other securities or any bond, debenture or similar title of indebtedness that may be issued by any Credit Party and pledged in favour of the Administrative Agent, for the benefit of the Lenders. The execution by HSBC Bank USA, National Association, acting as *fondé de pouvoir* and mandatary, prior to the Credit Agreement of any deeds of hypothec or other security documents is hereby ratified and confirmed.

(b) Notwithstanding the provisions of Section 32 of *An Act respecting the special powers of legal persons* (Québec), the Administrative Agent may acquire and be the holder of any bond or debenture issued by any Credit Party (i.e. the *fondé de pouvoir* may acquire and hold the first bond issued under any deed of hypothec by any Credit Party).

(c) The constitution of HSBC Bank USA, National Association as *fondé de pouvoir* , and of the Administrative Agent as bondholder and mandatary with respect to any bond, debenture, shares, capital stock or other securities that may be issued and pledged from time to time to the Administrative Agent for the benefit of the Lenders, shall be deemed to have been ratified and confirmed by each Person accepting an assignment of, a participation in or an arrangement in respect of, all or any portion of any Lenders’ rights and obligations under the Credit Agreement by the execution of an assignment, including a joinder agreement, or other agreement pursuant to which it becomes such assignee or participant, and by each successor Administrative Agent by the execution of an assignment and assumption agreement or other agreement, or by the compliance with other formalities, as the case may be, pursuant to which it becomes a successor Administrative Agent under the Credit Agreement.

(d) HSBC Bank USA, National Association acting as *fondé de pouvoir* shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of the Administrative Agent in the Credit Agreement, which shall apply *mutatis mutandis* to HSBC Bank USA, National Association acting as *fondé de pouvoir* .

Section 9.11 Nature of Duties . Except as otherwise expressly stated herein, any agent (other than the Administrative Agent) listed from time to time on the cover page of this Agreement shall have no obligations, responsibilities or duties under this Agreement or under any other Credit Document other than obligations, responsibilities and duties applicable to all Lenders in their capacity as Lenders; provided, however, that such agents shall be entitled to the same rights, protections, exculpations and indemnifications granted to the Administrative Agent under this Article IX in their capacity as an agent.

ARTICLE X MISCELLANEOUS

Section 10.1 Amendments, Waivers and Release of Collateral . Neither this Agreement, nor any of the Notes, nor any of the other Credit Documents, nor any terms hereof or thereof may be amended, supplemented, waived or modified except in accordance with the provisions of this Section nor may be released except as specifically provided herein or in the Security Documents or in accordance with the provisions of this Section 10.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders may specify in such instrument, any of the requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement, modification or release shall:

(i) (A) reduce or increase the amount or extend the scheduled date of maturity of any Loan or Note or any installment thereon or waive any payment default (other than a payment default that has been cured), or (B) reduce the stated rate of any interest or fee payable hereunder (other than interest at the increased post-default rate) or extend the scheduled date of any payment thereof, in each case without the written consent of all Lenders,

(ii) increase the Committed Amount without the written consent of all Lenders or the amount of any Lender's Commitment without the written consent of all Lenders directly affected thereby, or

(iii) amend, modify or waive any provision of this Section 10.1 or change the percentages specified in the definition of Required Lenders, without the written consent of all the Lenders, or

(iv) amend, modify or waive any provision of Article IX without the written consent of the then Administrative Agent, or

(v) release a Borrower or any other Credit Party from its obligations under the Credit Documents or any Guarantor from its obligations under the Guaranty, without the written consent of all of the Lenders, or

(vi) release all of the Collateral or any material portion of the Collateral that would result in the value of the Collateral being less than the Collateral Requirement or amend the definition of Collateral Requirement, in each case, without the written consent of all of the Lenders; or

(vii) amend, modify or waive any provision of the Credit Documents requiring consent, approval or request of the Required Lenders or all Lenders, without the written consent of all of the Required Lenders or all Lenders, as appropriate, and, provided, further, that no amendment, waiver or consent affecting the rights or duties of the Administrative Agent under any Credit Document shall in any event be effective, unless in writing and signed by the Administrative Agent, as applicable, in addition to the Lenders required hereinabove to take such action.

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Borrower, the other Credit Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Borrower, the other Credit Parties, the Lenders, and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Loans and Notes and other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Borrower shall not be required for any amendment, modification or waiver of the provisions of Article IX (other than the provisions of Section 9.9); provided, however, that the Administrative Agent will provide written notice to the Borrower of any such amendment, modification or waiver.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any reorganization plan or similar action under applicable Bankruptcy Law that affects the Loans, and each Lender acknowledges that applicable Bankruptcy Law may supersede the unanimous consent provisions set forth herein and (y) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or Insolvency Proceeding.

Section 10.2 Substitution of Lenders . In the event (a) the Borrower receives a claim from any Lender for compensation under Section 2.12 hereof, (b) the Borrower receives notice from any Lender of any illegality pursuant to Section 2.11 hereof, (c) any Lender is in default in any material respect with respect to its obligations under the Credit Documents, or (d) a Lender or Participant fails to consent to an amendment or waiver requested under Section 10.1 or Section 10.7(b) hereof, as applicable, at a time when the Required Lenders or other Participants, as applicable, have approved such amendment or waiver (any such Lender or Participant referred to in clause (a), (b), (c), or (d) above being hereinafter referred to as an “Affected Lender”), the Borrower may, in addition to any other rights the Borrower may have hereunder or under applicable law, require, at its expense, any such Affected Lender to assign, at par, without recourse, all of its interest, rights, and obligations hereunder (including all of its Commitments and the Loans and other amounts at any time owing to it hereunder and the other Credit

Documents) to an Eligible Assignee specified by the Borrower, *provided* that (i) such assignment shall not conflict with or violate any law, rule or regulation or order of any court or other governmental authority, (ii) the Borrower shall have paid to the Affected Lender all monies (together with amounts due such Affected Lender hereunder as if the Loans owing to it were prepaid rather than assigned) other than such principal owing to it hereunder, and (iii) the assignment is entered into in accordance with, and subject to the consents required by (other than the consent of the Affected Lender), Section 10.7 hereof (provided any assignment fees and reimbursable expenses due thereunder shall be paid by the Borrower).

Section 10.3 Notices . Except as otherwise provided in Article II, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by facsimile or e-mail), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) when delivered by hand, (b) when transmitted via telecopy (or other facsimile device) to the number set out herein, (c) the Business Day immediately following the day on which the same has been delivered prepaid (or pursuant to an invoice arrangement) to a reputable national overnight air courier service, (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, or (e) when delivered by e-mail, upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), provided that if such notice, request or demand is not sent during the normal business hours of the recipient, such notice, request or demand shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, in each case, addressed as follows in the case of the Borrower, the other Credit Parties and the Administrative Agent, and, with respect to each Lender, as set forth in the Lenders' Administrative Details Schedule, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower and the other Credit Parties:

c/o Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
Attention: Chief Financial Officer
Facsimile: (303) 595-9385
E-mail:swenger@royalgold.com
Telephone: (303) 573-1660

with a copy to:

c/o Royal Gold, Inc.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
Attention: General Counsel
Facsimile: (303) 595-9385
E-mail:bkirchhoff@royalgold.com
Telephone: (303) 573-1660

The Administrative Agent:

HSBC Bank USA, National Association
452 Fifth Avenue
New York, New York 10018
Attention: Mr. Bill Edge
Facsimile: (212) 525-6581
E-mail: bill.edge@us.hsbc.com
Telephone: (212) 525-6481

Section 10.4 No Waiver; Cumulative Remedies . No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 10.5 Survival of Representations and Warranties . All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans.

Section 10.6 Payment of Expenses and Taxes; Indemnification.

(a) The Borrower agrees to pay within thirty (30) days after receipt of an invoice therefor, all costs and expenses in connection with the preparation, negotiation, execution, delivery, registration and administration of this Agreement, the Note and the other Credit Documents and any amendment, supplement or modification to or extension or restatement of, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and out-of-pocket expenses of counsel and of technical advisors and consultants for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities under this Agreement; provided, however, that so long as no Event of Default shall have occurred and be continuing, the Borrower's prior written consent (not to be unreasonably withheld) shall be obtained before the Administrative Agent retains a technical advisor or other technical consultant. The Borrower further agrees to pay on demand all losses, costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the preservation of any rights of the Lender under, or the enforcement of, or legal advice in respect of the rights or responsibilities of the Lender under, this Agreement, the Note and the other Credit Documents, including losses, costs and expenses sustained by the Lender as a result of any failure by any Borrower to perform or observe its obligations contained herein or in the Note held by the Lender or in connection with any refinancing or restructuring of the Loan in the nature of a "workout." The Borrower further agrees to pay on demand, and to indemnify, and hold each Lender and each Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other

similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Credit Documents and any such other documents

(b) Each Credit Party agrees to pay, indemnify, and hold each Lender, each Agent, their respective Affiliates and their respective directors, partners, managers, principals, officers, employees, agents, consultants and representatives (collectively, the “Indemnified Parties”) harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, claims, judgments, awards, fines, settlements, suits, costs, charges, expenses or disbursements of any kind or nature whatsoever (irrespective of whether the Indemnified Party is named as a party to any litigation or proceeding and whether it is joint, several or joint and several) with respect to the execution, delivery, enforcement, performance and administration of any Credit Document, any such other documents, agreements and Instruments or the transactions contemplated thereby, the use, or proposed use, of proceeds of the Loans, or otherwise with respect to any Project or Property or any activity, occurrence or event thereon or associated therewith (all of the foregoing, collectively, a “Third Party Claim”), and will reimburse the Indemnified Parties for all costs and expenses (including reasonable attorneys’ fees and expenses) on demand as they are incurred in connection with the investigation of, preparation for or defense or prosecution of any pending or threatened Third Party Claim or any action or proceeding arising therefrom; provided, however, that the Borrower shall not have any obligation hereunder to the Administrative Agent or any Lender with respect to Third Party Claims arising from (i) the gross negligence or willful misconduct of the Administrative Agent or any such Lender, as determined by a court of competent jurisdiction in a final and non-appealable judgment or (ii) any other loan facility involving the Administrative Agent or a Lender and a Property or Project that does not involve or is not attributable to a Credit Party, a Credit Party’s interest therein or actions with respect thereto, this Agreement or any other Credit Document; provided, further, that (i) each Indemnified Party shall promptly notify the Borrower in writing upon becoming aware of the initiation of any Third Party Claim against it, (ii) the Borrower shall be entitled to participate in the defense of any such Third Party Claim and, if the Borrower so chooses, to assume the defense, at the Borrower’s expense, of any such Third Party Claim with counsel selected by the Borrower (it being understood that any Indemnified Party shall have the right to participate in such defense and employ counsel separate from the counsel employed by the Borrower, and that such counsel shall be at the expense of such Indemnified Party unless such Indemnified Party shall have been advised by counsel that there may be legal defenses available to it that are inconsistent with or in addition to those available to the Borrower, in which case such counsel shall be at the Borrower’s expense) and (iii) no Indemnified Party shall settle any Third Party Claim without the Borrower’s prior written consent (such consent not to be unreasonably withheld). The agreements in this Section 10.6 shall survive repayment of the Loans, Notes and all other amounts payable hereunder.

Section 10.7 Successors and Assigns; Participations; Purchasing Lenders.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Agents, all future holders of the Notes and their respective successors and assigns, except that the Borrower and the Guarantors may not assign or transfer any of their

rights or obligations under this Agreement or the other Credit Documents without the prior written consent of all the Lenders.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities (“Participants”) participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender, or any other interest of such Lender hereunder. In the event of any such sale by a Lender of participating interests to a Participant, such Lender’s obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. No Lender shall transfer or grant any participation under which the Participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the scheduled maturity of any Loan or Note or any installment thereon in which such Participant is participating, or reduce the stated rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of interest at the increased post-default rate) or reduce the principal amount thereof, or increase the amount of the Participant’s participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without consent of any participant if the Participant’s participation is not increased as a result thereof), (ii) release all or substantially all of the Guarantors from their obligations under the Guaranty, (iii) release all or substantially all of the Collateral, or (iv) consent to the assignment or transfer by the Borrower or the Guarantors of any of their rights and obligations under this Agreement. In the case of any such participation, the Participant shall not have any rights under this Agreement or any of the other Credit Documents (the Participant’s rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation; provided, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time, sell or assign to any Lender or any Affiliate thereof and, with the consent of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower (in each case, which consent shall not be unreasonably withheld), to one or more additional banks or financial institutions or entities (“Purchasing Lenders”), all or any part of its rights and obligations under this Agreement and the Notes in minimum amounts of \$5,000,000 (or, if less, the entire amount of such Lender’s interests and obligations), pursuant to an Assignment Agreement, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender or an affiliate or Approved Fund thereof, the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower), and delivered to the

Administrative Agent for its acceptance and recording. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date specified in such Assignment Agreement, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Assignment Agreement, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the transferor Lender thereunder shall, to the extent provided in such Assignment Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment Agreement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Assignment Agreement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Notes. On or prior to the Transfer Effective Date specified in such Assignment Agreement, the Borrower, at its own expense and upon reasonable request, shall execute and deliver to the Administrative Agent in exchange for the Notes delivered to the Administrative Agent pursuant to such Assignment Agreement new Notes to the order of such Purchasing Lender in an amount equal to the Commitment assumed by it pursuant to such Assignment Agreement and, unless the transferor Lender has not retained a Commitment hereunder, new Notes to the order of the transferor Lender in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be promptly returned by the Administrative Agent to the Borrower marked "cancelled".

(d) The Administrative Agent shall maintain at its address referred to in Section 10.3 a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The entries in such register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in such register as the owner of the Loan recorded therein for all purposes of this Agreement.

(e) Upon its receipt of a duly executed Assignment Agreement, together with payment to the Administrative Agent by the transferor Lender or the Purchasing Lender, as agreed between them, of a registration and processing fee in the amount of \$3,500 for each Purchasing Lender (other than an affiliate of such Lender or an Approved Fund) listed in such Assignment Agreement and the Notes subject to such Assignment Agreement, the Administrative Agent shall (i) accept such Assignment Agreement and (ii) give prompt notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a "Transferee") and any prospective Transferee any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement, in each case subject to Section 10.16.

Section 10.8 Adjustments; Set-off.

