

# ROYAL GOLD INC

## FORM 10-K (Annual Report)

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

(Mark One)

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

For the Fiscal Year Ended June 30, 2011

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 or Organization)

**84-0835164**  
(I.R.S. Employer  
Identification No.)

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

**80202**  
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, \$0.01 par value	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):      Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a 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

Aggregate market value of the voting common stock held by non-affiliates of the registrant, based upon the closing sale price of Royal Gold common stock on December 31, 2010, as reported on the NASDAQ Global Select Market was \$2,779,919,388. There were 54,542,852 shares of the Company's common stock, par value \$0.01 per share, outstanding as of August 8, 2011. In addition, as of such date, there were 855,795 exchangeable shares of RG Exchangeco Inc., a subsidiary of registrant, 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.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2011 Annual Meeting of Stockholders scheduled to be held on November 16, 2011, and to be filed within 120 days after June 30, 2011, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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*This document (including information incorporated herein by reference) contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which involve a degree of risk and uncertainty due to various factors affecting Royal Gold, Inc. and its subsidiaries. For a discussion of some of these factors, see the discussion in Item 1A, Risk Factors, of this report. In addition, please see our note about forward-looking statements included in Item 7, Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations ("MD&A"), of this report.*

## PART I

### ITEM 1. BUSINESS

#### Overview

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. 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 or similar interests. 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 June 30, 2011, the Company owns royalties on 36 producing properties, 21 development stage properties and 128 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 (except as contractually obligated to as part of the Mt. Milligan transaction described below), exploration costs, environmental costs or other mining costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2011, we focused on the management of our existing royalty interests and the acquisition of royalty and similar interests.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2011 were as follows:

- (1) Our royalty revenues increased 59% to \$216.5 million, compared with \$136.6 million during fiscal year 2010;
- (2) We acquired the right to purchase 25% of the payable gold produced from the Mt. Milligan copper-gold project located in British Columbia, Canada;
- (3) We acquired an additional 0.75% Net Smelter Return sliding-scale royalty on the Pascua-Lama project located on the border between Argentina and Chile;
- (4) We made an investment in Seabridge Gold, Inc. ("Seabridge") and obtained an option to acquire up to a 2% Net Smelter Return royalty on their Kerr-Sulphurets-Mitchell project located in British Columbia, Canada; and
- (5) We increased our calendar year dividend to \$0.44 per basic share, which is paid in quarterly installments throughout calendar year 2011. This represents a 22% increase compared with the dividend paid during calendar year 2010.

## Certain Definitions

*Additional Mineralized Material:* Additional mineralized material is that part of a mineral system that has potential economic significance but cannot be included in the proven and probable ore reserve estimates until further drilling and metallurgical work is completed, and until other economic and technical feasibility factors based upon such work have been resolved. The Securities and Exchange Commission (the "SEC") does not recognize this term. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

*Gross Proceeds Royalty (GPR):* A royalty in which payments are made on contained ounces rather than recovered ounces.

*Gross Smelter Return (GSR) Royalty:* A defined percentage of the gross revenue from a resource extraction operation, in certain cases reduced by certain contract-defined costs paid by or charged to the operator.

*g/t:* A unit representing grams per tonne.

*Metal Streaming:* A metal purchase agreement that provides, in exchange for an upfront deposit payment, the right to purchase all or a portion of one or more metals produced from a mine, at a price determined for the life of the transaction by the purchase agreement.

*Net Profits Interest (NPI):* A defined percentage of the gross revenue from a resource extraction operation, after recovery of certain contract-defined pre-production costs, and after deduction of certain contract-defined mining, milling, processing, transportation, administrative, marketing and other costs.

*Net Smelter Return (NSR) Royalty:* A defined percentage of the gross revenue from a resource extraction operation, less a proportionate share of incidental transportation, insurance, refining and smelting costs.

*Net Value Royalty (NVR):* A defined percentage of the gross revenue from a resource extraction operation, less certain contract-defined transportation costs, milling costs and taxes.

*Proven (Measured) Reserves:* Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well established.

*Probable (Indicated) Reserves:* Reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.

*Payable Metal:* Ounces or pounds of metal in concentrate payable to the operator after deduction of a percentage of metal in concentrate that is paid to a third-party smelter pursuant to smelting contracts.

*Reserve:* That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

*Royalty:* The right to receive a percentage or other denomination of mineral production from a resource extraction operation.

*Ton:* A unit of weight equal to 2,000 pounds or 907.2 kilograms.

*Tonne:* A unit of weight equal to 2,204.6 pounds or 1,000 kilograms.

## Recent Business Developments

### *Investment in Seabridge Gold, Inc. and the Kerr-Sulphurets-Mitchell Project*

On June 16, 2011, the Company, through its wholly-owned subsidiary RG Exchangeco, Inc., (formerly known as RGLD Gold Canada, Inc.), entered into a Subscription Agreement and an Option Agreement with Seabridge, pursuant to which the Company acquired 1,019,000 common shares ("Initial Shares") of Seabridge, approximately 2% of Seabridge's issued and outstanding common stock, in a private placement for \$30.7 million (C\$30.0 million) at a per share price equal to \$30.14 (C\$29.44), which represented a premium of 15% to the volume weighted-average trading price of Seabridge common shares on the Toronto Stock Exchange ("TSX") for a five day trading period that ended June 14, 2011.

Pursuant to the Option Agreement, if the Company holds the Initial Shares for a period of 270 days, the Company will have the option to acquire a 1.25% NSR royalty (the "Initial Royalty") on all of the gold and silver production from the Kerr-Sulphurets-Mitchell project (the "Project") in northwest British Columbia, Canada. The purchase price of the Initial Royalty is C\$100 million, payable in three installments over a 540 day period, subject to currency exchange rate adjustments.

Pursuant to the Option Agreement, the Company also has an option, exercisable until December 29, 2012, to acquire, in a private placement, additional common shares of Seabridge in an amount up to C\$18 million (the "Subsequent Shares"). The purchase price for the Subsequent Shares will be a 15% premium to the volume weighted-average trading price of the Seabridge common shares on the TSX for the specified period. If the Company exercises its option to acquire the Subsequent Shares and holds the Subsequent Shares for a period of 270 days, the Company will have the option to increase the Initial Royalty to a 2.0% NSR royalty (the "Increased Royalty") for a purchase price of C\$60 million, payable in three installments over a 540 day period, subject to currency exchange rate adjustments.

The options to acquire the Initial Royalty and the Increased Royalty will remain exercisable by the Company for 60 days following the Company's satisfaction that, among other things, the Project has received all material approvals and permits and that Seabridge has demonstrated that it has sufficient funding for construction of and commencement of commercial production from the Project. Pursuant to the Option Agreement, proceeds of the exercise of the Initial Royalty and the Increased Royalty will be used by Seabridge to develop and construct the Project.

### *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, RGLD Gold AG (formerly known as RGL Royalty AG), 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, RGLD Gold AG 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, RGLD Gold AG will make additional payments (each, an "Additional Payment") 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, RGLD Gold AG 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 RGLD Gold AG, and the lesser of \$450 or the prevailing market price for each additional ounce thereafter.

The Company did not make any Additional Payments to Thompson Creek during the fiscal year ended June 30, 2011.

#### *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. As a result of the acquisitions, 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%.

In addition, Royal Gold has obtained certain contingent rights and reduced certain obligations with respect to the portion of the Pascua-Lama royalty acquired in the IRC transaction in February 2010. Upon the acquisitions mentioned above, we (i) reduced the contingent payments from \$10.4 million to \$8.4 million due from Royal Gold to certain individuals who held the royalty if gold prices exceed \$600 per ounce for any six month period during the first 36 months of commercial production from the project, and (ii) decreased payments due from Royal Gold to these individuals from \$6.4 million to \$4.4 million that would be required to extend 24% of our royalty interest beyond 14 million ounces of production from the project. Royal Gold also increased its interest in two one-time payments from \$0.5 million to \$1.5 million which are payable by Barrick upon the achievement of certain production thresholds at Pascua-Lama.

#### *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 received 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 15% TB-GSR1 and 0%-10% sliding-scale TB-GSR2 royalties, which were principal to our business 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 (see Item 2, Properties) 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 Gold Mines Ltd. ("High River") and the operator of the Taparko mine. Following discussions with High River concerning the results of certain production and performance related tests, the Company agreed to release its security interests in the collateral held pursuant to the Funding Agreement, and High River agreed, among other things, to provide certain insurance coverage on the Taparko mine for the benefit of Royal Gold.