(a) Each Lender agrees that if any Lender (a “benefited Lender”) shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8.1(e), or otherwise) in a greater proportion than any such payment to or Collateral received by any other Lender, if any, in respect of such other Lender’s Loans, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender’s Loan, or shall provide such other Lenders with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender’s Loans may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law (including, without limitation, other rights of set-off), each Lender shall have the right, without prior notice to the Borrower or the applicable Credit Party, any such notice being expressly waived by the Credit Parties to the extent permitted by applicable law, upon the occurrence and during the continuance of any Event of Default, to setoff and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held by or owing to such Lender or any branch or agency thereof to or for the credit or the account of the Borrower or any other Credit Party, or any part thereof in such amounts as such Lender may elect, against and on account of the Loans and other Obligations of the Borrower and the other Credit Parties to the Administrative Agent and the Lenders and claims of every nature and description of the Administrative Agent and the Lenders against the Borrower and the other Credit Parties, in any currency, whether arising hereunder or under any other Credit Document, as such Lender may elect, whether or not the Administrative Agent or the Lenders have made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The aforesaid right of set-off may be exercised by such Lender against the Borrower, any other Credit Party or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of the Borrower or any other Credit Party, or against anyone else claiming through or against the Borrower, any other Credit Party or any such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the occurrence of any Event of Default. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.9 Table of Contents and Section Headings . The table of contents and the Section and subsection headings herein are intended for convenience only and shall be ignored in construing this Agreement.

Section 10.10 Counterparts . This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

Section 10.11 Effectiveness . This Agreement shall become effective on the date on which all of the parties have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Administrative Agent pursuant to Section 10.3 or, in the case of the Lenders, shall have given to the Administrative Agent written notice (actually received) at such office that the same has been signed and mailed to it.

Section 10.12 Severability . Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.13 Integration . This Agreement and the Notes represent the agreement of the Credit Parties, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Credit Parties or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Notes. This Agreement amends, restates, replaces and supersedes all prior agreements and understandings, both written and oral, among the parties, with respect to the subject matter hereof.

Section 10.14 Consent to Jurisdiction.

(a) EACH CREDIT PARTY HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN NEW YORK, NEW YORK OVER ANY SUIT, ACTION OR PROCEEDING (A “**PROCEEDING**”) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTE OR THE SECURITY DOCUMENTS AND EACH CREDIT PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH CREDIT PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM OR IMPROPER VENUE TO THE MAINTENANCE OF ANY SUCH PROCEEDING. EACH CREDIT PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF ANY AND ALL PROCESS IN ANY SUCH PROCEEDING BY THE MAILING OF COPIES OF SUCH PROCESS TO SUCH CREDIT PARTY AT ITS ADDRESS REFERRED TO IN SECTION 10.3 HEREOF. EACH CREDIT PARTY AGREES THAT A FINAL JUDGMENT IN ANY SUCH PROCEEDING SHALL BE CONCLUSIVE AND MAY

BE EXECUTED UPON AND ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) NOTHING IN THIS SECTION 10.14 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO SERVE LEGAL PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING ANY SUIT, ACTION OR PROCEEDING AGAINST A CREDIT PARTY OR ITS PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. THE TAKING OF ANY PROCEEDINGS IN ANY ONE OR MORE JURISDICTIONS SHALL NOT PRECLUDE THE TAKING OF ANY PROCEEDINGS IN ANY OTHER JURISDICTION.

(c) EACH BORROWER AND THE LENDER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE NOTE, THE SECURITY DOCUMENTS AND ANY OTHER CREDIT DOCUMENTS REFERRED TO HEREIN OR THE OBLIGATIONS UNDER ANY THEREOF.

Section 10.15 Governing Law . THIS AGREEMENT, AND ANY INSTRUMENT OR AGREEMENT REQUIRED HEREUNDER, UNLESS OTHERWISE SPECIFICALLY PROVIDED HEREIN OR THEREIN, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, PROVIDED, HOWEVER, THAT THE MORTGAGES SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE IN WHICH THEY ARE FILED.

Section 10.16 Confidentiality . The Administrative Agent and each Lender agree that they will not disclose without the prior consent of the Borrower any non-public, confidential or proprietary information of or with respect to any Credit Party or any Subsidiary thereof which is furnished pursuant to this Agreement, any other Credit Document or any documents contemplated by or referred to herein or therein (the “ Information ”), except that any Agent and any Lender may disclose any such Information (a) to its employees, affiliates, agents, representatives, auditors, consultants, engineers (including the Independent Engineer) or counsel or to another Agent or Lender each of whom shall have been made aware of this confidentiality requirement and shall have agreed to abide by its provisions, (b) as has become generally available to the public other than by a breach of this Section 10.16, (c) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Lender or Agent or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or the Office of the Comptroller of the Currency or the National Association of Insurance Commissioners or similar organizations (whether in the United States, Canada or any other jurisdiction) or their successors, (d) as may be required or appropriate in response to any summons or subpoena or any Requirement of Law applicable to such Lender or Agent, (e) to (i) any prospective Participant or assignee in connection with any contemplated transfer pursuant to Section 10.7 or (ii) any actual or prospective counterparty (or its advisors) to any Hedging Agreement relating to the Borrower, provided that such prospective counterparty or transferee shall have been made aware of this Section 10.16 and shall have agreed to be bound by its provisions as if it were a party to this Credit Agreement, (f) to Gold Sheets and other similar bank trade publications; such information

to consist of deal terms and other information regarding the credit facilities evidenced by this Credit Agreement customarily found in such publications, (g) in connection with any claim, suit, action or proceeding for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies or interests under or in connection with the Credit Documents, or (h) any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender; provided, however, that in the case of any disclosure pursuant to clause (d), the applicable Agent or Lender shall give the Borrower at least ten days prior written notice (unless less time is permitted by the applicable proceeding) before disclosing any of the Confidential Information in any such proceeding and, in making such disclosure, the Agent or any Lender, as applicable, shall disclose only that portion thereof required to be disclosed and shall take all reasonable efforts to preserve the confidentiality thereof.

Section 10.17 Acknowledgments . Each of the parties hereto hereby acknowledges that:

- (a) it has been advised by counsel in the negotiation, execution and delivery of each Credit Document;
- (b) neither any Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Credit Party arising out of or in connection with this Agreement and the relationship between the Agents and Lenders, on one hand, and the Borrower and the other Credit Parties, on the other hand, in connection herewith is solely that of debtor and creditor; and
- (c) no joint venture or partnership exists among the Lenders or the Agents, or among the Borrower or the other Credit Parties and the Lenders or the Agents.

Section 10.18 USA Patriot Act . Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act") hereby notifies the Credit Parties that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of such Credit Party and other information that will allow each such Lender to identify the Credit Party in accordance with the Act.

Section 10.19 Proceeds of Crime .

(a) The Borrower acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" Laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders and the Administrative Agent may be required to obtain, verify and record information regarding the Borrower, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of the Borrower, and the transactions contemplated hereby. The Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assign or participant of a Lender or the Administrative Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If the Administrative Agent has ascertained the identity of the Borrower or any authorized signatories of the Borrower for the purposes of applicable AML Legislation, then the Administrative Agent:

- (i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a “written agreement” in such regard between each Lender and the Administrative Agent within the meaning of applicable AML Legislation; and
- (ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Administrative Agent has no obligation to ascertain the identity of the Borrower or any authorized signatories of the Borrower on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Borrower or any such authorized signatory in doing so.

Section 10.20 Joint and Several Liability . The Credit Parties are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Credit Party has a direct, tangible and immediate impact on the success of the other Credit Parties. If at any time another Person shall be joined as a “Borrower” it is acknowledged and agreed that (i) such Person is a co-borrower hereunder and shall be jointly and severally, with the other Borrower, directly and primarily liable for the payment and performance of the Notes and the Obligations, regardless of which Borrower actually receives any proceeds of the Loan or the amount of such proceeds received, (ii) each of the Borrowers shall have the obligation of a co-maker and shall be a primary obligor with respect to the Loan, the Notes and the other Obligations, it being agreed that the Loan to each Borrower inure to the benefit of both Borrowers, and (iii) the Administrative Agent and each Lender are relying on such joint and several liability of the Borrowers (if at any time there shall be more than one (1) Borrower) in entering into this Agreement and extending the Loan. Each Borrower and each Guarantor hereby unconditionally and irrevocably agrees that upon default in the payment when due of any principal, interest, fee or other amount hereunder, it will forthwith pay the same, without notice of demand. The Administrative Agent and the Lenders shall be entitled to rely upon any notice, request or communication received by it from the Borrower on behalf of all Credit Parties, and shall be entitled to treat its giving of any notice hereunder pursuant to Section 10.3 hereof as notice to each and all Credit Parties.

ARTICLE XI GUARANTY

Section 11.1 The Guaranty . In order to induce the Lenders to enter into this Credit Agreement and the Notes and to extend credit hereunder and thereunder and in recognition of the direct benefits to be received by the Guarantors from the Loans hereunder, each of the Guarantors hereby agrees with the Administrative Agent and the Lenders as follows: each Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity,

by acceleration or otherwise, of any and all Obligations. If any or all of the indebtedness becomes due and payable hereunder or under any other Credit Document, each Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent and the Lenders, or their respective order, on demand, together with any and all reasonable costs, fees and expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Obligations.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid or unenforceable for any reason (including, because of any applicable Requirement of Law relating to fraudulent conveyances or transfers or similar principles) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable Requirements of Law, including Bankruptcy Laws.

Section 11.2 Bankruptcy . Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all Obligations of the Borrower to the Administrative Agent and the Lenders whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Section 8.1(e), and unconditionally promises to pay such Obligations to the Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the Borrower or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Borrower or a Guarantor, the estate of the Borrower or a Guarantor, a trustee, receiver or any other party under any Bankruptcy Law, common law or equitable cause or other Requirement of Law, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

Section 11.3 Continuing Guaranty . This guaranty is a continuing guaranty and shall: (i) remain in full force and effect until the later of (x) the irrevocable payment in full of the Obligations and all other amounts payable by the Guarantor, and (y) all the Commitments have been terminated; (ii) be binding on each Guarantor, its successors and assigns; and (iii) inure to the benefit of and be enforceable by the Administrative Agent, the Lenders and their successors, pledges, transferees and assigns. Without limiting the generality of the foregoing, any Lender may pledge, assign or otherwise transfer all or any portion of its rights and obligations under any Credit Document to any other Person, and such Person shall thereupon become vested with all the benefits in respect thereof granted to such Person herein or otherwise.

Section 11.4 Nature of Liability . The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Obligations of the Borrower whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the Obligations of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by

the Borrower, or (e) any payment made to the Administrative Agent or the Lenders on the Obligations which the Administrative Agent or such Lenders repay to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

Section 11.5 Independent Obligation . The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor or the Borrower and whether or not any other Guarantor or the Borrower is joined in any such action or actions.

Section 11.6 Authorization . Each of the Guarantors authorizes the Administrative Agent and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) amend, modify, renew, restate, compromise, extend, continue, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Obligations or any part thereof in accordance with this Credit Agreement and any other Credit Document, as applicable, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any Guarantor or any other party for the payment of this Guaranty or the Obligations and exchange, enforce, waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their discretion may determine and (d) release or substitute any one or more endorsers, Guarantors, the Borrower or other obligors.

Section 11.7 Reliance . It is not necessary for the Administrative Agent or the Lenders to inquire into the capacity or powers of any Borrower or the officers, directors, members, partners or agents acting or purporting to act on its behalf, and any Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 11.8 Stay of Acceleration . If acceleration of the time for payment, or the liability of a Borrower to make payment, of any amount specified to be payable by such Borrower in respect of its Obligations is stayed, prohibited or otherwise affected upon any Insolvency Proceeding or other event affecting such Borrower or payment of any of its Obligations by such Borrower, all such amounts otherwise subject to acceleration or payment shall nonetheless be deemed for all purposes of this Agreement to be and to have become due and payable by such Borrower and shall be payable by each Guarantor under this Agreement immediately forthwith on demand by the Administrative Agent unless otherwise prohibited or restricted by order, judgment or applicable law.

Section 11.9 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent or any Lender to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent's or any Lender's power whatsoever. Each of the

Guarantors waives any defense based on or arising out of any defense of any Borrower, any other guarantor or any other party other than payment in full of the Obligations (other than contingent indemnity obligations), including without limitation any defense based on or arising out of the disability of a Borrower, any other guarantor or any other party, or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of a Borrower other than payment in full of the Obligations. The Administrative Agent may, at its election, foreclose on any security held by the Administrative Agent by one or more judicial or nonjudicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent or any Lender may have against a Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations have been paid in full and the Commitments have been terminated. Each of the Guarantors waives any defense arising out of any such election by the Administrative Agent or any of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against any Borrower or any other party or any security.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new, additional, restated or continued Obligations. Each Guarantor assumes all responsibility for being and keeping itself informed of each Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each Guarantor waives all other acts or omissions to act or delay of any kind by the Administrative Agent, any Lender or any other Person or any other circumstance whatsoever that might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the obligations of any Guaranty, and each Guarantor waives all other defenses available to a guarantor or surety, whether at law or in equity.

(d) The Borrower and the Guarantors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Borrower has a direct, tangible and immediate impact on the success of each Guarantor. Each Guarantor will derive substantial direct and indirect benefit from the extensions of credit to the Borrower hereunder. Each Guarantor hereby waives any right to revoke this Guaranty, and acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future. Each Guarantor knowingly waives certain rights and defenses as set forth in this Agreement in contemplation of the benefits that it will receive.

(e) Each Guarantor irrevocably renounces to any rights it may have to be released from this Guarantee under Article 2362 of the *Civil Code of Québec* and agrees to renew its guarantee hereunder at the request of the Administrative Agent by executing such documents as the Administrative Agent may request from time to time.

(f) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under applicable Bankruptcy Law, or otherwise) to the claims of the Administrative Agent or the Lenders against any Borrower or any other guarantor of the Obligations of a Borrower owing to the Administrative Agent or the Lenders (collectively, the “Other Parties”) and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Obligations shall have been paid in full and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent or the Lenders now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the Obligations of a Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Administrative Agent and the Lenders to secure payment of the Obligations of a Borrower until such time as the Obligations (other than contingent indemnity obligations) shall have been paid in full and the Commitments have been terminated.

Section 11.10 Confirmation of Payment . The Administrative Agent and the Lenders will, upon request after payment of the Obligations which are the subject of this Guaranty and termination of the Commitments relating thereto, confirm to the Borrower, the Guarantors or any other Person that such indebtedness and obligations have been paid and the Commitments relating thereto terminated, subject to the provisions of Section 11.2.

At such time as the Obligations which are the subject of this Guaranty have been irrevocably paid in full and the Commitments have been terminated, this Guaranty and all obligations of the Guarantors hereunder shall terminate and be of no further force and effect, all without delivery of any Instrument or performance of any act by any Person (subject, in each case, to the effects of Section 11.2 hereof and any indemnification obligations that survive such termination).

(remainder of this page intentionally blank)

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

BORROWER :

ROYAL GOLD, INC. ,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Chief Financial Officer and Treasurer

[signature pages continue]

Fourth Amended and Restated Credit Agreement signature page

GUARANTORS :

HIGH DESERT MINERAL RESOURCES, INC. ,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Vice President and Treasurer

RG MEXICO, INC. ,
a Delaware corporation

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Treasurer

RGLD GOLD CANADA, INC.
a corporation under the Canada Business Corporations Act

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Vice President and Treasurer

[signature pages continue]

ADMINISTRATIVE AGENT
AND LENDER:

HSBC BANK USA, NATIONAL ASSOCIATION
as Administrative Agent and as a Lender

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

JOINT LEAD ARRANGER AND
SOLE GLOBAL COORDINATOR:

HSBC SECURITIES (USA) INC.
as Joint Lead Arranger and Sole Global Coordinator

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

[signature pages continue]

LENDER AND SOLE SYNDICATION AGENT :

THE BANK OF NOVA SCOTIA
as a Lender and Sole Syndication Agent

By: /s/ Ray Clarke
Name: Ray Clarke
Title: Managing Director

By: /s/ Elizabeth Daponte
Name: Elizabeth Daponte
Title: Associate Director

JOINT LEAD ARRANGER:

SCOTIA CAPITAL
as Joint Lead Arranger

By: /s/ Ray Clarke
Name: Ray Clarke
Title: Managing Director

By: /s/ Elizabeth Daponte
Name: Elizabeth Daponte
Title: Associate Director

[signature pages continue]

EXECUTION VERSION**AMENDED AND RESTATED SECURITY AGREEMENT**

THIS AMENDED AND RESTATED SECURITY AGREEMENT (the “Agreement”) is made as of February 1, 2011, by and among ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware (“Royal Gold” or “Borrower”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware (“High Desert”), RG MEXICO, INC., a corporation organized and existing under the laws of the State of Delaware (“RG Mexico”), each of the other parties executing this Agreement under the heading “Debtors” (together with the Borrower, High Desert, RG Mexico and such other parties, along with any party that joins this Agreement as a Debtor in the future, being referred to individually as a “Debtor” and collectively as the “Debtors”) and HSBC BANK USA, NATIONAL ASSOCIATION (“HSBC Bank”), as administrative agent for the Lenders under the Credit Agreement defined below (in such capacity as administrative agent, together with its successors and assigns, the “Secured Party”).

RECITALS

A. The Borrower, High Desert, as a borrower, the Guarantors as may from time to time become parties thereto, the several banks and other financial institutions from time to time parties thereto as Lenders, the Secured Party, as administrative agent, HSBC SECURITIES (USA) INC. (“HSBC Securities”) as the sole lead arranger and THE BANK OF NOVA SCOTIA (“Scotia”), as the sole syndication agent are parties to that certain Third Amended and Restated Credit Agreement, dated as of October 30, 2008, as amended by that certain Consent and First Amendment to Third Amended and Restated Credit Agreement, dated as of March 28, 2010 (as so amended, the “Third Amended and Restated Credit Agreement”), whereby the Secured Party and Scotia made loans and extensions of credit to the Borrower and High Desert (the “Existing Indebtedness”).

B. In connection with the Third Amended and Restated Credit Agreement, the Borrower, High Desert, RG Mexico, each of the other parties executing such agreement under the heading “Debtors” and HSBC Bank, as administrative agent, are parties to that certain Security Agreement, dated as of October 30, 2008 (the “Existing Security Agreement”).

C. Pursuant to the Fourth Amended and Restated Revolving Credit Agreement, dated as of February 1, 2011 (the “Credit Agreement”), among the Borrower, High Desert, as a guarantor, RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporation Act (“RGLD Canada”), as a guarantor, RG Mexico, as a guarantor, those additional guarantors from time to time party thereto (the “Additional Guarantors”), as guarantors (with each of High Desert, RGLD Canada, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC Bank, as a lender, Scotia, as a lender, and those banks and financial institutions identified as a “Lender” on the signature pages thereto and such other banks or financial institutions as may from time to time become parties thereto, as lenders (the “Additional Lenders”) (with each of HSBC Bank, Scotia and the Additional Lenders individually referred to herein as a “Lender” and

collectively referred to herein as the “Lenders”), the Secured Party, as administrative agent for the Lenders hereunder, HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator and Scotia, as sole syndication agent, the Lenders have agreed to make certain loans to the Borrower on the terms and conditions stated therein.

D. Pursuant to the Second Amended and Restated Term Loan Facility Agreement, dated as of February 1, 2011 (the “Term Loan Agreement”), among the Borrower, High Desert, as a guarantor, RGLD Canada, as a guarantor, RG Mexico, as a guarantor, those additional guarantors identified as a “Guarantor” on the signature pages thereto and such additional guarantors as from time to time become a party thereto, as guarantors by the execution of a joinder agreement, HSBC Bank, as a lender, Scotia, as a lender, and those banks or financial institutions as may from time to time become parties thereto, as lenders (the “Additional Term Lenders”) (with each of HSBC Bank, Scotia and the Additional Term Lenders, collectively, the “Term Lenders”), HSBC Bank, as administrative agent for the Term Lenders (“Term Secured Party”), HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator and Scotia, as sole syndication agent, the Term Lenders have agreed to make certain loans to the Borrower on the terms and conditions stated therein.

E. Royal Gold owns, directly or indirectly, equity interests in each other Debtor, and Royal Gold provides each of the other Debtors with financial, management, administrative and technical support which enables each such Debtor to conduct its business in an orderly and efficient manner.

F. The Borrower will directly benefit from the loans extended to it by the Lenders. Each other Debtor expects to derive benefit from the borrowings under the Credit Agreement and from such financial and other support as the Borrower may in the future provide to the Debtors. Each Debtor is interested in and will be financially benefited by the business success of the Borrower and has entered into this Agreement and the other Credit Documents (defined below) for legitimate business purposes.

G. In order to secure the prompt and complete payment and performance of all indebtedness, guaranties, duties, covenants, agreements and obligations owing or to be owed by the Debtors to the Lenders, and as a condition to the Lenders making any loans to the Borrower under the Credit Agreement, each Debtor, on a joint and several liability basis, has agreed amend and restate the Existing Security Agreement in its entirety and this Agreement is given by the Debtors to grant a lien on and security interest in the personal property of each such Debtor as described herein.

H. Reference is made to that certain Security Agreement, dated as of February 1, 2011, by the Debtors in favor of the Term Secured Party (the “Term Security Agreement”), which is being delivered in connection with the Term Loan Agreement, pursuant to which the Debtors are granting a security interest in the collateral (as defined in the Term Security Agreement, the “Term Collateral”) to the Term Secured Party, in its capacity as administrative agent for the Term Lenders to secure the obligations of the Debtors under the Term Loan

Agreement.

I. Reference is made to that certain Amended and Restated Intercreditor Agreement, by and among, *inter alia*, the Term Lenders and the Lenders, and acknowledged by the Borrower and the Guarantors, dated as of February 1, 2011 (the “Intercreditor Agreement”). The parties hereto acknowledge and agree that the rights and priorities of the Term Lenders and the Lenders in the Collateral and the Term Collateral are set forth in the Intercreditor Agreement and all terms of this Agreement are subject to the requirements of the Intercreditor Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. CONSTRUCTION AND DEFINITION OF TERMS.

All terms used herein without definition which are defined by the Uniform Commercial Code in the State of New York (the “UCC”) shall have the meanings assigned to them by the UCC, as in effect on the date hereof, unless and to the extent varied by this Agreement. Capitalized terms used, but not defined, herein shall have the meanings given thereto in the Credit Agreement. All accounting terms used herein without definition shall have the meanings assigned to them as determined by generally accepted accounting principles. In addition to the terms defined elsewhere in this Agreement, unless the context otherwise requires, when used herein, the following terms shall have the following meanings:

1.1 “Agreement” means this Amended and Restated Security Agreement and all amendments, modifications, revisions, extensions, restatements and supplements hereto.

1.2 “Bankruptcy Code” means the United States Bankruptcy Code, as amended from time to time.

1.3 “Business Premises” shall mean the chief executive office of each Debtor as set forth on Schedule 1 hereto.

1.4 “Collateral” shall mean all of each Debtor’s personal property, including, without limitation, all right, title and interest of each Debtor, whether now owned or existing or hereafter created, acquired or arising, and wheresoever located, in, to and under (with each of the following capitalized terms having the meaning given thereto in the UCC):

- (a) all Accounts;
- (b) all As-Extracted Collateral;
- (c) all Chattel Paper;
- (d) all Commodity Accounts;

- (e) all Commodity Contracts;
- (f) all Deposit Accounts;
- (g) all Documents;
- (h) all Equipment;
- (i) all Fixtures;
- (j) all General Intangibles;
- (k) all Goods;
- (l) all Instruments;
- (m) all intellectual property;
- (n) all Inventory;
- (o) all Investment Property;
- (p) all Letter-of-Credit Rights;
- (q) all Promissory Notes;
- (r) all Software;
- (s) all other personal property not otherwise described above;
- (t) all books and records pertaining to the Collateral; and
- (u) to the extent not otherwise included, all Proceeds, products, income and profits of the foregoing, all insurance covering the foregoing, all accessions thereto and all collateral security and guarantees given by any person with respect to any of the foregoing, provided, however, that Collateral shall not include the Excluded Property.

1.5 “Collateral Royalties” shall mean those Royalties set forth on Schedule 1.1(a) to the Credit Agreement, together with, from time to time hereafter, any other Royalty Interest added thereto from time to time.

1.6 “Credit Documents” shall mean this Agreement, the Credit Agreement, each of the Notes, any Joinder Agreement, any Assignment Agreement, the other Security Documents, the Ratification, the Fee Letter, the Existing Credit Documents and all other agreements, documents, certificates and Instruments delivered to the Secured Party or any Lender by any Credit Party in connection herewith or therewith, together with all amendments, modifications, supplements, revisions, extensions and restatements of the foregoing, as well as any other document or agreement which the Lenders and the Borrower agrees is a Credit Document.

1.7 “Equity Interest” shall mean (i) in the case of a corporation, capital stock, whether common, preferred or other, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests or other interests (however designated) representing a share of the profits and losses, and (v) any other right, interest, participation or classification that represents or confers an ownership interest, a control interest or a right to receive a share of the profits and losses or distribution of assets.

1.8 “Environmental Laws” means any and all applicable Requirements of Law regulating or relating to pollution or protection of human health or the environment, as now or hereafter in effect, including Requirements of Law regulating or relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes, and the applicable World Bank Guidelines and Criteria and International Finance Corporation Guidelines, each as in effect from time to time.

1.9 “Event of Default” shall mean any of the events described in Section 6 hereof.

1.10 “Excluded Property” means (a) all Royalties that are not Collateral Royalties, (b) all Royalty Agreements that relate to Royalties that are not Collateral Royalties, (c) Equity Interests in any Subsidiary and (d) any lease, license, contract or agreement to which any Debtor is a party or any of its rights or interests thereunder if and for so long as the grant of such security interest shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of any Debtor therein or (ii) in a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract or agreement (but only to the extent that any such term would not be invalidated or rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC (or any successor provision or provisions)), provided however that such security interest shall attach immediately at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied, and to the extent severable, shall attach immediately to any portion of such lease, license, contract or agreement that does not result in any of the consequences specified in (i) or (ii) above. For purposes of clarification, all Accounts, As-Extracted Collateral and Proceeds of, arising out of or attributable to Royalties and Royalty Agreements constitute, and are included as, part of the Collateral.

1.11 “Governmental Authority” means the government of any nation, and any provincial, territorial, divisional, state, county, regional, city or other political subdivision thereof, and any tribal, aboriginal or native government, and any entity, court, arbitrator or board of arbitrators, agency, department, commission, board, bureau, regulatory authority or other instrumentality of any of them exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or Governmental Requirement, and any securities exchange or securities regulatory authority to which a Debtor is subject.

1.12 “Governmental Requirement” means mean each law, statute, code, ordinance, treaty, order, rule, regulation, judgment, ruling, decree, injunction, franchise, permit, certificate, license, authorization, regulation, approval or other direction of any Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, and as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person.

1.13 “Hazardous Materials” means any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, pollutants, contaminants or other materials or substances defined or regulated in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

1.14 “Hazardous Materials Contamination” means the contamination (whether presently existing or occurring after the date of this Agreement) by Hazardous Materials on any property owned, operated or controlled by Debtor or for which Debtor has responsibility, including, without limitation, improvements, facilities, soil, water, air or other elements on, or of, any property now or hereafter owned, operated or acquired by Debtor, and any other contamination by Hazardous Materials for which Debtor is, or is claimed to be, responsible.