**Our Operational Information**

*Operating Segments, Geographical and Financial Information*

We manage our business under one operating segment, consisting of the acquisition and management of royalties and similar interests. 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		
	Fiscal Year Ended			Fiscal Year Ended		
	June 30,			June 30,		
	2011	2010	2009	2011	2010	2009
United States	24%	40%	56%	3%	5%	13%
Chile	21%	4%	1%	40%	42%	6%
Canada	19%	4%	2%	36%	27%	19%
Mexico	18%	15%	15%	11%	13%	45%
Africa <sup>(1)</sup>	9%	29%	21%	2%	2%	8%
Australia	5%	5%	2%	5%	6%	6%
Other	4%	3%	3%	3%	5%	3%

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

Our financial results are primarily tied to the price of gold, silver, copper, nickel and other metals, as well as production from our producing royalty interests as discussed further herein.

*Competition*

The mining industry in general and the royalty segment in particular are competitive. We compete with other royalty companies, mine operators and financial buyers in efforts to acquire existing royalties and with the lenders, investors and royalty and streaming companies providing financing to operators of mineral properties in our efforts to create new royalties. Many of our competitors in the lending and mining business are larger than we are and have greater resources and access to capital than we have. Key competitive factors in the royalty acquisition and financing business include the ability to identify and evaluate potential opportunities, transaction structure and consideration, and access to capital.

*Regulation*

Like all mining operations, the operators of the mines that are subject to our royalties must comply with environmental laws and regulations promulgated by federal, state and local governments including, but not limited to, the National Environmental Policy Act; the Comprehensive Environmental Response, Compensation and Liability Act; the Clean Air Act; the Clean Water Act; the Hazardous Materials Transportation Act; and the Toxic Substances Control Act. Mines located on public lands in the United States are subject to the General Mining Law of 1872 and are subject to comprehensive regulation by either the United States Bureau of Land Management (an agency of the United States Department of the Interior) or the United States Forest Service (an agency of the United States Department of Agriculture). The mines also are subject to regulations of the United States Environmental Protection Agency ("EPA"), the United States Mine Safety and Health Administration and similar state and local agencies. Operators of mines that are subject to our royalties in other countries are obligated to comply with similar laws and regulations in those jurisdictions. Although we are not responsible as a royalty owner for ensuring compliance with these laws and regulations, failure by the operators of the mines on which we have royalties to comply with applicable laws, regulations and permits can result in injunctive action, damages and civil and criminal penalties

on the operators which could reduce or eliminate production from the mines and thereby reduce or eliminate the royalties we receive and negatively affect our financial condition.

### *Corporate Information*

We were incorporated under the laws of the State of Delaware on January 5, 1981. Our executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202; our telephone number is (303) 573-1660.

### *Available Information*

Royal Gold maintains an internet website at [www.royalgold.com](http://www.royalgold.com). Royal Gold makes available, free of charge, through the Investor Relations section of its website, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with the SEC. Our SEC filings are available from the SEC's internet website at [www.sec.gov](http://www.sec.gov) which contains reports, proxy and information statements and other information regarding issuers that file electronically. These reports, proxy statements and other information may also be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. The charters of Royal Gold's key committees of the Board of Directors and Royal Gold's Code of Business Conduct and Ethics are also available on the Company's website. Any of the foregoing information is available in print to any stockholder who requests it by contacting Royal Gold's Investor Relations Department at (303) 573-1660.

### *Company Personnel*

We currently have 21 employees, all of whom are located in Denver, Colorado. Our employees are not subject to a labor contract or a collective bargaining agreement. We consider our employee relations to be good.

We also retain independent contractors to provide consulting services, relating primarily to geologic and geophysical interpretations and also relating to such metallurgical, engineering, and other technical matters as may be deemed useful in the operation of our business.

## **ITEM 1A. RISK FACTORS**

*You should carefully consider the risks described below before making an investment decision. Our business, financial condition, results of operations and cash flows could be materially adversely affected by any of these risks. The market or trading price of our securities could decline due to any of these risks. In addition, please see our note about forward-looking statements included in Part II, Item 7, MD&A, of this report. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.*

### **Risks Related to Our Business**

***We own passive interests in mining properties, and it is difficult or impossible for us to ensure properties are operated in our best interest.***

All of our current revenue is derived from royalties on properties operated by third parties. Royalty holders typically have no authority for or control over decisions regarding development or operation of properties on which they hold royalty interests. We have limited or no legal rights to influence those decisions on our royalty properties.

Our strategy of having third parties operate properties on which we retain a royalty or other passive interest exposes us to the risks created by decisions made by the operators regarding all operating matters, including permitting, feasibility analysis, mine design and operation, processing, plant and equipment matters and temporary or permanent suspension of operations, among others. These decisions are likely to be motivated by the best interests of the operator rather than to maximize royalties. When we create new royalties, we attempt to secure contractual rights, such as audit or access rights, that will permit us to protect our interests, but there can be no assurance that such rights will always be available or sufficient, or that our efforts will be successful in affecting the operation of the properties in which we have royalty interests in ways that would be beneficial to our stockholders.

***Volatility in gold, silver, copper, nickel 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.***

The profitability of our royalty interests is directly related to the market price of gold, silver, copper, nickel and other metals. Market prices may fluctuate widely and are affected by numerous factors beyond the control of any mining company, including metal supply, industrial and jewelry fabrication and investment demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold purchases, sales and loans by central banks, forward sales by metal producers, global or regional political, economic or banking conditions, and a number of other factors. If gold, silver, copper, nickel and certain other metal prices drop dramatically, we might not be able to recover our initial investment in royalty interests or properties. Moreover, the selection of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that decisions about exploration, development and construction are made and the commencement of production can have a material adverse effect on the economics of a mine and can eliminate or have a material adverse impact on the value of royalty interests.

Furthermore, if the market price of gold, silver, copper, nickel or certain other metals declines, then our royalty revenues would also fall. Our sliding-scale royalties, such as Cortez, Holt, Mulatos, Wolverine and others, amplify this effect. When metal prices fall below a certain mark in a sliding-scale royalty, a lower royalty rate is applied to production. In addition, certain of our royalty agreements, such as Andacollo, Robinson, Peñasquito and Voisey's Bay, are based on the operator's concentrate sales to smelters, which include price adjustments between the operator and the smelter based on commodity prices at a later date, typically three to five months. In such cases, our royalty payments from the operator include a component of these later adjustments, which can result in decreased royalty revenue in later periods if commodity prices have fallen.

Volatility in gold, silver, copper and nickel prices is demonstrated by the annual high and low prices for those metals from selected years during the past decade. High and low gold prices per ounce, based on the London Bullion Market Association P.M. fix, have ranged from \$293 to \$256 in 2001, from \$537 to \$411 in 2005, from \$1,212 to \$810 in 2009, and from \$1,719 to \$1,313 year to date. High and low silver prices per ounce, based on the London Bullion Market Association fix, have ranged from \$4.82 to \$4.07 in 2001, from \$9.23 to \$6.39 in 2005, from \$19.18 to \$10.51 in 2009, and from \$48.44 to \$26.84 year to date. High and low copper prices per pound, based on the London Metal Exchange cash settlement price for Grade A copper, have ranged from \$0.81 to \$0.62 in 2001, from \$2.08 to \$1.44 in 2005, from \$3.33 to \$1.38 in 2009, and from \$4.62 to \$3.94 year to date. High and low nickel prices per pound, based on the London Metal Exchange cash settlement price for nickel, have ranged from \$3.40 to \$1.97 in 2001, from \$8.12 to \$5.22 in 2005, from \$9.31 to \$4.25 in 2009, and from \$13.28 to \$9.62 year to date.

***Our revenues are subject to operational and other risks faced by operators of our mining properties.***

Although we are not required to pay capital costs (except as contractually obligated to as part of the Mt. Milligan transaction) or operating costs, our financial results are indirectly subject to hazards and risks normally associated with developing and operating mining properties where we hold royalty interests. Some of these risks include:

- insufficient ore reserves;
- fluctuations in production costs incurred by operators or third parties that may impact the amount of reserves available to be mined, cause an operator to delay or curtail mining operations or render mining of ore uneconomical and cause an operator to close operations;
- declines in the price of gold, silver, copper, nickel and other metals;
- mine operating and ore processing facility problems;
- economic downturns and operators' insufficient financing;
- significant environmental and other regulatory permitting requirements and restrictions and any changes thereto;
- challenges by non-mining interests to existing permits and mining rights, and to applications for permits and mining rights;
- community unrest, labor disputes or work stoppages at mines;
- geological problems;
- pit wall or tailings dam failures or any underground stability issues;
- natural catastrophes such as floods or earthquakes;
- injury to persons, property or the environment;
- the ability of the operators to maintain or increase production or replace reserves as properties are mined; and
- uncertain foreign political and economic environments.