1.15 “Lien” shall mean any mortgage, deed of trust, pledge, charge, hypothecation, assignment for security purposes, deposit arrangement for security purposes, preferential right, option, encumbrance, lien (statutory or other), or other security interest or collateral arrangement, or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

1.16 “Obligations” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and each Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with the Credit Agreement, the Notes, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

1.17 “Permitted Liens” means: (a) Liens created by or otherwise existing, under or in connection with this Agreement, the other Credit Documents, the Term Loan Agreement and the documents executed in connection with the Term Loan Agreement, or otherwise permitted pursuant to the terms of the Intercreditor Agreement; (b) purchase money Liens securing purchase money indebtedness (and refinancings thereof) to the extent permitted under Section 7.1(c) of the Credit Agreement; (c) Liens for Taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed 30 days), if any, related thereto has not expired or which are being diligently contested in good faith by appropriate proceedings; provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP; (d)

carriers', warehousemen's, mechanics', materialmen's, repairmen's inchoate, unperfected or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 20 days or which are being diligently contested in good faith by appropriate proceedings; provided that a reserve, bond or other appropriate provision shall have been made therefore to the reasonable satisfaction of the Secured Party; (e) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements; (f) any interest or title of a lessor under any lease entered into by any Credit Party or any Subsidiary in the ordinary course of its business and covering only the assets so leased; (g) deposits and bonds to secure the performance of bids, trade contracts (other than for Consolidated Total Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; (h) Liens existing on the Closing Date and set forth on Schedule 7.2 to the Credit Agreement; provided that (i) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Closing Date and (ii) the principal amount of the Indebtedness secured by such Liens shall not be increased, extended, renewed, refunded or refinanced; (i) Liens of HSBC Bank USA, National Association over one or more deposit accounts in connection with the Term Loan Agreement; (j) easements, rights-of-way, zoning restrictions, minor defects or irregularities in title and other similar encumbrances which do not individually or in the aggregate interfere in any material respect with the occupation, value or use of the property to which such Lien is attached or with such Person's activities or operations on such property; (k) Liens and minor title defects reflected in the Title Opinions, to the extent not objected to by the Secured Party; (l) any Lien with respect to judgments, orders or awards to the extent such judgments, orders or awards secured thereby shall not, either individually or in the aggregate, result in an Event of Default under Section 8.1(f) of the Credit Agreement; (m) rights of setoff or bankers' Liens upon deposits of cash or broker's Liens upon securities accounts in favor of financial institutions, banks or other depository institutions; and (n) any Lien with respect to interests in pre-feasibility, feasibility or development stage properties not currently producing Metals, which properties are not included in the calculation of Projected Facility Term Revenue; provided that such Liens do not secure Indebtedness.

1.18 "Person" shall mean an individual, partnership, corporation, limited liability company, *sociedad anonima*, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

1.19 "Security Documents" means this Agreement, the Mortgages, the Mortgage Amendments, the Pledge Agreement and any other agreement, assignment, document or instrument executed and delivered in connection with (i) the granting, attachment, formalization and perfection of the Secured Party's security interests and Liens arising thereunder, including UCC financing statements, PPSA financing statements and other similar registrations, filings or instruments, (ii) the pledge or subordination of Indebtedness to or in favor of the Secured Party or (iii) any other mortgage, deed, security, subordination, guaranty or support agreement or arrangement with respect to the Obligations or any Credit Document, as any of the foregoing may be amended, modified, supplemented, continued, restated, or amended and restated from time to time.

2. SECURITY

2.1 **Security Interest** . As security for the prompt and complete payment and performance of all of the Obligations, whether or not any instrument or agreement relating to any Obligation specifically refers to this Agreement or the security interest created hereunder, each Debtor hereby assigns, pledges and grants to the Secured Party a continuing security interest in, assignment and pledge of and charge over, and right of set-off against, the Collateral. The Secured Party's security interest shall continually exist until all Obligations have been irrevocably paid and performed in full.

2.2 **Covenants and Representations Concerning Collateral** . With respect to all of the Collateral, each Debtor covenants, warrants and represents that:

(a) No effective financing statement or similar document or instrument with respect to a Lien covering any of the Collateral is on file in any public office or land or financing records except for financing statements in favor of the Secured Party or the Term Secured Party and financing statements relating to Permitted Liens. Each Debtor is the legal and beneficial owner of all of its Collateral, free and clear of all Liens other than Permitted Liens.

(b) The security interest granted to the Secured Party hereunder shall constitute a first priority Lien upon the Collateral, to the extent required hereunder, subject to the terms of the Intercreditor Agreement and the Permitted Liens. No Debtor shall, and Secured Party does not authorize any Debtor to, sell, lease, license, or assign any interest in the Collateral other than as permitted under the Credit Agreement or the terms of the Intercreditor Agreement, nor, without the Secured Party's prior written consent, permit any other Lien (other than Permitted Liens) to be created or remain thereon.

(c) Each Debtor will maintain the Collateral in good order and condition, ordinary wear and tear and casualty and condemnation events excepted, and will use, operate and maintain the Collateral in accordance with good industry practice and, except as could not reasonably be expected to result in a Material Adverse Effect, in compliance with all Governmental Requirements, manufacturer and supplier warranties and all applicable insurance requirements and regulations. Each Debtor will promptly notify Secured Party in writing of any litigation involving or affecting the Collateral which Debtor knows or has reason to believe is pending or threatened and which has had, or could reasonably be expected to have, a Material Adverse Effect. Each Debtor will promptly pay when due all taxes and all transportation, storage, warehousing, mechanics, materialmen, construction, maintenance and other such charges, fees, expenses or amounts affecting or arising out of or relating to the Collateral, except as otherwise permitted under the Credit Agreement, and shall defend the Collateral, at such Debtor's expense, against all claims and demands of any Persons claiming any interest in or Lien on the Collateral adverse to any Debtor or the Secured Party.

(d) Subject to the limitations set forth in Section 6.11 of the Credit Agreement, at all times, the Secured Party and its agents, advisors, consultants and representatives may enter any premises of any Debtor and inspect such premises and the Collateral and all books and records of such Debtor (in whatever form), and the Debtors shall pay the reasonable costs of such inspections in accordance with Section 10.6 of the Credit Agreement.

(e) All books and records pertaining to the Collateral are located at the Business Premises and no Debtor shall change the location of such books and records without ten (10) Business Days (or such shorter period as the Administrative Agent shall approve) prior written notice to the Secured Party.

(f) Each Debtor will maintain comprehensive property and casualty insurance on the Collateral to the extent required by the Credit Agreement. Each Debtor hereby assigns to the Secured Party and grants to the Secured Party a security interest in any and all proceeds of such policies, and, upon the occurrence and during the continuance of an Event of Default, subject to the requirements of the Intercreditor Agreement, authorizes and empowers the Secured Party to adjust or compromise any loss under such policies and to collect and receive all such proceeds.

(g) Each Debtor shall do, make, execute and deliver all such additional and further acts, things, deeds, assurances, documents, acknowledgments, certificates and instruments as the Secured Party may reasonably request to protect, vest in and assure to the Secured Party its rights hereunder or in any of the Collateral and the perfection and priority of its rights therein, provided, however, that so long as no Event of Default shall have occurred and be continuing, the perfection obligations of the Debtors pursuant to this Agreement shall be limited to such actions as are necessary or desirable to perfect a security interests by the filing of a financing statement in the jurisdiction of each Debtor's location (as defined in §9-307 of the UCC).

(h) Each Debtor authorizes the Secured Party to file financing statements, continuation statements, amendments and other similar documents and instruments covering the Collateral, including financing statements that indicate or describe the Collateral as "all assets" or "all personal property," and containing such legends as Secured Party shall deem necessary or desirable to perfect or protect the Secured Party's interest in the Collateral. Each Debtor agrees to pay all taxes, fees and costs (including reasonable out of pocket attorneys' fees) paid or incurred by Secured Party in connection with the preparation, filing or recordation thereof.

(i) If an Event of Default has occurred and is continuing, each Debtor shall cooperate with the Secured Party to obtain and keep in effect one or more control agreements in Deposit Account, Electronic Chattel Paper, Investment Property and Letter-of-Credit Rights Collateral.

(j) If an Event of Default has occurred and is continuing, each Debtor shall promptly deliver to the Secured Party, with all endorsements and/or assignments required by the Secured Party, all Instruments, Chattel Paper, guaranties and the like received by any Debtor constituting, evidencing or relating to any of the Collateral or proceeds of any of the Collateral.

(k) No Debtor is authorized to file any financing statement or amendment or termination statement with respect to any financing statement filed in favor of the Secured Party without the prior written consent of Secured Party, and each Debtor agrees that it will not do so without the prior written consent of Secured Party, subject to such Debtor's rights under Section 9-509(d)(2) of the UCC.

2.3 **Care of Collateral.** Each Debtor shall have all risk of loss of the Collateral. The Secured Party shall have no liability or duty, either before or after the occurrence of an Event of Default, on account of loss of or damage to, to collect or enforce any of its rights against, the

Collateral, to collect any income accruing on the Collateral, or to preserve rights against account debtors or other parties with prior interests in the Collateral. While the Secured Party is not required to take any actions with respect to the Collateral, if action is needed, in the Secured Party's sole discretion, to preserve and maintain the Collateral, each Debtor authorizes the Secured Party to take such actions, but the Secured Party is not obligated to do so.

2.4 **Authorization and Power-of-Attorney.** Each Debtor authorizes the Secured Party to request other secured parties of any Debtor to provide accountings, confirmations of Collateral and confirmations of statements of account concerning Debtor. Each Debtor hereby designates and appoints the Secured Party and its designees as attorney-in-fact of each such Debtor, irrevocably and with power of substitution, with authority to endorse such Debtor's name on requests to other secured parties of such Debtor for accountings, confirmations of collateral and confirmations of statements of account.

3. **REPRESENTATIONS AND WARRANTIES**

To induce the Secured Party to enter into this Agreement, each Debtor represents and warrants to the Secured Party that:

3.1 **State of Incorporation, Legal Name and Identification Number.** Each Debtor's jurisdiction of incorporation and exact, complete legal name are set forth in the first paragraph of this Agreement. Each Debtor's corporate organizational number is set forth on Schedule 1.

3.2 **Good Standing .** Each Debtor is a corporation duly incorporated, legally existing and in good standing under the laws of its jurisdiction of incorporation, has the power to own its property and to carry on its business and is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary.

3.3 **Authority .** Each Debtor has full power and authority to enter into this Agreement, to execute and deliver all documents and instruments required hereunder and to incur and perform the obligations provided for herein, all of which have been duly authorized by all necessary and proper corporate and other action, and no consent or approval of any person, including, without limitation, any shareholders, any board of directors, any officers, any members or managers, or any other person, or any public authority or regulatory body, which has not been obtained is required as a condition to the validity or enforceability hereof or thereof.

3.4 **Binding Agreements .** This Agreement has been duly and properly executed by each Debtor, constitutes the valid and legally binding obligation of each Debtor and is fully enforceable against each Debtor in accordance with its terms, subject only to laws affecting the rights of creditors generally and application of general principles of equity.

3.5 **No Conflicting Agreements .** The execution, delivery and performance by each Debtor of this Agreement will not (a) violate (i) any provision of applicable Governmental Requirements or any order, rule or regulation of any Governmental Authority, (ii) any award of any arbitrator, (iii) the articles of incorporation, bylaws or other governing documents of Debtor, or (iv) any indenture, contract, agreement, mortgage, deed of trust or other document or

instrument to which any Debtor is a party or by which any Debtor or any of its property is bound, except to the extent such violation could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is the subject of the agreements set forth in the Intercreditor Agreement, or (b) be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a material default under, any such award, indenture, contract, agreement, mortgage, deed of trust or other instrument, or result in the creation or imposition of any Lien upon any of the property or assets of any Debtor except for Liens created in favor of Secured Party under or pursuant to this Agreement.

3.6 **Litigation.** Except as set forth on Schedule 3.5 to the Credit Agreement, there are no judgments, injunctions or similar orders or decrees, claims, actions, suits or proceedings pending or, to the knowledge of Debtor, threatened in writing against or affecting Debtor or any property of Debtor, at law or in equity, by or before any court or any Governmental Authority, that has had or could reasonably be expected to have a Material Adverse Effect, which may affect the legality, enforceability or validity of this Agreement or any Credit Document or which could result in any material adverse change in the Collateral of any Debtor, and Debtor is not in default with respect to any judgment, order, writ, injunction, decree, rule or regulation of any court or any Governmental Authority, which could have a material adverse effect on the Collateral.

3.7 **Financial Condition .** The financial statements of Debtors heretofore delivered to the Secured Party are true and complete, fairly present the financial condition of the Debtors on a consolidated basis in accordance with GAAP as at such dates and the results of its operations for the period then ended for unaudited financial statements, subject to normal year-end adjustments.

3.8 **Taxes .** Each Debtor, to the extent required by Section 6.3 of the Credit Agreement, has paid or caused to be paid all taxes imposed by Governmental Authorities to the extent that such taxes have become due and has filed or caused to be filed all tax returns or other documents which are required to be filed by such Debtor.

3.9 **Title to Properties.** Each Debtor has good title to all of its owned properties included in the Collateral and a valid leasehold interest in or valid rights to use all such properties included in the Collateral, and all of the properties and assets of each Debtor are free and clear of Liens, except for Permitted Liens.

3.10 **Place of Business .** Each Debtor's principal place of business and chief executive office is located at the Business Premises, and each Debtor has such other business locations as disclosed to Secured Party in writing prior to the date hereof.

3.11 **Licenses and Permits .** Each Debtor has duly obtained and now holds all material licenses, permits, certifications, approvals and the like required by Governmental Requirements or necessary to conduct its business, and each remains valid and in full force and effect in each case, except to the extent failure to obtain or maintain such licenses, permits, certifications, approvals and the like could not reasonably be expected to have a Material Adverse Effect.

3.12 **Presence of Hazardous Materials or Hazardous Materials Contamination.** To each Debtor's knowledge, and except as permitted by applicable Governmental Requirements, no Hazardous Materials are located on any real property owned, operated or controlled by any

Debtor or for which any Debtor is responsible and for which remedial or corrective action would be required under applicable Governmental Requirements, except as would not reasonably be expected to have a Material Adverse Effect. To each Debtor's knowledge, and except as permitted by applicable Governmental Requirements, no property owned, operated or controlled by Debtor has ever been used as a manufacturing, storage, or dump site for Hazardous Materials, except as would not reasonably be expected to have a Material Adverse Effect.

3.13 **Perfection and Priority of Collateral.** The Secured Party has, or upon proper recording of a financing statement will have and will continue to have as security for the Obligations, a valid and perfected Lien on all Collateral of each Debtor to the extent such Lien may be perfected by the filing of a financing statement in the jurisdiction of each Debtor's location, free of all other Liens, claims and rights of third parties whatsoever, except Permitted Liens.

3.14 **Survival.** All representations and warranties contained in or made in connection with this Agreement and the other Credit Documents shall survive the execution and delivery of this Agreement.

4. **COVENANTS**

Each Debtor covenants and agrees with the Secured Party that, until all Obligations have been irrevocably paid and performed in full and the Credit Documents have been terminated and discharged, each Debtor will perform, satisfy and comply with all Covenants set forth in Article VI and Article VII set forth in the Credit Agreement, in accordance therewith.