***Acquired royalty interests, particularly on development stage properties, are subject to the risk that they may not produce anticipated royalty revenues.***

The royalty interests we acquire may not produce anticipated royalty revenues. The success of our royalty acquisitions is based on our ability to make accurate assumptions regarding the valuation, timing and amount of royalty payments, particularly with respect to acquisitions of royalties on development stage properties. If an operator does not bring a property into production and operate in accordance with feasibility studies, technical or reserve reports or other plans, then the acquired royalty interest may not yield sufficient royalty revenues to be profitable. Furthermore, operators of development stage properties must obtain all necessary environmental permits and access to water, power and other raw materials needed to begin production, and there can be no assurance operators will be able to do so. Pascua-Lama in Chile and the Mt. Milligan mining project in Canada, are among our principal development stage royalty acquisitions. The failure of any of these projects to produce anticipated royalty revenues may materially and adversely affect our financial condition and results of operations.

***We depend on our operators for the calculation of royalty payments. We may not be able to detect errors and payment calculations may call for retroactive adjustments.***

Our royalty payments are calculated by the operators of the properties on which we have royalties based on their reported production. Each operator's calculation of our royalty payments is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and, given the complex nature of mining and ownership of mining interests, errors may occur from time to time in the various calculations made by an operator that may render calculations of our royalty payments inaccurate. Certain royalty agreements require the operators to provide us with production and operating information that may, depending on the completeness and accuracy of such information, enable us to detect errors in the calculation of royalty payments that we receive. We do not, however, have the contractual right to receive production information for all of our royalty interests. As a result, our ability to detect royalty payment errors through our royalty monitoring program and its associated internal controls and procedures is limited, and the possibility exists that we will need to make retroactive royalty revenue adjustments. Some of our royalty contracts provide us the right to audit the operational calculations and production data for the associated royalty payments; however, such audits may occur many months following our recognition of the royalty revenue and may require us to adjust our royalty revenue in later periods.

***Development and operation of mines is very capital intensive and any inability of the operators of our royalty properties to meet liquidity needs, obtain financing or operate profitably could have material adverse effects on the value of and revenue from our royalty interests.***

The development and operation of mines is very capital intensive, and if operators of our royalty properties do not have the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a mine, the operator may curtail, delay or cease development or operations at a mine site. Operators' ability to raise and service significant, sufficient capital may be affected by, among other things, macroeconomic conditions, future gold, silver, copper, nickel and other metal prices, or a further dislocation in the U.S. or global financial markets as experienced in recent years. If any of the operators of our royalty properties suffer these material adverse effects, then our royalty interests and the value of and revenue from our royalty interests may be materially adversely affected.

***Certain of our royalty interests are subject to payment or production caps or rights in favor of the operator or third parties that could reduce the revenues generated from the royalty assets.***

Some of our principal royalty interests are subject to limitations, such that the royalty will extinguish after threshold production is achieved or royalty payments at stated thresholds are made. For example, a portion of our royalty at Pascua-Lama and our royalty at Mulatos are subject to production caps. Furthermore, other of our royalty agreements contain rights that favor the operator or third parties. For example, Osisko, the operator of Canadian Malartic, one of our principal development properties, exercised its buy-down right that reduced our royalty interest from a 3% NSR to a 1% NSR. Also, certain individuals from whom we purchased portions of our royalty interest at Pascua-Lama, another of our principal development properties, are entitled to one-time payments if the price of gold exceeds certain thresholds. If any of these thresholds are met or similar rights are exercised, our future royalty revenue could be reduced.

***We may enter into acquisitions or other material royalty transactions at any time.***

We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalty assets or similar interests through the financing of mining projects 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, technical, financial and other confidential information, submission of indications of interest, obtaining or providing debt commitments for acquisition financing, participation in discussions regarding serving as a financing source in connection with royalty acquisitions, and involvement as a bidder in competitive auctions. Any such acquisition could be material to us and could significantly increase the size and scope of our business. In such event, we could issue substantial amounts of common stock or incur substantial additional indebtedness to fund the acquisition. Issuances of common stock may reduce some or all of our financial measures on a per share basis.

In addition, we may consider opportunities to restructure our royalties where we believe such restructuring would provide a long-term benefit to the Company, though such restructuring may reduce near-term revenues. We could enter into one or more acquisition or restructuring transactions at any time.

***We have incurred indebtedness in connection with our royalty acquisitions and could incur substantial additional indebtedness that could have adverse effects on our business.***

As of June 30, 2011, the Company had \$226.1 million outstanding under its existing credit facilities, which limits the cash flow available to fund acquisitions. In addition, we may incur substantial additional indebtedness in connection with financing acquisitions, strategic transactions or for other purposes. If we were to incur substantial additional indebtedness, it may become difficult for us to satisfy our debt obligations, increase our vulnerability to general adverse economic and industry conditions or require us to dedicate a substantial portion of our cash flow from operations and proceeds of any equity issuances to payments on our indebtedness, any of which results may place us at a competitive disadvantage to our competitors that may have less debt or have other adverse effects upon us.

***We may be unable to successfully acquire additional royalty and other similar interests at reasonable prices or on favorable terms.***

Our future success largely depends upon our ability to acquire royalty or similar interests at appropriate valuations, including through asset and corporate acquisitions and financings, to replace depleting reserves. Most of our revenues are derived from royalty and other similar interests that we acquire or finance, rather than through exploration of properties. There can be no assurance that we will be able to identify and complete the acquisition of such royalty interests, or businesses that own desired royalty interests, at reasonable prices or on favorable terms, or, if necessary, that we will have sufficient financing on reasonable terms to complete such acquisitions. In addition, we face competition in the acquisition of royalty and other similar interests. If we are unable to successfully acquire additional royalties or other similar interests, the reserves subject to our royalties will decline as the producing royalty properties are mined or payment or production caps on certain of our royalties are met. We also may experience negative reactions from the financial markets or operators of properties on which we seek royalties and other similar interests if we are unable to successfully complete acquisitions of royalty interests or businesses that own desired royalty interests. Each of these factors may adversely affect the trading price of our common stock or our financial condition or results of operations.

***Estimates of production by the operators of mines in which we have royalty interests are subject to change, and actual production may vary materially from such estimates.***

Production estimates are prepared by the operators of mining properties. There are numerous uncertainties inherent in estimating anticipated production attributable to our royalty interests, including many factors beyond our control and the control of the operators of our royalty properties. We do not participate in the preparation or verification of production estimates and have not independently assessed or verified the accuracy of such information. The estimation of anticipated

production is a subjective process and the accuracy of any such estimates is a function of the quality of available data, reliability of production history, variability in grade encountered, mechanical or other problems encountered, engineering and geological interpretation and operator judgment. Rates of production may be less than expected. Results of drilling, metallurgical testing and production, changes in commodity prices, and the evaluation of mine plans subsequent to the date of any estimate may cause actual production to vary materially from such estimates.

***Estimates of reserves and mineralization by the operators of mines in which we have royalty interests are subject to significant revision.***

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond our control and the control of the operators of our royalty properties. Reserve estimates on our royalty interests are prepared by the operators of the mining properties. We do not participate in the preparation or verification of such reports and have not independently assessed or verified the accuracy of such information. The estimation of reserves and of other mineralized material is a subjective process, and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate, may cause a revision of such estimates. The volume and grade of reserves recovered and rates of production may be less than anticipated. Assumptions about gold and other precious metal prices are subject to great uncertainty, and such prices have fluctuated widely in the past. Declines in the market price of gold, silver, copper, nickel or other metals also may render reserves or mineralized material containing relatively lower ore grades uneconomical to exploit. Changes in operating costs and other factors including geotechnical characteristics and metallurgical recovery, may materially and adversely affect reserves. Finally, it is important to note that our royalties give us interests in only a portion of the production from the operators' aggregate reserves, and those interests vary widely based on the individual royalty documents.

***Our disclosure controls and internal control over our financial reporting are subject to inherent limitations.***

Management has concluded that as of the period ended June 30, 2011, our disclosure controls and procedures and our internal control over financial reporting were effective. Such controls and procedures, however, may not be adequate to prevent or identify existing or future internal control weaknesses due to inherent limitations that are beyond our control, including, but not limited to, our dependence on operators for the calculations of royalty payments as discussed in a previous risk factor. Given our dependence on third party calculations, there is a risk that material misstatements in results of operations and financial condition may not be prevented or detected on a timely basis by our internal controls over financial reporting and may require us to restate our financial statements.

***Royalty interests are subject to title and other defects and contest by operators of mining projects and holders of mining rights, and these risks may be hard to identify in acquisition transactions.***

While Royal Gold seeks to confirm the existence, validity, enforceability and geographic extent of the royalties it acquires, there can be no assurance that disputes over these and other matters will not arise. Confirming title to mining property on which we hold or seek to acquire a royalty is a complex matter in many jurisdictions, and is subject to the application of the laws of each jurisdiction to the particular circumstances of each parcel of mining property. Similarly, our royalty interests generally are subject to uncertainties and complexities arising from the application of contract and property laws governing private parties and/or local or national governments in the jurisdiction where mining projects are located. Furthermore, royalties in many jurisdictions are contractual in nature, rather than interests in land, and therefore may be subject to change of control, bankruptcy or insolvency of operators, and to challenges of various kinds brought by operators or third parties. We do not usually have the

protection of security interests over property that we could liquidate to recover all or part of our royalty investment. Disputes also could arise challenging, among other things, the existence or geographic extent of the royalty, third party claims to the same royalty asset or to the property on which we have a royalty, various rights of the operator or third parties in or to the royalty, methods for calculating the royalty, production and other thresholds and caps applicable to royalty payments, the obligation of an operator to make royalty payments, and various defects in the royalty agreement itself. Unknown defects in the royalties we acquire may prevent us from realizing the anticipated benefits from the acquisition, and could materially adversely affect our revenue and results of operations.

***Changes in federal and state legislation could decrease our royalty revenues.***

A number of our royalty properties are located on U.S. federal lands that are subject to federal mining and other public land laws. Changes in federal or state laws or the regulations promulgated under them could affect mine development and expansion, significantly increase regulatory obligations and compliance costs with respect to mine development and mine operations, increase the cost of holding mining claims or impose additional taxes on mining operations, all of which could adversely affect our royalty revenue from such properties. In recent years, the United States Congress has considered a number of proposed major revisions to the General Mining Law of 1872 (the "General Mining Law"), which governs the creation, maintenance and possession of mining claims and related activities on federal public lands in the United States. Congress also has considered bills recently, which if enacted, would impose royalties payable to the government on hardrock production, increase land holding fees, impose federal reclamation fees, impose additional environmental operating standards and afford greater public involvement and regulatory discretion in the mine permitting process. Such legislation, if enacted, could adversely affect the development of new mines and the expansion of existing mines, as well as increase the cost of all mining operations on federal lands, perhaps materially and adversely affecting mine operators and, therefore, our royalty revenue.

***Foreign operations and operation by foreign operators are subject to many risks.***

We derived approximately 76% of our revenues from foreign sources during fiscal 2011, compared to 60% in fiscal 2010. Our principal producing royalties on properties outside of the United States are located in Australia, Canada, Chile, Mexico and Spain. We currently have interests in mines and projects outside of the United States in Argentina, Australia, Bolivia, Brazil, Burkina Faso, Canada, Chile, Colombia, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Mexico, Nicaragua, Peru, Siguiri, Russia, Spain and Tunisia. Our foreign activities are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, such things as volatile exchange controls and currency fluctuations, high rates of inflation, limitations on repatriation of earnings, foreign taxation, enforcement of unfamiliar or uncertain foreign real estate, contract and environmental laws, expropriation or nationalization of property, labor practices and disputes, changes in legislation that could substantially increase the cost of mining operations, renegotiation or nullification of existing licenses, permits, approvals or the like, war, crime, terrorism, civil unrest and uncertain political and economic environments. For example, recently proposed tax legislation in Australia and other foreign jurisdictions could impose large tax obligations on operators that could materially adversely affect the feasibility of new mine development and the profitability of existing mining operations. In addition, many of our operators are organized outside of the United States. Our royalty interests may be subject to the application of foreign laws to our operators, and their stockholders, including laws relating to foreign ownership structures, corporate transactions, creditors' rights, bankruptcy and liquidation. Foreign operations also could be adversely impacted by laws and policies of the United States affecting foreign trade, investment and taxation.

***The mining industry is subject to significant environmental risks.***

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations in the United States and abroad intended to ensure the protection of the environment are constantly changing and generally are becoming more restrictive and costly. Furthermore, mining may be subject to significant environmental and other permitting requirements regarding the use of raw materials, particularly water, needed for operations. If an operator is forced to incur significant costs to comply with environmental regulations or becomes subject to environmental restrictions that limit its ability to continue or expand operations, or if an operator were to lose its right to use or access water or other raw materials necessary to operate a mine, our royalty revenues could be reduced, delayed, or eliminated. These risks are most salient with regard to our development stage royalty properties where permitting may not be complete and where new legislation and regulation can lead to delays, interruptions and significant unexpected cost burdens for mine operators. For example, legislation was enacted in Argentina (but subsequently suspended by litigation) which could stop or curtail mining activities on or near the country's glaciers. We have royalty interests on the Chilean side of the Pascua-Lama Project, which straddles the border between Chile and Argentina, and the new legislation in Argentina, if upheld in the litigation, could affect the feasibility, design, development and operation of the Pascua-Lama Project. Further, to the extent that we become subject to environmental liabilities for the time period during which we were operating properties, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our financial condition, results of operations and cash flows.

***Regulations and pending legislation governing issues involving climate change could result in increased operating costs to the operators of the properties on which we have royalties.***

A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. The December 1997 Kyoto Protocol, which ends in 2012, established a set of greenhouse gas emission targets for countries that have ratified the Protocol, which include Canada, Ghana, Australia and Peru. Furthermore, the U.S. Congress and several states have initiated legislation regarding climate change that will affect energy prices and demand for carbon intensive products. Additionally, the Australian Government may potentially reintroduce a national emissions trading scheme and mandatory renewable energy targets. Legislation and increased regulation regarding climate change could impose significant costs on the operators of our royalty properties, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. If an operator of a property on which we have royalty interests is forced to incur significant costs to comply with climate change regulation or becomes subject to environmental restrictions that limit its ability to continue or expand operations, our royalty revenues from that property could be reduced, delayed, or eliminated.

***We depend on the services of our President and Chief Executive Officer and other key employees and on the participation of our Chairman.***

We believe that our success depends on the continued service of our key executive management personnel. Currently, Tony Jensen is serving as our President and Chief Executive Officer. Mr. Jensen's extensive commercial experience, mine operations background and industry contacts give us an important competitive advantage. Furthermore, our Chairman, Stanley Dempsey, who served as our Executive Chairman until his retirement as an officer of the Company in January 2009, remains closely involved with us. Mr. Dempsey's knowledge of the royalty business and long-standing relationship with the mining industry are important to our success. The loss of the services of Mr. Jensen or other key employees could jeopardize our ability to maintain our competitive position in the industry. We currently do not have key person life insurance for any of our officers or directors.

## Risks Related to Our Common Stock

### *Our stock price may continue to be volatile and could decline.*

The market price of our common stock has fluctuated and may decline in the future. The high and low sale prices of our common stock on the NASDAQ Global Select Market were \$49.81 and \$22.75 for the fiscal year ended June 30, 2009, \$55.96 and \$37.35 for the fiscal year ended June 30, 2010 and \$62.33 and \$42.15 for the fiscal year ended June 30, 2011. The fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including:

- market prices of gold, silver, copper, nickel and other metals;
- interest rates;
- expectations regarding inflation;
- ability of operators to produce precious metals and develop new reserves;
- currency values;
- credit market conditions;
- general stock market conditions; and
- global and regional political and economic conditions.

### *Additional issuances of equity securities by us could reduce some or all of our financial measures on a per share basis, reduce the trading price of our common stock or impede our ability to raise future capital.*

We may issue equity in the future in connection with acquisitions, strategic transactions or for other purposes. To the extent we issue additional equity securities, some or all of our financial measures on a per share basis could be reduced. In addition, the shares of common stock that we issue in connection with an acquisition may not be subject to resale restrictions. The market price of our common stock could decline if certain large holders of our common stock, or recipients of our common stock in connection with an acquisition, sell all or a significant portion of their shares of common stock or are perceived by the market as intending to sell these shares other than in an orderly manner. In addition, these sales also could impair our ability to raise capital through the sale of additional common stock in the capital markets.

### *We may change our practice of paying dividends.*

We have paid a cash dividend on our common stock for each fiscal year beginning in fiscal year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors, including prevailing gold prices, economic market conditions and funding requirements for future opportunities or operations. If our board of directors declines to declare dividends in the future or reduces the current dividend level, our stock price could fall, and the success of an investment in our common stock would depend largely upon any future stock price appreciation. We have increased our dividends in prior years. There can be no assurance, however, that we will continue to do so or that we will pay any at all.

### *Certain anti-takeover provisions could delay or prevent a third party from acquiring us.*

Provisions in our restated certificate of incorporation and bylaws may make it more difficult for third parties to acquire control of us or to remove our management. Some of these provisions:

- permit our board of directors to issue preferred stock that has rights senior to the common stock without stockholder approval;

- provide for three classes of directors serving staggered, three-year terms; and
- require certain advanced notice of information relating to stockholder nominations and proposals.