5. **ASSIGNED AGREEMENTS AND ACCOUNTS**

5.1 The contracts, agreements, documents and instruments assigned pursuant hereto and subject to the security interest granted hereby are referred to herein as the "Assigned Agreements". The assignment of and grant of security interest in the Assigned Agreements includes, without limitation, (i) all rights of each Debtor to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) all rights of each Debtor to receive proceeds of insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) all claims of each Debtor for damages arising out of or on breach of or default under the Assigned Agreements, and (iv) the right of each Debtor to terminate the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all rights and remedies thereunder.

5.2 Notwithstanding any other provision of this Agreement, (i) each Debtor shall remain liable under the Assigned Agreements to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by the Secured Party of any of its rights hereunder shall not release any Debtor from any of its duties or obligations under any Assigned Agreement and (iii) the Secured Party shall have no obligation or liability under the Assigned Agreements by reason of this Agreement, nor shall the Secured Party be obligated to perform any of the obligations, covenants or duties of any Debtor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

5.3 Each Debtor shall immediately notify the Secured Party of any material amendment, modification, extension, restatement or waiver of any provision of any Assigned Agreement and provide copies thereof if so requested.

5.4 At the request of the Secured Party and subject to the terms of the Intercreditor Agreement, all agreements, documents, certificates or instruments representing the Assigned Agreements or any other part of the Collateral shall be delivered to and held by or on behalf of the Secured Party and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party. Upon the occurrence and during the continuance of an Event of Default, the Secured Party shall have the right, at any time in its discretion and without notice to any Debtor, to transfer or to register in the name of the Secured Party or any of its nominees any or all of the Collateral.

6. EVENTS OF DEFAULT

The occurrence of any event or the existence of any condition specified as an “Event of Default” under the Credit Agreement shall constitute an “Event of Default” hereunder.

7. RIGHTS AND REMEDIES

7.1 **Rights and Remedies of Secured Party** . Upon and after the occurrence of an Event of Default, the Secured Party may, without notice or demand, exercise in any jurisdiction in which enforcement hereof is sought, the following rights and remedies, in addition to the rights and remedies available to the Secured Party under the other Credit Documents, the rights and remedies of a secured party under the UCC and all other rights and remedies available to the Secured Party under applicable Governmental Requirements, whether at law or in equity, all such rights and remedies being available to Secured Party and being cumulative and enforceable alternatively, successively or concurrently:

(a) Declare all Obligations to be immediately due and payable and the same shall thereupon become immediately due and payable without presentment, demand for payment, protest or notice of any kind, all of which are hereby expressly waived.

(b) Institute any proceeding or proceedings to enforce the Obligations and any Liens of the Secured Party.

(c) Take possession of the Collateral, and for that purpose, so far as each Debtor may give authority therefor, enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom without any liability for suit, action or other proceeding, each Debtor HEREBY WAIVING ANY AND ALL RIGHTS TO PRIOR NOTICE AND TO JUDICIAL HEARING WITH RESPECT TO REPOSSESSION OF COLLATERAL, and require each Debtor, at such Debtor’s expense, to assemble and deliver the Collateral to such place or places as the Secured Party may designate.

(d) Operate, manage and control the Collateral (including use of the Collateral and any other property or assets of any Debtor in order to continue or complete performance of such

Debtor's obligations under any contracts or agreements of such Debtor), or permit the Collateral or any portion thereof to remain idle or store the same, and collect all rents and revenues therefrom and sell or otherwise dispose of any or all of the Collateral upon such terms and under such conditions as the Secured Party, in its sole discretion, may determine, and purchase or acquire any of the Collateral at any such sale or other disposition, all to the extent permitted by applicable Governmental Requirements.

(e) Enforce each Debtor's rights against account debtors and other obligors.

(f) Each Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time while an Event of Default shall have occurred and be continuing, without notice to any Debtor, any such notice being expressly waived by each Debtor, to set-off and appropriate and apply any and all deposits, in any currency or form, and any other credits, indebtedness or claims, in any currency or form, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by the Secured Party to or for the credit or the account of any Debtor, or any part thereof, against and on account of the obligations and liabilities of any Debtor to the Secured Party hereunder, whether arising hereunder, under the Note, any other Credit Document or otherwise, as the Secured Party may elect in its sole discretion, whether or not the Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The Secured Party shall notify the Debtors of any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Secured Party to set-off and appropriate are in addition to the other rights and remedies which the Secured Party may have hereunder, under any other Credit Document, or at law or in equity.

7.2 Power of Attorney . Each Debtor hereby irrevocably designates and appoints the Secured Party and its designees as a true and lawful attorney-in-fact of such Debtor, irrevocably and with full power of substitution, to act in the place and stead of such Debtor and in the name of such Debtor or in its own name, from time to time in the sole discretion of the Secured Party, upon the occurrence and during the continuation of any Event of Default, for the purpose of carrying out and implementing the terms of this Agreement and the other Credit Documents, to take any and all necessary or appropriate action and to execute and deliver any and all documents and instruments which may be necessary or appropriate to accomplish or fulfill the purposes of this Agreement and the other Credit Documents, including, without limitation, to endorse such Debtor's name on any notes, acceptances, checks, drafts, money orders, instruments or other evidences of payment or proceeds of the Collateral that may come into the Secured Party's possession; to execute proofs of claim and loss; to pay or discharge claims or liens levied or placed on or threatened against the Collateral; to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due, and to become due thereunder, directly to the Secured Party or as the Secured Party shall direct, and to receive payment of and receipt of any and all moneys, claims and other amounts due, and to become due at any time, in respect of or arising out of any Collateral; to adjust and compromise any claims under insurance policies; to commence and prosecute, or defend, any suit, action or proceeding relating to any Debtor or the Collateral or to collect, defend or enforce any right with respect to the Collateral; to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Secured Party were the owner thereof for all

purposes; and to undertake, do or perform all other acts and things necessary or advisable, in the Secured Party's sole discretion, to carry out and enforce this Agreement and the Credit Documents and to protect, preserve, defend or realize upon the Collateral. All acts of said attorney or designee are hereby ratified and approved by each Debtor and said attorney or designee shall not be liable for any acts of commission or omission nor for any error of judgment or mistake of fact or law, except in the case of gross negligence or willful misconduct. This power of attorney is coupled with an interest and is irrevocable so long as any of the Obligations remain unpaid or unperformed.

7.3 **Notice of Disposition of Collateral and Disclaimer of Warranties** . It is mutually agreed that commercial reasonableness and good faith require the Secured Party to give the Debtors no more than ten (10) days prior written notice of the time and place of any public disposition of Collateral or of the time after which any private disposition or any other intended disposition is to be made. It is mutually agreed that it is commercially reasonable for the Secured Party to disclaim all warranties which arise with respect to the disposition of the Collateral.

7.4 **Costs and Expenses** . Each Debtor agrees to pay to the Secured Party within thirty (30) days after receipt of an invoice therefor, the amount of all costs and expenses paid or incurred by the Secured Party in consulting with counsel concerning any of its rights hereunder, under the other Security Documents or under applicable Governmental Requirements, all costs and expenses, including attorneys' fees and court costs paid or incurred by the Secured Party in undertaking, documenting and administering this Agreement and the other Security Documents and in exercising or enforcing any of its rights hereunder, under the Security Documents or under applicable Governmental Requirements, together with interest on all such amounts at the rate and calculated in the manner provided in the Credit Agreement. The provisions of this Subsection shall survive the termination of this Agreement and the Secured Party's security interest hereunder and the payment of all Obligations.

7.5 **Reinstatement** . To the extent that any payment made or received with respect to the Obligations is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other Person under any debtor relief law, common law or equitable cause or any other Governmental Requirement, then the Obligations intended to be satisfied by such payment shall be revived and shall continue as if such payment had not been received by the Secured Party and the Liens created by this Agreement shall be revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received by Secured Party.

8. MISCELLANEOUS

8.1 **Performance for Debtor** . Each Debtor agrees and hereby authorizes that the Secured Party may, in the Secured Party's sole discretion, but the Secured Party shall not be obligated to, whether or not an Event of Default shall have occurred, advance funds on behalf of any Debtor, without prior notice to such Debtor, in order to insure each Debtor's compliance with any covenant, warranty, representation or agreement of each Debtor made in or pursuant to this Agreement or any of the Credit Documents, or to preserve or protect any right or interest of the Secured Party in the Collateral or under or pursuant to this Agreement or any of the Credit Documents. Each Debtor shall pay to the Secured Party upon demand all such advances made by

the Secured Party with interest thereon at the rate and calculated in the manner provided in the Credit Agreement. All such advances shall be deemed to be included in the Obligations and secured by the security interest granted the Secured Party hereunder.

8.2 **Expenses.** Whether or not any of the transactions contemplated hereby shall be consummated, each Debtor agrees to pay to the Secured Party within thirty (30) days after receipt of an invoice therefor, the amount of all costs and expenses paid or incurred by the Secured Party (including the fees and expenses of its counsel) in connection with the negotiation, preparation, delivery, amendment, modification or waiver of this Agreement and the Credit Documents and all documents and instruments referred to herein and all costs and expenses paid or incurred by the Secured Party in connection with the filing or recordation of all financing statements and instruments as may be required by the Secured Party at the time of, or subsequent to, the execution of this Agreement, including, without limitation, all documentary stamps, recordation and transfer taxes and other costs and taxes incident to recordation of any document or instrument in connection herewith. Each Debtor agrees to save harmless and indemnify the Secured Party from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs or any other costs or expenses incurred or paid by Secured Party in connection with this Agreement and the other Credit Documents. The provisions of this Section shall survive the termination of this Agreement and Secured Party's security interest hereunder and the payment of all other Obligations.

8.3 **Applications of Payments and Collateral .** Except as may be otherwise specifically provided in this Agreement, all Collateral and proceeds of Collateral coming into Secured Party's possession after the occurrence of an Event of Default and all payments made by the Debtor may be applied by the Secured Party to any of the Obligations, whether matured or unmatured, as the Secured Party shall determine in its sole but reasonable discretion in accordance with the terms of the other Credit Documents. The Secured Party may defer the application of non-cash proceeds of Collateral, including, but not limited to, non-cash proceeds collected pursuant hereto, to the Obligations until cash proceeds are actually received by Secured Party.

8.4 **Secured Party as Agent.** In acting under or by virtue of this Agreement, the Secured Party, acting as administrative agent, shall be entitled to all the rights, authority, privileges and immunities provided in the Credit Agreement, all of which provisions of said Credit Agreement (including Article 9 thereof) are incorporated by reference herein with the same force and effect as if set forth herein in their entirety. The Secured Party disclaims any representation or warranty to the Lenders or any other holders of the Obligations concerning the grant, maintenance or perfection of the liens and security interest granted hereunder or under any other Security Document, or in the existence or value of any of the Collateral.

8.5 **Waivers by Secured Party .** Neither any failure nor any delay on the part of the Secured Party in exercising any right, power or remedy hereunder, under any of the Credit Documents or under applicable Governmental Requirements shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

8.6 **Waivers by Debtor.** Each Debtor hereby waives, to the extent the same may be waived under applicable law: (a) notice of acceptance of this Agreement; (b) all claims, causes of action and rights of any Debtor against Secured Party on account of actions taken or not taken by the Secured Party in the exercise of the Secured Party's rights or remedies hereunder, under the Credit Documents or under applicable Governmental Requirements; (c) all claims of any Debtor for failure of the Secured Party to comply with any requirement of applicable Governmental Requirements relating to enforcement of the Secured Party's rights or remedies hereunder, under the Credit Documents or under applicable Governmental Requirements; (d) all rights of redemption of any Debtor with respect to the Collateral; (e) in the event the Secured Party seeks to repossess any or all of the Collateral by judicial proceedings, any bond(s) or demand(s) for possession which otherwise may be necessary or required; (f) presentment, demand for payment, protest and notice of non-payment and all exemptions; (g) any and all other notices or demands which by applicable Governmental Requirements must be given to or made upon any Debtor by the Secured Party; (h) settlement, compromise or release of the obligations of any one or more Persons primarily or secondarily liable upon any of the Obligations; (i) all rights of any Debtor to demand that the Secured Party release account debtors from further obligation to the Secured Party; (j) any duty or obligation to marshal or apportion Collateral; and (k) substitution, impairment, exchange or release of any Collateral for any of the Obligations. Each Debtor agrees that the Secured Party may exercise any or all of its rights and/or remedies hereunder, under the Credit Documents and under applicable Governmental Requirements, from time to time, in any order, alternatively, successively or concurrently, without resorting to and without regard to any Collateral or sources of liability with respect to any of the Obligations.

8.7 **Modifications .** No modification, amendment or waiver of any provision of this Agreement or any of the Credit Documents, and no consent by the Secured Party to any departure by any Debtor therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand upon any Debtor in any case shall entitle any Debtor to any other or further notice or demand in the same, similar or other circumstances.

8.8 **Notices .** All notices shall be given in accordance with Section 10.3 of the Credit Agreement.

8.9 **Joint and Several Liability.** The Debtors are engaged in related businesses and integrated to such an extent that the financial strength and flexibility of each Debtor has a direct, tangible and immediate impact on the success of the other Debtors. Each of the Debtors acknowledges and agrees that (i) it shall be jointly and severally liable, with the other Debtors liable for the payment and performance of this Agreement and the other Credit Documents, and (ii) the Lenders are relying on such joint and several liability of the Debtors in entering into the Credit Documents and making loans to the Borrower. Each Debtor hereby unconditionally and irrevocably agrees that upon default in the payment when due of any principal, interest, fee or other amount under the Credit Documents, it will forthwith pay the same, without notice of demand. The Secured Party and the Lenders shall be entitled to rely upon any notice, request or communication received by it from any one Debtor on behalf of all Debtors, and shall be entitled to treat its giving of any notice hereunder pursuant to Section 8.8 hereof as notice to each and all Debtors.

8.10 **Continuing Agreement** . This Agreement shall be a continuing agreement in every respect and shall remain in full force and effect until all of the Obligations have been irrevocably and fully paid, performed and satisfied and the commitment of the Lenders to extend credit to or for the account of any Borrower under the Credit Agreement shall have expired or otherwise terminated.

8.11 **Applicable Law** . The performance and construction of this Agreement and the Credit Documents shall be governed by the internal laws of the State of New York, without reference to principles of conflicts of laws (other than Section 5-1401 of the New York General Obligations Law) provided, however, that the Mortgages shall be governed by and construed under the laws of the state in which they are filed.

8.12 **Survival; Successors and Assigns** . All covenants, agreements, representations and warranties made herein shall survive the execution and delivery hereof and thereof, and shall continue in full force and effect until all Obligations have been irrevocably paid and performed in full. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that no Debtor may assign this Agreement or any of its rights hereunder without the prior written consent of Secured Party.