We are also subject to the business combination provisions of Delaware law that could delay, deter or prevent a change in control. In addition, we have adopted a stockholder's rights plan that imposes significant penalties upon a person or group that acquires 15% or more of our outstanding common stock without the approval of the board of directors. Any of these measures could prevent a third party from pursuing an acquisition of Royal Gold, even if stockholders believe the acquisition is in their best interests.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

We do not own or operate the properties in which we have royalty interests and therefore much of the information disclosed in this Form 10-K regarding these properties is provided to us by the operators. For example, the operators of the various properties provide us information regarding metals production, estimates of mineral reserves and additional mineralized material and production estimates. A list of our producing and development stage royalties, as well their respective reserves are summarized below in Table 1 within this Item 2. There is more information available to the public regarding certain properties in which we have royalties, including reports filed with the SEC or with the Canadian securities regulatory agencies available at [www.sec.gov](http://www.sec.gov) or [www.sedar.com](http://www.sedar.com), respectively.

The description of our principal royalties set forth below includes the location, operator, royalty rate, access and any material current developments at the property. Please refer to Item 7, MD&A, for discussion on production estimates, historical production and revenue for our principal properties. The map below illustrates the location of our principal producing and development stage properties.

##### **Principal Royalties on Producing Properties**

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

June 30, 2011, the Company considers the properties discussed below (listed alphabetically) to be principal to our business.



*Andacollo (Region IV, Chile)*

We own a royalty on all gold produced from the sulfide portion of the Andacollo copper and gold deposit. The Andacollo royalty equals 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. As of June 30, 2011, approximately 46,000 payable ounces of gold have been sold.

Andacollo is an open-pit copper mine and milling operation located in central Chile, Region IV in the Coquimbo Province and is operated by a subsidiary of Teck. Andacollo is located in the foothills of the Andes Mountains approximately 1.5 miles southwest of the town of Andacollo. The provincial capital of La Serena and the coastal city of Coquimbo are approximately 34 miles northeast of the Andacollo project by road, and Santiago is approximately 215 miles south by air. Access to the mine is provided by Route 43 (R-43) south from La Serena to El Peñon. From El Peñon, D-51 is followed east and eventually curving to the south to Andacollo. Both R-43 and D-51 are paved roads.

In April 2011, Teck announced that they will undertake an expansion study at Andacollo to examine the feasibility of adding an additional SAG mill, ball mill and other equipment aimed at increasing production. Teck estimates that adding additional equipment could increase annual production by 25%-50%.

*Canadian Malartic (Quebec, Canada)*

We own a 1.0% to 1.5% sliding-scale NSR royalty (\$0.00 to \$350.00 - 1.0%; above \$350 - 1.5%) on the Canadian Malartic open-pit gold mine and milling operation located in Quebec, Canada, and owned by Osisko. The Canadian Malartic gold property is located in the Abitibi Gold Belt in Quebec, Canada, immediately south of the town of Malartic, Quebec, approximately 16 miles west of the town of Val d'Or. The northern extent of the Canadian Malartic property can be accessed directly from the Trans Canadian Highway 117.

Osisko announced that they reached commercial production at their Canadian Malartic mine on May 19, 2011. For the 30-day period ending June 17, 2011, the mill averaged 33,300 tonnes per day exceeding the 33,000 tonnes per day (60% of the 55,000 tonnes per day designed capacity) standard required to declare commercial production. Osisko achieved this milestone ahead of their August 2011 target.

Osisko also reported that production ramp-up is progressing well at the mill plant with an average throughput of 38,913 tonnes per day through mid June 2011. Recovery rates are currently higher than anticipated, mainly due to longer retention time in the leach circuit and a better-than-designed size fraction as the mill has not yet been brought up to full capacity. Osisko plans to continue to de-bug the operation as they focus on achieving the design capacity of 55,000 tonnes per day and optimizing the operating performance.

*Cortez (Nevada, USA)*

Cortez is a large open-pit and underground mine, utilizing mill and heap leach processing. The operation is located approximately 60 air miles southwest of Elko, Nevada, in Lander County. The site is reached by driving west from Elko on Interstate 80 approximately 46 miles, and proceeding south on State Highway 306 approximately 23 miles. Our royalty interest at Cortez is subject to the Pipeline, South Pipeline, Gap and Crossroads deposits and is operated by subsidiaries of Barrick.

The royalty interests we hold at Cortez include:

- (a) *Reserve Claims ("GSR1")* . This is a sliding-scale GSR royalty for all products from an area originally known as the "Reserve Claims," which includes the majority of the Pipeline and South Pipeline deposits. The GSR royalty rate on the Reserve Claims is tied to the gold price as shown in the table below and does not include indexing for inflation or deflation.
- (b) *GAS Claims ("GSR2")* . This is a sliding-scale GSR royalty for all products from an area outside of the Reserve Claims, originally known as the "GAS Claims," which encompasses approximately 50% of the GAP deposit and all of the Crossroads deposit. The GSR royalty rate on the GAS Claims, as shown in the table below, is tied to the gold price, without indexing for inflation or deflation.
- (c) *Reserve and GAS Claims Fixed Royalty ("GSR3")* . The GSR3 royalty is a fixed rate GSR royalty of 0.7125% and covers the same cumulative area as is covered by our two sliding-scale GSR royalties, GSR1 and GSR2, except mining claims that comprise the undeveloped Crossroads deposit.
- (d) *Net Value Royalty ("NVR1")* . This is a fixed 1.25% NVR on production from the GAS Claims located on a portion of Cortez that excludes the Pipeline open pit. The Company owns 31.6% of the 1.25% NVR (or 0.39%) while limited partners (including certain directors of the Company) in the partnership, which is consolidated in our financial statements, own the remaining portion of the 1.25% NVR. Our 0.39% portion of the NVR1 royalty does not cover the mining claims that comprise the undeveloped Crossroads deposit.

We also own three other royalties in the Cortez area where there is currently no production and no reserves attributed to these royalty interests.

The following shows the current sliding-scale GSR1 and GSR2 royalty rates under our royalty agreement with Cortez:

<u>London P.M. Quarterly Average Price of Gold Per Ounce (\$U.S.)</u>	<u>GSR1 and GSR2 Royalty Percentage</u>
Below \$210.00	0.40%
\$210.00 - \$229.99	0.50%
\$230.00 - \$249.99	0.75%
\$250.00 - \$269.99	1.30%
\$270.00 - \$309.99	2.25%
\$310.00 - \$329.99	2.60%
\$330.00 - \$349.99	3.00%
\$350.00 - \$369.99	3.40%
\$370.00 - \$389.99	3.75%
\$390.00 - \$409.99	4.00%
\$410.00 - \$429.99	4.25%
\$430.00 - \$449.99	4.50%
\$450.00 - \$469.99	4.75%
\$470.00 - and above	5.00%

As the Company reported during the third quarter of fiscal 2011, production at Cortez decreased during the period as Barrick has turned its focus to production of Cortez Hills ore, which is not subject to the Company's royalty. The Company anticipates that Barrick will continue to focus on Cortez Hills and production at Pipeline will remain at decreased levels, as reflected in the calendar 2011 mine plan provided by Barrick.

*Dolores (Chihuahua, Mexico)*

We own a 3.25% NSR royalty on gold and a 2.0% NSR royalty on silver from the Dolores open-pit mine and heap leach operation located in Chihuahua, Mexico, and operated by Minefinders. The Dolores project is located approximately 155 miles west of the city of Chihuahua, Mexico. The property can be accessed by approximately 56 miles of recently upgraded access road from Yepachi, Chihuahua, to the mine site. Access to the property can also be achieved by light aircraft landing on a dirt strip located about five miles from the mine site.

Minefinders has reported that at Dolores they continue to sustain improved leach results on the Stage 2 pad. Minefinders has also stated that they are continuing to assess the addition of a milling operation at Dolores and the development of an underground resource. Minefinders has reiterated that they expect to achieve their calendar 2011 guidance of 65,000 to 70,000 ounces of gold and 3.3 million to 3.5 million ounces of silver.

*Holt (Ontario, Canada)*

We own a sliding-scale NSR royalty on the Holt portion of the Holloway-Holt mining project located in Ontario, Canada and owned 100% by St Andrew. The Holloway-Holt project straddles Ontario Provincial Highway 101 for approximately 25 miles beginning east of Matheson, Ontario, Canada and extending to the Quebec, Canada border. The sliding-scale NSR royalty rate on gold produced from the Holt portion of the mining project is calculated by multiplying 0.00013 by the quarterly average gold price. For example, at a quarterly average gold price of \$1,500 per ounce, the effective royalty rate payable would be 19.5%.

In April 2011, St Andrew announced that the Holt mine achieved commercial production after operating for 90 days at an average throughput of between 450 to 500 tonnes per day. Production throughput is anticipated to increase from the initial rate of 500 tonnes per day to 1,000 tonnes per day

around the end of calendar 2011. In August 2011, St Andrew revised its calendar 2011 gold production estimate to between 23,000 and 26,000 ounces of gold, of which St Andrew expects approximately 13,000 to 16,000 ounces of gold to be produced during the second half of calendar 2011.