8.13 **Severability** . If any term, provision or condition, or any part thereof, of this Agreement or any of the Credit Documents shall for any reason be found or held invalid or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision or condition nor any other term, provision or condition, and this Agreement and the Credit Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

8.14 **Merger and Integration** . This Agreement contains the entire agreement of the parties hereto with respect to the matters covered and the transactions contemplated hereby, and no other agreement, statement or promise made by any party hereto, or by any employee, officer, agent or attorney of any party hereto, which is not contained herein shall be valid or binding.

8.15 **Rights Absolute**. All rights of the Secured Party and the pledge, assignment, charge, lien and security interest hereunder, and all obligations of any Debtor hereunder, shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of any Credit Document or any other agreement or instrument relating thereto;

(b) any change or modification in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment, modification, restatement, continuance or waiver of, or any consent to any departure from, the Credit Agreement or any other Credit Document, including, without limitation, any extension, restatement or continuance of, or increase in, the Obligations;

(c) any taking, exchange, release or non-perfection of any other collateral, or any taking, release, amendment or waiver of or consent to departure from any guaranty, surety or support agreement for all or any of the Obligations;

(d) any manner of application of collateral or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any collateral for all or any of the Obligations or any other assets of any principal, guarantor or surety;

(e) any change, restructuring or termination of the corporate or company structure or existence of any Debtor or any affiliate thereof; and

(f) any other fact, event, action or circumstance that might otherwise constitute a defense available to, or a discharge of, any Debtor or any affiliate of any Debtor, any other Person liable for the Obligations or a third party guarantor or grantor of a security interest, whether at law or in equity.

8.16 Counterparts; Facsimile and Electronic Signatures . This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. This Agreement may be validly executed and delivered by facsimile or other electronic transmission, and a signature by facsimile or other electronic transmission shall be as effective and binding as an original signature

8.17 Discharge . Upon the complete and irrevocable payment and performance in full of the Obligations, the Secured Party shall execute and deliver such releases and discharges of the security interests created hereby as the Debtors may reasonably request in writing, the cost and expense of which shall be paid by the Debtors.

8.18 Indemnity . Each Debtor agrees to pay, indemnify and hold harmless the Secured Party, each Lender, each Agent, their respective Affiliates and their respective directors, partners, managers, principals, officers, employees, agents, consultants and representatives (collectively, the “Indemnified Parties”) from and against any and all claims, damages, losses, penalties, liabilities, judgments, suits, proceedings, taxes, costs and expenses (including, without limitation, fees and disbursements of counsel) which may at any time (including, without limitation, at any time following the payment of the Note or any other Credit Document) be imposed on, incurred by or asserted against any such Indemnified Party, in any way relating to, in connection with or arising out of this Agreement, the other Credit Documents and the transactions contemplated hereby and thereby and any claim, investigation, subpoena, litigation, proceeding or otherwise related to or arising out of this Agreement or any other Credit Document or any transaction contemplated hereby or thereby (but in any case excluding any such claims, damages, losses, liabilities, costs or expenses incurred by reason of the gross negligence or willful misconduct of any indemnitee), subject to the limitations contained in Section 10.6 of the Credit Agreement. The obligations of each Debtor under this paragraph shall survive the payment in full of the Note and the other Credit Documents and the termination of this Agreement.

8.19 **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Secured Party pursuant to this Agreement (including the priority of such Liens and the priority of the liens granted pursuant to the Term Security Agreement) and the exercise of any right or remedy by the Secured Party hereunder (including the application of any proceeds thereof) are subject to the terms of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, so long as the Intercreditor Agreement is in effect, all requirements of any Debtor pursuant to this Agreement to endorse, assign, transfer, deliver or give control of any Collateral to the Secured Party (to the extent such requirements conflict with the requirements of the Intercreditor Agreement) shall be deemed satisfied if such Debtor has complied with the requirements in respect of endorsement, assignment, delivery or control of such Collateral under the Intercreditor Agreement.

8.20 **Headings .** The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and shall not be used or deemed to limit or diminish any of the provisions hereof.

[Remainder of this page intentionally blank]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Security Agreement as of the date first above written.

DEBTOR:

ROYAL GOLD, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Chief Financial Officer and Treasurer

HIGH DESERT MINERAL RESOURCES, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Vice President and Treasurer

RG MEXICO, INC.

By: /s/ Stefan Wenger

Name: Stefan Wenger

Title: Treasurer

[Signature Page to Security Agreement — Revolving Facility]

SECURED PARTY :

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ William S. Edge III

Name: William S. Edge III

Title: Managing Director

[Signature Page to Security Agreement — Revolving Facility]

EXECUTION VERSION**AMENDED AND RESTATED PLEDGE AGREEMENT**

This AMENDED AND RESTATED PLEDGE AGREEMENT, dated as of February 1, 2011 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this “Agreement”), is made and given by ROYAL GOLD, INC., a corporation organized and existing under the laws of the State of Delaware, as pledgor, assignor and debtor (in such capacity and together with any successors in such capacity, the “Pledgor,”) in favor of HSBC BANK USA, NATIONAL ASSOCIATION a national banking association organized under the laws of the United States (“HSBC Bank”), as pledgee, assignee, secured party and administrative agent (in such capacity and together with any successors in such capacity, the “Administrative Agent”).

Recitals

A. The Pledgor, as a borrower (in such capacity and together with any successors in such capacity, the “Borrower”), HIGH DESERT MINERAL RESOURCES, INC., a corporation organized and existing under the laws of the State of Delaware and a wholly-owned subsidiary of Royal Gold, as a borrower (“High Desert”), the Guarantors from time to time parties thereto, the several banks and other financial institutions from time to time parties thereto as Lenders (collectively the “Existing Lenders”), HSBC Bank, as administrative agent, HSBC SECURITIES (USA) INC. (“HSBC Securities”) as the sole lead arranger and THE BANK OF NOVA SCOTIA (“Scotia”), as the sole syndication agent are parties to that certain Third Amended and Restated Credit Agreement, dated as of October 30, 2008, as amended by that certain Consent and First Amendment to Third Amended and Restated Credit Agreement, dated as of March 28, 2010 (as so amended, the “Third Amended and Restated Credit Agreement”), whereby the Existing Lenders made loans and extensions of credit to the Borrower and High Desert (the “Existing Indebtedness”).

B. In connection with the Third Amended and Restated Credit Agreement, the Pledgor executed that certain Pledge Agreement, dated as of October 30, 2008, in favor of HSBC Bank, as administrative agent for the benefit of the Existing Lenders (the “Existing Pledge Agreement”).

C. Pursuant to that certain Fourth Amended and Restated Revolving Credit Agreement, dated as of February 1, 2011 (together with all amendments, restatements, amendments and restatements, modifications, revisions, increases, supplements, extensions, continuations, replacements or refinancings from time to time in accordance with the terms thereof, the “Credit Agreement”) by and among the Borrower, High Desert, as a guarantor, RGLD GOLD CANADA, INC., a corporation existing under the Canada Business Corporation Act (“RGLD Canada”), as a guarantor, RG MEXICO, INC., a corporation organized and existing under the laws of the State of Delaware (“RG Mexico”), as a guarantor, those additional guarantors from time to time party thereto (the “Additional Guarantors”), as guarantors (with each of RGLD Canada, RG Mexico and the Additional Guarantors individually referred to herein as a “Guarantor” and collectively referred to herein as the “Guarantors”), HSBC Bank and Scotia, each as a lender (together with the other banks or financial institutions as may from time to time become parties thereto, collectively, the “Lenders”), HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global

coordinator, and Scotia, as sole syndication agent, the Lenders have agreed to make Loans to the Borrower on the terms and subject to the conditions set forth therein, which will be guaranteed by the Guarantors. The Pledgor and each Guarantor will receive substantial benefits from the execution, delivery and performance of the Credit Agreement and the other Credit Documents associated therewith.

D. Pursuant to the Second Amended and Restated Term Loan Facility Agreement, dated as of February 1, 2011 (the “Term Loan Agreement”), among the Borrower, High Desert, as a guarantor, RGLD Canada, as a guarantor, RG Mexico, as a guarantor, those additional guarantors identified as a “Guarantor” on the signature pages thereto and such additional guarantors as from time to time become a party thereto, as guarantors by the execution of a joinder agreement, HSBC Bank, as a lender, Scotia, as a lender, and those banks or financial institutions as may from time to time become parties thereto, as lenders (the “Additional Term Lenders”) (with each of HSBC Bank, Scotia and the Additional Term Lenders, collectively, the “Term Lenders”), HSBC Bank, as administrative agent for the Term Lenders (“Term Agent”), HSBC Securities, as a joint lead arranger, SCOTIA CAPITAL, as a joint lead arranger, HSBC Securities, as the sole global coordinator, and Scotia, as sole syndication agent, the Term Lenders have agreed to make certain loans to the Borrower on the terms and conditions stated therein.

E. In order to induce the Lenders to extend credit under the Credit Agreement, Pledgor hereby agrees to amend and restate the Existing Pledge Agreement in its entirety and this Agreement is given by the Pledgor in favor of the Administrative Agent for the ratable benefit of each Lender to secure the payment and performance of the Loans and all other Obligations under the Credit Agreement. It is a condition to the obligation of the Lenders to make Loans under the Credit Agreement that the Pledgor execute and deliver this Agreement.

F. Reference is made to that certain Pledge Agreement, dated as of February 1, 2011, by and between the Pledgor in favor of the Term Agent (the “Term Pledge Agreement”), which is being delivered in connection with the Term Loan Agreement, pursuant to which the Pledgor is granting a Lien on and a security interest on the pledged collateral (as defined in the Term Pledge Agreement, the “Term Pledged Collateral”) to the Term Agent on behalf of the Term Lenders to secure the obligations of the Pledgor under the Term Loan Agreement.

G. Reference is made to that certain Amended and Restated Intercreditor Agreement, by and among, *inter alia*, the Term Lenders and the Lenders, and acknowledged by the Pledgor and the Guarantors, dated as of February 1, 2011 (the “Intercreditor Agreement”). The parties hereto acknowledge and agree that the rights and priorities of the Term Lenders and the Lenders in the Pledged Collateral and the Term Pledged Collateral are set forth in the Intercreditor Agreement and all terms of this Agreement are subject to the requirements of the Intercreditor Agreement.

Agreement

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1. Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

“ Administrative Agent ” shall have the meaning assigned to such term in the Preamble hereof.

“ Agreement ” shall have the meaning assigned to such term in the Preamble hereof.

“ Credit Agreement ” shall have the meaning assigned to such term in Recital A hereof.

“ Credit Documents ” shall mean this Agreement, the Credit Agreement, each of the Notes, any Joinder Agreement, any Assignment Agreement, the Ratification, the Fee Letter, the Existing Credit Documents and each other agreement, including any security document or pledge agreement delivered in accordance with applicable local law to grant a valid, perfected security interest in the Pledged Collateral and all UCC and other financing statements or instruments of perfection required by this Agreement or any such other security document or pledge agreement to be filed with respect to the security interests in the Pledged Collateral, together with all amendments, modifications, supplements, revisions, extensions and restatements of the foregoing, as well as any other document or agreement which the Lenders and the Borrower agree is a Credit Document.

“ Distributions ” shall mean, collectively, all dividends, cash, Equity Interests, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to Pledgor in respect of or in exchange for any or all of the Pledged Securities.

“ Equity Interest ” shall mean (i) in the case of a corporation, capital stock, whether common, preferred or other, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests or other interests (however designated) representing a share of the profits and losses, and (v) any other right, interest, participation or classification that represents or confers an ownership interest, a control interest or a right to receive a share of the profits and losses or distribution of assets.

“ Event of Default ” shall have the meaning assigned to such term in Section 7.1 hereof.

“ Issuer ” shall mean any issuer of Equity Interests that are included in, part of or otherwise constitute Pledged Securities.

“ Material Adverse Effect ” shall mean an effect or change, resulting or occurring from any event or occurrence of any nature whatsoever, whether individually or in the aggregate, which is materially adverse to (a) the business, assets, operations, property or condition (financial or otherwise) of the Credit Parties and their Subsidiaries taken as a whole, (b) the ability of the Credit Parties, taken as a whole, to make any payment or otherwise perform their obligations under this Agreement or any other Credit Document, or (c) the validity or enforceability of this Agreement or any other Credit Document or the rights and remedies of the Administrative Agent or the Lenders hereunder or thereunder or the perfection priority of the Lien on the Pledged Collateral in favor of the Administrative Agent.

“ Obligations ” shall mean all of the obligations, indebtedness, liabilities, duties, covenants and agreements of the Borrower and the other Credit Parties to each Lender and each Agent, whenever arising and whether joint, several, or joint and several, established by or arising under or in connection with the Credit Agreement, the Notes, any of the other Credit Documents, any Hedging Agreement with a Lender (or an Affiliate of a Lender), or any account (including cash management accounts) or other cash management services provided by a Lender (or an Affiliate of a Lender), including, in each case, the payment of principal, interest, fees, expenses, reimbursements and indemnification obligations and all other amounts and the performance of all other obligations.

“ Organizational Documents ” shall mean, with respect to any Person, the articles of incorporation, certificate of incorporation, bylaws, articles of organization, articles of formation, formation certificate, operating agreement, limited liability company agreement, partnership agreement, joint venture agreement or such other organizational or governing documents, instruments or agreements of a Person.

“ Pledge Amendment ” shall have the meaning assigned to such term in Section 5.1 hereof.

“ Pledged Collateral ” shall have the meaning assigned to such term in Section 2.1 hereof.

“ Pledged Securities ” shall mean, collectively: (i) 100% (or, if less, the entire amount owned by Pledgor) of the Equity Interests owned by the Pledgor of each Subsidiary set forth on Schedule 1 attached hereto, (ii) all options, warrants, rights, agreements and additional Equity Interests of whatever class of such Issuer acquired by the Pledgor (including by issuance) in respect of such Equity Interests, (iii) all rights, privileges, authority and powers of the Pledgor relating to such Equity Interests in such Issuer or under any organizational document of such Issuer, (iv) all certificates, instruments and agreements representing such Equity Interests, (v) all dividends, distributions or returns of capital with respect to such Equity Interests, (vi) all additional Equity Interests arising or resulting from a stock split, stock dividend, revision, reclassification, exchange or otherwise, with respect to an Equity Interest and (vii) all Equity Interests issued in respect of the foregoing Equity Interests upon any merger or consolidation of any Issuer.

“ Pledgor ” shall have the meaning assigned to such term in the Preamble hereof.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in such United States jurisdiction that governs the perfection or priority of the Administrative Agent’s security interest in any item or portion of the Pledged Collateral.

ARTICLE II GRANT OF SECURITY AND OBLIGATIONS

SECTION 2.1. Grant of Security Interest. As collateral security for the prompt payment and performance in full of all the Obligations, the Pledgor hereby pledges, assigns and grants to the Administrative Agent, for the ratable benefit of each Lender, a Lien on and continuing security interest in all of the right, title and interest of the Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “Pledged Collateral”):

- (i) all Pledged Securities;
- (ii) all Distributions with respect to the Pledged Securities;
- (iii) all books and records relating to the Pledged Securities; and
- (iv) all Proceeds of any of the foregoing Pledged Collateral and all substitutions and replacements for, and profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to the Pledgor from time to time with respect to the foregoing Pledged Collateral.

SECTION 2.2. Filings.

(a) The Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any relevant jurisdiction any financing statements or other similar filings and amendments thereto covering the Pledged Collateral that contain the information required, with respect to each applicable jurisdiction, whether pursuant Article 9 of the UCC or other applicable Requirements of Law, including (i) whether such Pledgor is an organization, the type of organization and any organizational identification number issued to the Pledgor, and (ii) any financing or continuation statements or other documents or instruments, without the signature of the Pledgor where permitted by law. The Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon request by the Administrative Agent.

(b) The Pledgor hereby ratifies its authorization for the Administrative Agent to file in any relevant jurisdiction any financing statements or other similar filings or instruments relating to the Pledged Collateral if filed prior to the date hereof.

ARTICLE III PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF PLEDGED COLLATERAL

SECTION 3.1. Delivery of Certificated Securities Collateral; Perfection. The Pledgor represents and warrants that, subject to the requirements of the Intercreditor Agreement: (a) the

Pledged Securities are represented by certificates; (b) all certificates, agreements or instruments representing or evidencing the Pledged Securities in existence on the date hereof have been delivered to the Administrative Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignments in blank; (c) all requisite taxes, fees and other amounts, including stock transfer tax stamps, imposed by applicable Governmental Authorities in connection with this Agreement and the delivery of the certificates, agreements or instruments referred to in the foregoing clause (b), have been paid in full; (d) all necessary and appropriate entries, notations, and written descriptions in the books, records or share registry of the Pledgor and each Issuer of Pledged Securities, which are necessary or desirable to create, evidence, or perfect the pledge of the Pledged Collateral pursuant hereto have been made; and (e) the Administrative Agent has a valid and perfected first priority security interest in the Pledged Collateral. The Pledgor hereby agrees that all certificates, agreements or instruments representing or evidencing Pledged Securities acquired by the Pledgor after the date hereof shall promptly (but in any event within five (5) Business Days after receipt thereof by the Pledgor) be delivered to and held by or on behalf of the Administrative Agent pursuant hereto, subject to the requirements of the Intercreditor Agreement, and the Pledgor shall forthwith take all other actions necessary, appropriate or desirable pursuant to applicable Requirements of Law to create, evidence, and perfect the pledge of the Pledged Collateral. All certificated Pledged Securities shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignments in blank, all in form and substance satisfactory to the Administrative Agent. The Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Administrative Agent or any of its nominees or endorse for negotiation any or all of the Pledged Securities, without any indication that such Pledged Securities is subject to the security interest hereunder. In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right at any time to exchange certificates representing or evidencing Pledged Securities for certificates of smaller or larger denominations.

SECTION 3.2. Financing Statements and Other Filings; Maintenance of Perfected Security Interest. The Pledgor represents and warrants that all financing statements, agreements, instruments and other documents necessary to perfect the pledge and security interest granted by it to the Administrative Agent in respect of the Pledged Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office necessary for the perfection of such interest. The Pledgor agrees that at the sole cost and expense of the Pledgor and subject to the requirements of the Intercreditor Agreement, the Pledgor will maintain the security interest created by this Agreement in the Pledged Collateral as a perfected first priority security interest to the extent required hereunder.

SECTION 3.3. Issuer Acknowledgment and Undertaking. The Pledgor shall deliver, or cause to be delivered, to the Administrative Agent an Acknowledgment and Undertaking in the form of Exhibit A hereto executed by each Issuer.

SECTION 3.4. Supplements; Further Assurances. The Pledgor shall take such further actions, execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments and make or cause

to be made such entries and notations in the books, records or share registry of the Pledgor or the Issuer of the Pledged Securities, as the Administrative Agent may in its reasonable judgment deem necessary or appropriate in order to create, perfect, preserve, record and protect the pledge of and security interest in the Pledged Collateral as provided herein and the rights and interests granted to the Administrative Agent hereunder, to carry into effect the purposes hereof or to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Pledged Collateral or to permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Pledged Collateral, including the filing of financing statements, continuation statements and other documents (including this Agreement) under the UCC or other applicable Requirements of Law. Without limiting the generality of the foregoing, the Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such schedules, descriptions and designations of the Pledged Collateral, additional security agreements, financing statements, transfer endorsements, powers of attorney, certificates, notations in the books, records and shareholder registry documents of the Issuer of the Pledged Securities, and other actions, assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default has occurred and is continuing, the Administrative Agent may institute and maintain, in its own name or in the name of the Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgor in accordance with Section 9.13.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

The Pledgor represents, warrants and covenants as follows:

SECTION 4.1. Organization; Powers. The Pledgor and each Issuer (a) is duly organized and validly existing under the laws of the jurisdiction of its organization, (b) has all requisite organizational power and authority to carry on its business as now conducted and to own, lease or operate its property and (c) is qualified and in good standing (to the extent such concept is applicable in the applicable jurisdiction) to do business in every jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except in such jurisdictions where the failure to so qualify or be in good standing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. There is no existing default under any Organizational Document of the Pledgor or any Issuer, or any event that, with the giving of notice or passage of time or both, would constitute a default thereunder.

SECTION 4.2. Authorization; Enforceability. The Pledgor has full corporate power, authority and right to execute, deliver and perform this Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance by it of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery or performance of this Agreement (other than those which have been obtained) or with the validity or enforceability of this Agreement against the Pledgor or any Issuer (except such filings as are necessary in connection with the perfection of the Liens created hereunder). This

Agreement has been duly executed and delivered on behalf of the Pledgor. This Agreement constitutes a legal, valid and binding obligation of the Pledgor, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

SECTION 4.3. Title.

(a) The Pledgor has, and at all times hereafter during the term of this Agreement the Pledgor will continue to have, subject to the terms of the Intercreditor Agreement, good and indefeasible title to the Pledged Collateral, free and clear of all pledges, liens, mortgages, hypothecations, security interests, charges, options, control agreements or other encumbrances or agreements whatsoever, except the lien and security interest created by this Agreement and the Credit Documents. None of the Pledged Securities is subject to any voting agreement, voting trust, proxy or other agreement or arrangement with respect to voting or decision-making or any option or agreement for the sale or transfer of such Pledged Securities.

(b) The Pledged Securities subject to this Agreement, as described on Schedule 1 hereto, constitute 100% of the Equity Interests of each Issuer. As of the Closing Date, except as set forth on Schedule 1 hereto, the Pledgor does not own any Equity Interests of any Subsidiary that is a Credit Party.

SECTION 4.4. No Breach. The execution, delivery and performance by the Pledgor of this Agreement and the transactions contemplated hereby do not and will not, by the passage of time, the giving of notice or otherwise, (i) violate any Requirement of Law applicable to the Pledgor, (ii) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws, articles of organization, operating agreement or other organizational documents of the Pledgor or any Issuer or any material indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval of such Person, except to the extent that such conflict, breach or default with respect to any such indenture, agreement or instrument could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or is the subject of the agreements set forth in the Intercreditor Agreement, or (iii) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Liens arising under this Agreement, any of the Credit Documents, the Term Loan Agreement, any document executed in connection with the Term Loan Agreement, or Liens otherwise contemplated by the Intercreditor Agreement.

SECTION 4.5. Validity of Security Interest. Subject to the requirements of the Intercreditor Agreement, the pledge of, security interest in and Lien on the Pledged Collateral granted to the Administrative Agent for the benefit of the Lenders hereunder constitutes (a) a legal and valid security interest in all the Pledged Collateral to the extent required hereunder, subject to the Permitted Liens, which secures the payment and performance of the Obligations, and (b) subject to delivery to the Administrative Agent of the certificated Pledged Securities with all necessary indorsements as described in Section 3.1 hereof and the filings and other actions described herein, a perfected security interest in all the Pledged Collateral of the Pledgor.

Subject to the requirements of the Intercreditor Agreement, the pledge, security interest and Lien granted to the Administrative Agent for the benefit of the Lenders pursuant to this Agreement in and on the Pledged Collateral will at all times constitute a perfected, continuing security interest therein, prior to all other Liens on the Pledged Collateral, subject to the Permitted Liens.

SECTION 4.6. Defense of Claims; Transferability of Pledged Collateral. The Pledgor shall, at its own cost and expense, defend title to the Pledged Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all Persons at any time claiming any interest therein materially adverse to the Administrative Agent or any Lender. Except for the Term Loan Agreement and the documents executed in connection therewith, there is no agreement, order, judgment or decree, and the Pledgor shall not enter into any agreement or take any other action, that would restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict with the Pledgor's obligations or the rights of the Administrative Agent hereunder.

SECTION 4.7. Other Financing Statements; Control. The Pledgor has not filed, nor authorized any third party to file (nor will there be), any valid or effective security agreement, pledge, financing statement or other similar filing or instrument covering or purporting to cover any interest of any kind in the Pledged Collateral, except such as have been filed in favor of the Administrative Agent pursuant to this Agreement and the other Credit Documents, or in favor of HSBC pursuant to the Existing Agreement, or as permitted under the Credit Agreement and the Intercreditor Agreement. The Pledgor shall not execute, authorize or permit to be filed in any public office any security agreement, pledge, financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) relating to any Pledged Collateral, except in favor of the Administrative Agent or the Term Agent as provided for hereunder, under the Credit Documents, under the Term Loan Agreement and under the Intercreditor Agreement. Subject to the terms of the Intercreditor Agreement, the Pledgor shall not cause or permit any Person other than the Administrative Agent or a Lender to have possession of or control over any part of the Pledged Collateral.

SECTION 4.8. Due Authorization and Issuance. All of the Pledged Securities existing on the date hereof have been, and to the extent any Pledged Securities are hereafter issued, such Pledged Securities will be, upon such issuance, duly authorized, validly issued and fully paid and non-assessable. There is no amount or other obligation owing by the Pledgor to any Issuer of the Pledged Securities in exchange for or in connection with the issuance of the Pledged Securities.

SECTION 4.9. Preservation of the Issuers.

(a) The Pledgor shall not cause or permit (i) the cancellation or termination of any Organizational Document of an Issuer, (ii) the amendment, supplement or other modification of the Organizational Documents of an Issuer in any respect that could reasonably be expected to be materially adverse to the interests of the Lenders or (iii) the amendment, supplement or other modification of the Organizational Documents of an Issuer in a manner that would deprive the holders of the Pledged Securities of ownership or control of such Issuer.

(b) The Pledgor shall not take, cause or permit any action to terminate, dissolve or liquidate any Issuer or commence or consent to the commencement of any proceeding seeking termination, dissolution or liquidation of an Issuer.

SECTION 4.10. Consents, etc. During the occurrence and continuation of an Event of Default, in the event that the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other person therefor, then, upon the reasonable request of the Administrative Agent, the Pledgor agrees to use its best efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.11. Defaults, etc. The Pledgor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which the Pledgor is a party relating to the Pledged Securities pledged by it, and the Pledgor is not in violation of any other provisions of any such agreement to which the Pledgor is a party, or otherwise in default or violation thereunder. No Pledged Securities pledged by the Pledgor are subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against the Pledgor by any person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organizational Documents and certificates representing Pledged Securities that have been delivered to the Administrative Agent) which evidence any Pledged Securities of the Pledgor.

SECTION 4.12. Pledged Collateral; Pledgor's Name. All information set forth herein, including the schedules hereto, and all information contained in any schedules and lists heretofore delivered to any Lender, in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all respects. The Pledgor's full and complete legal name is accurately set forth in the preamble hereto.

SECTION 4.13. Solvency. Both immediately before and after the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby and immediately after giving the borrowing of any loans, (a) the fair value of the properties of the Pledgor and its Consolidated Subsidiaries will exceed their debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of the Pledgor and its Consolidated Subsidiaries will be greater than the amount that will be required to pay the probable liability of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) the Pledgor and its Consolidated Subsidiaries will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) the Pledgor and its Consolidated Subsidiaries will not have unreasonably small capital with which to conduct the business in which they are engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

SECTION 4.14. Litigation; Compliance with Laws. Except as set forth in Schedule 3.5 to the Credit Agreement, neither the Pledgor nor any Issuer is a party to any action, suit or proceeding at law or in equity, by or before any Governmental Authority (or, to the knowledge

of such Person, threatened in writing) against or affecting the Pledgor or any Issuer which has had, or would reasonably be expected to have, a Material Adverse Effect, or which may affect the legality, validity or enforceability of this Agreement or any other Credit Document, and no judgments are outstanding which could reasonably be expected to have a Material Adverse Effect. The Pledgor is not in violation of, nor will the continued operation of its property as currently conducted violate, any Requirements of Law where such violation or default, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

SECTION 4.15. No Default . The Pledgor is not in default under or with respect to any of its Material Contracts, or any judgment, order or decree to which it is a party, in any respect that has had or could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

ARTICLE V CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1. Pledge of Additional Securities Collateral . The Pledgor shall, upon obtaining any Pledged Securities, accept the same in trust for the benefit of the Administrative Agent and promptly (but in any event within five (5) Business Days after receipt thereof) deliver to the Administrative Agent a pledge amendment, duly executed by the Pledgor, in substantially the form of Exhibit B hereto (each, a “Pledge Amendment”), and, subject to the terms of the Intercreditor Agreement, the certificates and other documents required under Section 3.1 hereof in respect of the additional Pledged Securities which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities. The Pledgor hereby authorizes the Administrative Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities listed on any Pledge Amendment delivered to the Administrative Agent shall for all purposes hereunder be considered Pledged Collateral. The Pledgor and the Administrative Agent agree that such additional Pledged Securities shall be, and shall be deemed to be, part of the Pledged Collateral and subject to the terms of this Agreement whether or not a Pledge Amendment is signed and delivered or this Agreement is otherwise amended to refer to such additional Pledged Securities.