The Company began recognizing royalty revenue on the Holt royalty during the three months ended March 31, 2011.

*Las Cruces (Andalucía, Spain)*

We own a 1.5% NSR royalty on the Las Cruces copper mine and milling operation located in Andalucía, Spain and operated by Inmet. The Las Cruces mine is located in the Seville Province of southern Spain, about 12 miles northwest of the Provincial capital city of Seville. Access to the site is by well-maintained paved roads.

Inmet reported that production during the June 2011 quarter was adversely impacted by a planned 16-day maintenance outage at the Las Cruces mine. The outage was taken to install new components and modify equipment that will increase the underflow (solids) density of the grinding thickener to the design capacity of 80%. After the shutdown, the plant started-up and achieved record throughput above 80% of design and record weekly production of 1,340 tonnes of cathode copper. However, within two weeks of the start-up (early July 2011), a support structure of the new grinding thickener failed due to a faulty weld leading to a further seven day shutdown for repair.

*Leeville (Nevada, USA)*

We own a carried working interest, equal to a 1.8% NSR royalty, which covers the majority of the Leeville underground mine, in Eureka County, Nevada. Leeville is approximately 19 air miles northwest of Carlin, Nevada, and is operated by a subsidiary of Newmont. The property is accessed by driving north from Carlin on Nevada State Highway 766 for 19 miles and then on an improved gravel road for two miles.

*Mulatos (Sonora, Mexico)*

We own a 1.0% to 5.0% sliding-scale NSR royalty on the Mulatos open-pit mine and heap leach operation in southeastern Sonora, Mexico. The Mulatos mine is located approximately 137 miles east of the city of Hermosillo and 186 miles south of the border with the United States and is operated by Alamos. Access to the mine from the city of Hermosillo can be made via private chartered flight or paved and gravel road.

The sliding-scale NSR royalty is based on the gold price as shown in the following table:

London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US\$)	NSR Royalty Percentage
\$0.00 - \$299.99	1.00%
\$300.00 - \$324.99	1.50%
\$325.00 - \$349.99	2.00%
\$350.00 - \$374.99	3.00%
\$375.00 - \$399.99	4.00%
\$400 or greater	5.00%

The Mulatos royalty is capped at 2.0 million gold ounces of production. As of June 30, 2011, approximately 732,000 cumulative ounces of gold have been produced.

Alamos reported that for the third consecutive month, crusher throughput improved and they expect to meet throughput of 15,000 tonnes per day throughout the remainder of calendar 2011.

Although production during the second quarter of calendar 2011 was impacted by extreme drought conditions and supplier issues, Alamos stated they expect to recover deferred production throughout the remainder of calendar 2011. Alamos also reported that construction is underway on a high-grade mill that could boost output by another 60,000 ounces per year. Production from this new gravity mill is expected to commence in calendar 2012.

*Peñasquito (Zacatecas, Mexico)*

We own a production payment equivalent to a 2.0% NSR royalty on all metal production from the Peñasquito open-pit mine, located in the State of Zacatecas, Mexico, and operated by Goldcorp. The Peñasquito project is located approximately 17 miles west of the town of Concepción del Oro, Zacatecas, Mexico. The project, composed of two main deposits called Peñasco and Chile Colorado, hosts large silver, gold, zinc and lead reserves. The deposits contain both oxide and sulfide material, resulting in heap leach and mill processing. Access to the site is via either paved or cobbled roads west out of Concepcion del Oro nine miles to the town of Mazapil and then further approximately seven miles west from Mazapil.

Goldcorp reported that higher grades and recoveries of gold, silver, lead and zinc were offset by lower processing rates. Goldcorp expects these issues to be resolved by the end of calendar 2011. Goldcorp also reported that oxide gold production will be delayed in the second half of calendar 2011 due to restricted cyanide deliveries from supplier shortages.

*Robinson Mine (Nevada, USA)*

We own a 3.0% NSR royalty on all mineral production from the Robinson open-pit mine and mill operation operated by a subsidiary of Quadra. Access to the property is via Nevada State Highway 50, 6.5 miles west of Ely, Nevada, in White Pine County.

In July 2011, Quadra reported that the removal of mud from the bottom of the Ruth Pit was completed approximately four weeks ahead of schedule. As previously reported by Quadra, the production profile at Robinson is expected to increase in the second half of calendar 2011, benefiting from access to higher grade material at the bottom of the pit, as well as additional haulage capacity. Quadra reported that ore processed at the beginning of the third quarter of calendar 2011 contained significantly higher grade versus the second calendar quarter, and they expect grades to further improve in the fourth calendar quarter.

*Voisey's Bay (Labrador, Canada)*

We own an effective 2.7% NSR royalty on the Voisey's Bay nickel-copper-cobalt mine located in Newfoundland and Labrador, Canada and operated by Vale. The Company owns 90% of a 3.0% NSR (or 2.7%) while a non-controlling interest owns the remainder. The Voisey's Bay project is located on the northeast coast of Labrador, on a peninsula bordered to the north by Anaktalak Bay and to the south by Voisey's Bay. The property is 560 miles north-northwest of St. John's, the capital of the Province. Access to the property is by helicopter, small aircraft or tracked vehicles during the winter. We have disputed the manner of calculation of our royalty payments. Please refer to Note 17 of the notes to consolidated financial statements for more information regarding the dispute.

On January 31, 2011, Vale announced that a new five-year collective bargaining agreement was ratified by the United Steel Workers Local 9508, representing mine and mill operations employees at Voisey's Bay, thus ending the strike that began August 1, 2009. Operations at Voisey's Bay have been returning to normalcy.

In June 2011, Vale provided an update concerning construction of its Long Harbour project—the hydrometallurgical facility that Vale is building in Newfoundland and Labrador, Canada. The facility

will treat Voisey's Bay ore to produce 50,000 tonnes per year of nickel and associated copper and cobalt. At an estimated capital cost of \$2.8 billion, the plant is scheduled for commissioning and start-up during calendar 2013. To-date, the project is about 40% complete with engineering completion at approximately 80% and construction at about 20%

*Wolverine (Yukon Territory, Canada)*

We own a 0.00% to 9.445% sliding-scale NSR royalty on all gold and silver produced from the Wolverine underground mine and milling operation located in Yukon Territory, Canada, and operated by Yukon Zinc. The Wolverine property is located 106 miles north-northwest of Watson Lake in south central Yukon Territory. Access to the property is provided by a 17 mile gravel road heading south and then northeast to the Robert Campbell Highway at a point approximately 120 miles north of Watson Lake.

The sliding-scale NSR royalty on all gold and silver is based on the silver price as shown in the following table:

London Bullion Market Association Monthly Average Price of Silver per Ounce (US\$)	NSR Royalty Percentage
less than \$5.00	0%
\$5.00 - \$7.50	3.778%
\$7.51 or greater	9.445%

Yukon Zinc reported that the start-up of the Wolverine project is complete. The processing plant is currently operating at 300 to 500 tonnes of concentrate per day. During pre-commissioning prior to the end of calendar 2010, about 3,300 tonnes of concentrate were produced. This concentrate was shipped during the first quarter of calendar 2011. Yukon Zinc expects to increase production to the design capacity of 1,700 tonnes per day of concentrate during calendar 2011 with commercial production levels of 60%-70% of design capacity expected to be realized in the third quarter of calendar 2011.

The Company began recognizing royalty revenue on the Wolverine royalty during the three months ended March 31, 2011.

**Principal Royalties on Development Stage Properties**

The following is a description of our principal royalty interests on development stage properties (listed alphabetically). Reserves for our development stage properties are summarized below in Table 1 as part of this Item 2, Properties.

*Mt. Milligan (British Columbia, Canada)*

We own the right to purchase 25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia, Canada, and operated by Thompson Creek. The Mt. Milligan project is located within the Omenica Mining Division in North Central British Columbia, approximately 96 miles northwest of Prince George, 53 miles north of Fort St. James, and 59 miles west of Mackenzie. The Mt. Milligan project is accessible by commercial air carrier to Prince George, British Columbia, then by vehicle from the east via Mackenzie on the Finlay Philip Forest Service Road and the North Philip Forest Service Road.

Upon commencement of production at the Mt. Milligan project, RGLD Gold AG, a wholly-owned subsidiary of the Company, will purchase 25% of 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 RGLD Gold AG, and the lesser of \$450 or the prevailing market price for each additional ounce thereafter.

The Company, along with an independent engineering firm who is monitoring and confirming the Company's required participation in funding construction of the Mt. Milligan project, conducted a site visit to Mt. Milligan in July 2011. Some of the progress at Mt. Milligan includes the plant, shop and administration foundations earthworks, the concrete batch plant, and delivery of a significant portion of the necessary steel.