SECTION 5.2. Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Securities or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other document evidencing the Obligations; provided, however, that the Pledgor shall not in any event exercise such rights in any manner which could reasonably be expected to have a Material Adverse Effect.

(ii) The Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities of an Issuer shall be

forthwith delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of the Pledgor and be promptly (but in any event within five (5) Business Days after receipt thereof) delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(b) So long as no Event of Default shall have occurred and be continuing, the Administrative Agent shall be deemed without further action or formality to have granted to the Pledgor all necessary consents relating to voting rights and shall, if necessary, upon written request of the Pledgor and at the sole cost and expense of the Pledgor, from time to time execute and deliver (or cause to be executed and delivered) to the Pledgor all such instruments as the Pledgor may reasonably request in order to permit the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 5.2(a)(i) hereof and to receive the Distributions which it is authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof.

(c) Upon the occurrence and during the continuance of any Event of Default:

(i) All rights of the Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.2(a)(i) hereof shall immediately cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(ii) All rights of the Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof shall immediately cease and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to receive and hold as Pledged Collateral such Distributions.

(d) The Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Administrative Agent appropriate instruments and documents as the Administrative Agent may request in order to permit the Administrative Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.2(c)(i) hereof and to receive all Distributions which it may be entitled to receive under Section 5.2(c)(ii) hereof.

(e) All Distributions which are received by the Pledgor contrary to the provisions of Section 5.2(c)(ii) hereof shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of the Pledgor and shall immediately be paid over to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

ARTICLE VI TRANSFERS

SECTION 6.1. Transfers of Pledged Collateral. Subject to the requirements of the Intercreditor Agreement, the Pledgor shall not sell, convey, assign, transfer or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder, or agree to do or undertake any of the foregoing, or permit or cause any Issuer or any other Person to do or undertake any of the foregoing, except in favor of the Administrative Agent as provided

for herein, the Term Agent as provided for in the Term Pledge Agreement, and as otherwise permitted under the Credit Agreement and pursuant to the terms of the Intercreditor Agreement.

ARTICLE VII EVENT OF DEFAULT

SECTION 7.1. Events of Default. The occurrence of an Event of Default under the Credit Agreement or any other Credit Document constitutes an Event of Default hereunder (an “Event of Default”).

ARTICLE VIII REMEDIES

SECTION 8.1. Remedies. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, whether in law or in equity, the following remedies:

(a) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Pledged Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Pledged Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that, in the event that any such payments are made directly to the Pledgor, prior to receipt by any such obligor of such instruction, the Pledgor shall segregate all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than one (1) Business Day after receipt thereof) pay such amounts to the Administrative Agent;

(b) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of the Pledgor constituting Pledged Collateral for application to the Obligations;

(c) Retain and apply the Distributions to the Obligations;

(d) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Pledged Collateral;

(e) Retain all or any portion of the Pledged Collateral in satisfaction of the Obligations, but only after providing any notices required by the UCC or other Requirements of Law and otherwise complying with all applicable Requirements of Law. Unless and until the Administrative Agent shall have provided such notices and complied with all applicable Requirements of Law in order to retain the Pledged Collateral in satisfaction of the Obligations, the Administrative Agent shall not be deemed to have retained any Pledged Collateral in satisfaction of any Obligations for any reason; and

(f) Exercise all the rights and remedies of a secured party on default under the UCC or other applicable Requirements of Law. The Administrative Agent may also in its sole discretion sell, or assign the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as may be commercially reasonable. To the extent permitted by applicable law, the Administrative Agent or any Lender or any of their respective Affiliates may be the purchaser, assignee or recipient of the Pledged Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold or assigned at such sale, to use and apply any of the Obligations owed to such person as a credit on account of the purchase price of the Pledged Collateral or any part thereof payable by such person at such sale. Each purchaser, assignee or recipient at any such sale shall acquire the property sold or assigned absolutely free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obligated to make any sale of the Pledged Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Administrative Agent arising by reason of the fact that the price at which the Pledged Collateral or any part thereof may have been sold or assigned at such a private sale was less than the price which might have been obtained at a public sale.

SECTION 8.2. Notice of Sale. The Pledgor acknowledges and agrees that ten (10) Business Days' prior notice to the Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be given to the Pledgor and such notice shall be commercially reasonable notification of such matters.

SECTION 8.3. Waiver of Notice and Claims. The Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Pledged Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Pledgor would otherwise have under law, and the Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against the Pledgor and against any and all persons claiming or attempting to claim the Pledged Collateral so sold or realized upon, or any part thereof, from, through or under the Pledgor.

SECTION 8.4. Certain Sales of Pledged Collateral.

(a) The Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, including all applicable federal, provincial or state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. The Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall not be deemed to have been made in other than a commercially reasonable manner by reason thereof and that, except as may be required by applicable law, the Administrative Agent shall have no obligation to engage in public sales or to delay the sale of any Pledged Securities for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(b) In connection with the Administrative Agent's sale of any or all of the Pledged Securities, upon written request, the Pledgor shall from time to time furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of securities included in the Pledged Securities which may be sold by the Administrative Agent as exempt transactions under applicable federal, provincial and state securities laws and the rules promulgated thereunder, as the same are from time to time in effect.

SECTION 8.5. No Waiver; Cumulative Remedies.

(a) No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law or otherwise available.

(b) In the event that the Administrative Agent shall have instituted any proceeding to enforce any right, power, privilege or remedy under this Agreement or any other Credit Document by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, then and in every such case, the Pledgor, the Administrative Agent and each Lender shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies, privileges and powers of the Administrative Agent and the Lenders shall continue as if no such proceeding had been instituted.

SECTION 8.6. Application of Proceeds. The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with the Credit Agreement.

ARTICLE IX
MISCELLANEOUS

SECTION 9.1. Concerning Administrative Agent.

(a) The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that Administrative Agent shall not have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Pledged Securities, whether or not the Administrative Agent or any Lender has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any person with respect to any Pledged Collateral.

(b) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

SECTION 9.2. Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact.

(a) If the Pledgor shall fail to perform any covenants contained in this Agreement or any other Credit Document (including the Pledgor's covenants to (i) pay the premiums in respect of all required insurance policies, (ii) pay and discharge any taxes, assessments and special assessments, levies, fees and governmental charges imposed upon or assessed against, and landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law against, all or any portion of the Pledged Collateral, (iii) make repairs, (iv) discharge Liens or (v) pay or perform any obligations of the Pledgor under any Pledged Collateral) or if any representation or warranty on the part of the Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) advance funds on behalf of the Pledgor in order to insure the Pledgor's compliance with any covenant in this Agreement or any other Credit Document; provided, however, that, the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which the Pledgor fails to pay or perform as and when required hereby and which the Pledgor does not contest in accordance with the provisions of the Credit Agreement. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgor and shall become part of the Obligations. Neither the provisions of this Section 9.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 9.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default.

(b) The Pledgor hereby appoints the Administrative Agent as its attorney-in-fact, with full power and authority in the place and stead of the Pledgor and in the name of the Pledgor, or otherwise, from time to time during the continuation of an Event of Default, in the

Administrative Agent's discretion, to take any action and to execute any instrument, document or agreement consistent with the terms of the Credit Agreement, this Agreement and the other Security Documents, which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof (but the Administrative Agent shall not be obligated to and shall have no liability to the Pledgor or any third party for failure to so do or take action). The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. The Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 9.3. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) be binding upon the Pledgor, its successors and assigns and (ii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent, its successors, transferees and assigns and each of the Lenders, their successors and assigns. Without limiting the generality of the foregoing clause (ii), any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Lender, herein or otherwise, subject however, to the provisions of the Credit Agreement. The Pledgor agrees that its obligations hereunder and the pledge and security interest created hereunder shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Obligations is rescinded or must otherwise be restored by any Lender upon the bankruptcy or reorganization of the Pledgor or otherwise.

SECTION 9.4. Termination; Release. When all of the principal, interest, fees and other amounts due and payable under the Credit Agreement and the other Credit Documents have been irrevocably paid in full, this Agreement shall terminate. Upon termination of this Agreement, the Pledged Collateral shall be released from the Lien of this Agreement. Upon such release or any release of Pledged Collateral or any part thereof, the Administrative Agent shall, promptly upon the request and at the sole cost and expense of the Pledgor, assign, transfer and deliver to the Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Pledged Collateral or any part thereof to be released (in the case of a release) as may be in possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Pledged Collateral, proper documents and instruments acknowledging the termination hereof or the release of such Pledged Collateral, as the case may be.

SECTION 9.5. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Administrative Agent. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by the Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or the Credit Documents, no notice to or demand on the Pledgor in any case shall entitle the Pledgor to any other or further notice or demand in similar or other circumstances.

SECTION 9.6. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to the Pledgor, addressed to it at its address set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 9.6.

SECTION 9.7. Choice of Law; Forum Selection; Consent to Jurisdiction. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of New York (excluding the choice of law rules thereof, other than section 5-1401 of the New York General Obligations Law). Each party hereto hereby (a) agrees that all disputes and matters whatsoever arising under, in connection with, or incident to this Agreement shall be litigated, if at all, in and before a court located in the State of New York, and (b) irrevocably submits to the non-exclusive jurisdiction of any court in the State of New York in any action or proceeding arising out of or relating to this Agreement, and hereby irrevocably waives any objection to the laying of venue of any such action or proceeding in any such court and any claim that any such action or proceeding has been brought in an inconvenient forum. A final judgment in any such action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

SECTION 9.8. Waiver of Jury Trial. The Pledgor and the Administrative Agent hereby irrevocably and unconditionally waive, to the extent permitted by applicable law, trial by jury in any legal action or proceeding relating to this Agreement and for any counterclaim therein.

SECTION 9.9. Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

SECTION 9.10. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

SECTION 9.11. Business Days. In the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the next succeeding Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

SECTION 9.12. No Release. Nothing set forth in this Agreement or any other Credit Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve the Pledgor from the performance of any term, covenant, condition or agreement on the Pledgor's part to be performed or observed under or in respect of any of the

Pledged Collateral or from any liability to any person under or in respect of any of the Pledged Collateral or shall impose any obligation on the Administrative Agent or any Lender to perform or observe any such term, covenant, condition or agreement on the Pledgor's part to be so performed or observed or shall impose any liability (other than for gross negligence or willful misconduct) on the Administrative Agent or any Lender for any act or omission on the part of the Pledgor relating thereto or for any breach of any representation or warranty on the part of the Pledgor contained in this Agreement, the Credit Agreement or the other Credit Documents, or under or in respect of the Pledged Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any Lender shall have any obligation or liability under any contracts, agreements and other documents included in the Pledged Collateral by reason of this Agreement, nor shall the Administrative Agent or any Lender be obligated to perform any of the obligations or duties of the Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Pledged Collateral hereunder. The obligations of the Pledgor contained in this Section 9.12 shall survive the termination hereof and the discharge of the Pledgor's other obligations under this Agreement, the Credit Agreement and the other Credit Documents.

SECTION 9.13. Indemnity and Expenses. The Pledgor agrees to indemnify the Administrative Agent in its capacity hereunder to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Pledged Securities, this Agreement, or any documents contemplated by or referred to herein, the transactions contemplated hereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing, or otherwise, unless arising from the gross negligence or willful misconduct of the Administrative Agent, subject to the limitations contained in Section 10.6 of the Credit Agreement.

SECTION 9.14. Obligations Absolute. All obligations of the Pledgor hereunder shall be absolute and unconditional irrespective of:

- (i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any other Credit Party;
- (ii) any lack of validity or enforceability of the Credit Agreement or any other Credit Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of, supplement to or any consent to any departure from the Credit Agreement or any other Credit Document, or any renewal or restatement of the Credit Agreement or any other Credit Document or any amount owing thereunder, or any other agreement or instrument relating thereto;

(iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations;

(v) whether the Pledgor’s liability is joint, several, or joint and several, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Credit Parties, without preference or distinction among them;

(vi) whether the Pledgor’s liability is as a borrower, maker, acceptor, guarantor, surety, accommodation party or otherwise, it being the intention of the parties hereto that each Credit Party is liable for the Obligations as a primary obligor, independent of the liability or obligations of any other Credit Party;

(vii) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Credit Document, with respect to the Pledgor or any other Credit Party, except as specifically set forth in a waiver granted pursuant to the provisions of Section 9.5 hereof; or

(viii) to the extent not prohibited by applicable Requirements of Law, any other circumstance, event, occurrence, defense or legal or equitable theory which might otherwise constitute a defense available to, or a discharge of, the Pledgor.

SECTION 9.15. **Intercreditor Agreement.** Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Administrative Agent pursuant to this Agreement (including the priority of such Liens and the priority of the liens granted pursuant to the Term Pledge Agreement) and the exercise of any right or remedy by the Administrative Agent hereunder (including the application of any proceeds thereof) are subject to the terms of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern and control. Notwithstanding anything herein to the contrary, so long as the Intercreditor Agreement is in effect, all requirements of any Pledgor pursuant to this Agreement to endorse, assign, transfer, deliver or give control of any Pledged Collateral to the Administrative Agent (to the extent such requirements conflict with the requirements of the Intercreditor Agreement) shall be deemed satisfied if such Pledgor has complied with the requirements in respect of endorsement, assignment, delivery or control of such Pledged Collateral under the Intercreditor Agreement.

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IN WITNESS WHEREOF, the Pledgor and Administrative Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

ROYAL GOLD INC.,
as Pledgor

By: /s/ Stefan Wenger
Name: Stefan Wenger
Title: Chief Financial Officer and Treasurer

[**Signature Page to Pledge Agreement — Revolving Facility**]

HSBC BANK USA, NATIONAL ASSOCIATION
as Administrative Agent

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Managing Director

[**Signature Page to Pledge Agreement — Revolving Facility**]

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.

February 4, 2011

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer

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.

February 4, 2011

/s/Stefan Wenger

Stefan Wenger
Chief Financial Officer and Treasurer

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the “Company”), for the period ended December 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.

February 4, 2011

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the “Company”), for the period ended December 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.

February 4, 2011

/s/ Stefan Wenger

Stefan Wenger

Chief Financial Officer and Treasurer