Thompson Creek announced that their current capital expenditures estimate to construct the Mt. Milligan mine is approximately C\$1.3 billion (US\$1.3 billion), of which approximately \$208 million has been spent since inception of the project through June 30, 2011, and an additional \$466 million has been committed since inception of the project. Thompson Creek is targeting a start-up at Mt. Milligan in calendar 2013 and expects to produce approximately 194,000 ounces of gold annually.

*Pascua-Lama Project (Region III, Chile)*

As of June 30, 2011, we own a 0.78% to 5.23% sliding-scale NSR royalty on the Pascua-Lama project, which straddles the border between Argentina and Chile, and is being developed by Barrick. The Company owns an additional royalty equivalent to 1.05% of proceeds from copper produced from the Chilean portion of the project, net of allowable deductions, sold on or after January 1, 2017. The Pascua-Lama project is located within 7 miles of Barrick's operating Veladero mine. Access to the project is from the city of Vallenar, Region III, Chile, via secondary roads C-485 to Alto del Carmen, Chile, and C-489 from Alto del Carmen to El Corral, Chile.

Our royalty interest is applicable to all gold production from the portion of the Pascua-Lama project lying on the Chilean side of the border. In addition, our interest at Pascua-Lama contains certain contingent rights and obligations. Specifically, (i) if gold prices exceed \$600 per ounce for any six month period during the first 36 months of commercial production from the project, the Company would make a one-time payment of \$8.4 million, (ii) approximately 20% of the royalty is limited to 14.0 million ounces of gold produced from the project, while 24% of the royalty can be extended beyond 14.0 million ounces of gold produced for a one-time payment of \$4.4 million; and (iii) Royal Gold also increased its interest in two one-time payments from \$0.5 million to \$1.5 million, which are payable by Barrick upon the achievement of certain production thresholds at Pascua-Lama.

The sliding-scale NSR royalty is based upon the gold price as shown in the following table:

London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US\$)	NSR Royalty Percentage
less than \$325	0.78%
\$400	1.57%
\$500	2.72%
\$600	3.56%
\$700	4.39%
\$800 or greater	5.23%

Note: Royalty rate is interpolated between the upper and lower endpoints.

In July 2011, Barrick announced a revised pre-production capital estimate of approximately \$4.7-\$5.0 billion for the Pascua-Lama project. The revised estimate represents an approximate 40% increase from Barrick's original estimate. Barrick also reported that expected annual gold production has increased 775,000 ounces to 800,000-850,000 ounces in the first full five years of operation.

## Reserve Information

Table 1 below summarizes proven and probable reserves for gold, silver, copper, nickel, zinc, lead and cobalt that have been reported to us by the operators of our royalty interests as of December 31, 2010. Properties are currently in production unless noted as development ("DEV") within the table. The exploration royalties we own do not contain proven and probable reserves as of December 31, 2010. Please refer to pages 26-28 for the footnotes to Table 1.

**Table 1**  
**Proven and Probable Gold Reserves**  
**As of December 31, 2010 <sup>(1)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs <sup>(6)</sup> (M)
Bald Mountain	3.5% - 5.0% NSR <sup>(7)</sup>	Barrick	United States	74.08	0.023	1.704
Cortez (Pipeline) GSR1	0.40 - 5.0% GSR <sup>(8)</sup>	Barrick	United States	67.08	0.035	2.343 <sup>(9)</sup>
Cortez (Pipeline) GSR2	0.40 - 5.0% GSR <sup>(8)</sup>	Barrick	United States	118.43	0.029	3.428 <sup>(9)</sup>
Cortez (Pipeline) GSR3	0.71% GSR	Barrick	United States	103.24	0.029	3.003 <sup>(9)</sup>
Cortez (Pipeline) NVR1	0.39% NVR	Barrick	United States	68.60	0.033	2.244 <sup>(9)</sup>
Gold Hill (DEV)	1.0 - 2.0% NSR <sup>(10)(11)</sup>	Kinross/Barrick	United States	23.34	0.016	0.365
	0.9% NSR <sup>(12)</sup>	Kinross/Barrick	United States	—	—	—
Goldstrike (SJ Claims)	0.9% NSR	Barrick	United States	49.60	0.104	5.164
Leeville	1.8% NSR	Newmont	United States	5.58	0.294	1.641
Marigold (DEV) <sup>(13)</sup>	2.0% NSR	Goldcorp/Barrick	United States	55.41	0.016	0.905
Relief Canyon (DEV) <sup>(14)</sup>	4.0% NSR	Firstgold	United States	—	—	—
Robinson Soledad Mountain (DEV)	3.0% NSR	Golden Queen	United States	51.22	0.021	1.052
Twin Creeks	2.0% GPR	Newmont	United States	1.80	0.080	0.143
Wharf	0.0 - 2.0% NSR <sup>(15)</sup>	Goldcorp	United States	23.88	0.025	0.600
Canadian Malartic	1.0 - 1.5% NSR <sup>(16)</sup>	Osisko	Canada	150.56	0.031	4.727
Holt <sup>(17)</sup>	0.00013 × quarterly avg. gold price	St Andrew	Canada	3.46	0.148	0.510
Kutcho Creek (DEV)	1.6% NSR	Capstone Mining	Canada	11.51	0.011	0.125
Mt. Milligan (DEV) <sup>(18)</sup>	25% of payable gold	Thompson Creek	Canada	531.80	0.011	6.020
Pine Cove (DEV)	7.5% NPI	Anaconda Mining	Canada	2.90	0.060	0.175
Schaft Creek (DEV)	3.5% NPI	Copper Fox	Canada	904.99	0.006	5.570
Williams	0.97% NSR	Barrick	Canada	12.17	0.070	0.857
Wolverine	0.0 - 9.445% NSR <sup>(19)</sup>	Yukon Zinc	Canada	5.68	0.040	0.225
Dolores	3.25% NSR	Minefinders	Mexico	118.65	0.017	2.024
El Chanate	2.0 - 4.0% NSR <sup>(20)</sup>	AuRico	Mexico	70.78	0.019	1.355
Mulatos	1.0 - 5.0% NSR <sup>(21)</sup>	Alamos	Mexico	64.45	0.037	2.387
Peñasquito <sup>(22)</sup>	2.0% NSR (Oxide)	Goldcorp	Mexico	74.74	0.005	0.400
	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.012	18.170
Andacollo Pascua-Lama (DEV) <sup>(24)</sup>	75% NSR <sup>(23)</sup>	Teck	Chile	440.59	0.004	1.594
	0.78 - 5.23% NSR <sup>(25)</sup>	Barrick	Chile	320.92	0.046	14.685
El Toqui	1.0 - 3.0% NSR <sup>(26)</sup>	Breakwater	Chile	3.89	0.070	0.270



Gold <sup>(2)</sup>—Continued

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Gold Grade (opt)	Gold Contained Ozs <sup>(6)</sup> (M)
Don Mario	3.0% NSR	Orvana	Bolivia	6.29	0.041	0.259
El Limon	3.0% NSR	B2Gold	Nicaragua	2.26	0.131	0.296
Martha	2.0% NSR	Coeur d'Alene	Argentina	0.05	0.020	0.001
Balcooma <sup>(27)</sup>	1.5% NSR	Kagara	Australia	0.67	0.007	0.005
Bundarra (DEV) <sup>(14)</sup>	1.5% NSR	Terrain	Australia	—	—	—
Gwalia Deeps	1.5% NSR	St . Barbara	Australia	11.28	0.213	2.406
Kundip (DEV)	1.0 - 1.5% GSR <sup>(28)</sup>	Tectonic Resources	Australia	3.10	0.098	0.305
Meekatharra (Paddy's Flat) (DEV)	1.5% NSR A\$10 per gold ounce produced <sup>(29)</sup>	Reed Resources	Australia	2.19	0.140	0.308
Meekatharra (Yaloginda) (DEV)	0.45% NSR	Reed Resources	Australia	2.79	0.070	0.196
Reedys Burnakura (DEV) <sup>(30)</sup>	1.5 - 2.5% NSR	Kentor Gold	Australia	—	—	—
South Laverton	1.5% NSR	Saracen	Australia	16.60	0.049	0.810
Southern Cross	1.5% NSR	St. Barbara	Australia	6.02	0.083	0.500
West Westonia (DEV)	0.5% NSR	Catalpa Resources	Australia	0.31	0.032	0.010
Inata	2.5% NSR	Avocet	Burkina Faso	17.97	0.060	1.082
Taparko <sup>(31)</sup>	2.0% GSR	High River	Burkina Faso	7.85	0.080	0.627

**Proven and Probable Silver Reserves  
As of December 31, 2010 <sup>(1)</sup>**

Silver <sup>(32)</sup>

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Silver Grade (opt)	Silver Contained Ozs <sup>(6)</sup> (M)
Soledad Mountain (DEV)	3.0% NSR	Golden Queen	United States	51.22	0.38	19.359
Troy	3.0% GSR	Revet	United States	10.50	1.21	12.711
Gold Hill (DEV)	1.0 - 2.0% NSR <sup>(10)(11)</sup>	Kinross/Barrick	United States	23.34	0.22	5.038
Kutcho Creek (DEV)	1.6% NSR	Capstone Mining	Canada	11.51	1.01	11.617
Schaft Creek (DEV)	3.5% NPI	Copper Fox	Canada	904.99	0.05	46.454
Wolverine	0.0 - 9.445% NSR <sup>(19)</sup>	Yukon Zinc	Canada	5.68	8.22	46.693
Dolores	2.0% NSR	Minefinders	Mexico	118.65	0.96	114.520
Peñasquito <sup>(22)(31)</sup>	2.0% NSR (Oxide)	Goldcorp	Mexico	74.74	0.49	36.550
	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.68	1,068.720
Don Mario	3.0% NSR	Orvana	Bolivia	6.29	1.32	8.292
El Toqui	1.0 - 3.0% NSR <sup>(24)</sup>	Breakwater	Chile	3.89	0.38	1.473
Martha	2.0% NSR	Coeur d'Alene	Argentina	0.05	18.61	0.828
Balcooma <sup>(27)</sup>	1.5% NSR	Kagara	Australia	0.67	0.63	0.427

**Proven and Probable Base Metal Reserves  
As of December 31, 2010 <sup>(1)</sup>**

**Copper <sup>(33)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
				Johnson Camp	2.5% NSR	Nord Resources
Robinson	3.0% NSR	Quadra FNX	United States	121.28	0.50	1,222
Troy	3.0% GSR	Revelt	United States	10.50	0.47	98
Caber (DEV)	1.0% NSR	Breakwater	Canada	0.65	0.84	11
Kutcho Creek (DEV)	1.6% NSR	Capstone Mining	Canada	11.51	2.01	463
Schaft Creek (DEV)	3.5% NPI	Copper Fox	Canada	904.99	0.30	5,421
Voisey's Bay	2.7% NSR	Vale	Canada	26.57	1.48	788
Balcooma <sup>(27)</sup>	1.5% NSR	Kagara	Australia	0.67	3.10	42
Don Mario	3.0% NSR	Orvana	Bolivia	6.29	1.47	185
Pascua-Lama (DEV) <sup>(34)</sup>	1.05% NSR	Barrick	Chile	320.92	0.09	548
Las Cruces	1.5% NSR	Inmet	Spain	17.07	6.20	2,116

**Lead <sup>(35)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
				Balcooma <sup>(27)</sup>	1.5% NSR	Kagara
Peñasquito <sup>(22)</sup>	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.25	7,275
El Toqui	1.0 - 3.0% NSR <sup>(24)</sup>	Breakwater	Chile	3.89	0.37	28

**Zinc <sup>(36)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
				Caber (DEV)	1.0% NSR	Breakwater
Kutcho Creek (DEV)	1.6% NSR	Capstone Mining	Canada	11.51	3.19	733
Balcooma <sup>(27)</sup>	1.5% NSR	Kagara	Australia	0.67	1.53	21
Peñasquito <sup>(22)</sup>	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.57	17,575
El Toqui	1.0 - 3.0% NSR <sup>(24)</sup>	Breakwater	Chile	3.89	6.77	526

**NICKEL <sup>(37)</sup>**

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
				Voisey's Bay	2.7% NSR	Vale
Avebury (DEV) <sup>(14)</sup>	2.0% NSR	Minerals and Metals Group	Australia	—	—	—
Mt. Goode <sup>(38)</sup>	1.5% NSR	Xstrata	Australia	0.42	4.07	34



COBALT <sup>(39)</sup>

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES <sup>(3)(4)(5)</sup>		
				Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs <sup>(6)</sup> (M)
				Voisey's Bay	2.7% NSR	Vale

- (1) Reserves have been reported by the operators as of December 31, 2010, with the exception of the following properties: Don Mario—August 2010; West Westonia, Southern Cross, South Laverton, Pine Cove, Mt. Goode, Inata, Gwalia, Balcooma and Avebury—June 2010; El Chanate and Mt. Milligan—October 2009; Caber and Canadian Malartic—December 2008; Schaft Creek—September 2008; Soledad Mountain—December 2007; Meekatharra (Yaloginda) and Meekatharra (Paddy's Flat)—September 2007.
- (2) Gold reserves were calculated by the operators at the following per ounce prices: \$1,300—Martha; A\$1,350—Kundip; \$1,200—El Limon and Dolores; A\$1,250—South Laverton and West Westonia; \$1,000—Inata, Bald Mountain, Cortez, Goldstrike, Holt, Kutcho Creek, Pascua Lama, Robinson and Williams; \$983—Pine Cove; \$950—Leeville, Marigold, Peñasquito, Twin Creeks and Wharf; A\$1,000—Gwalia and Southern Cross; \$900—Gold Hill and Taparko; \$875—Mulatos; \$870—El Toqui; \$825—Canadian Malartic; \$800—El Chanate, Don Mario and Andacollo; \$690—Mt. Milligan; and \$600—Soledad Mountain. Schaft Creek is at a \$5.05 net smelter return cut-off grade (metal price assumptions used by the operator were \$658 per ounce gold; \$10.00 per ounce silver; and \$1.93 per pound copper). Wolverine is at an \$80/tonne net smelter return cut-off grade (metal price assumptions used by the operator were \$400 per ounce gold and \$7.00 per ounce silver). No gold price was reported for Meekatharra (Paddy's Flat), Meekatharra (Yaloginda), Avebury or Balcooma.
- (3) Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission. "Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.
- "Proven (Measured) Reserves" are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes, and the grade is computed from the results of detailed sampling, and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well established.
- "Probable (Indicated) Reserves" are reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.
- (4) Royal Gold has disclosed a number of reserve estimates that are provided by royalty operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code").
- (5) The reserves reported are either estimates received by the various operators or are based on royalty documentation material provided to Royal Gold or which is derived from recent publicly-available information from the operators of the various properties or various recent National Instrument 43-101 or JORC Code reports filed by operators. Accordingly, Royal Gold is not able to reconcile the reserve estimates prepared in reliance on National Instrument 43-101 or JORC Code with definitions of the U.S. Securities and Exchange Commission.
- (6) "Contained ounces" or "contained pounds" do not take into account recovery losses in processing the ore.
- (7) By amendment dated June 2, 2011, but effective January 1, 2011, the royalty rate now ranges from 3.5% to 5.0%. NSR sliding-scale schedule (price of gold per ounce—royalty rate): Below \$375—3.5%; >\$375 to \$400—4.0%; >\$400 to \$425—4.5%; >\$425 and higher—5.0%. All price points are stated in 1986 dollars and are subject to adjustment in accordance with a blended index comprised of labor, diesel fuel, industrial commodities and mining machinery.

- (8) NSR sliding-scale schedule (price of gold per ounce—royalty rate): Below \$210—0.40%; \$210 to \$229.99—0.50%; \$230 to \$249.99—0.75%; \$250 to \$269.99—1.30%; \$270 to \$309.99—2.25%; \$310 to \$329.99—2.60%; \$330 to \$349.00—3.00%; \$350 to \$369.99—3.75%; \$390 to \$409.99—4.0%; \$410 to \$429.99—4.25%; \$430 to \$449.99—4.50%; \$450 to \$469.99—4.75%; \$470 and higher—5.00%.
- (9) NVR1 and GSR3 reserves are subsets of the reserves and additional mineralized material covered by GSR1 and GSR2.
- (10) Round Mountain, a joint venture between Kinross and Barrick, has the right, at any time, to purchase the royalty interest for \$10.0 million less any royalty payments paid prior to the purchase option being exercised. The royalty is subject to a minimum royalty payment of \$100,000 per year.
- (11) The sliding-scale NSR royalty will pay 2.0% when the price of gold is above \$350 per ounce and 1.0% when the price of gold falls to \$350 per ounce or below.
- (12) The 0.9% NSR applies to the MACE claims. The operator did not report reserves subject to the 0.9% NSR.
- (13) The 2.0% NSR royalty interest covers the majority of six sections of land, containing a number of open pits, but does not cover the current mining in the Basalt/Antler area.
- (14) The operators at Avebury, Relief Canyon and Bundarra did not provide a breakdown of proven and probable reserves.
- (15) NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to under \$350—0.0%; \$350 to under \$400—0.5%; \$400 to under \$500—1.0%; \$500 or higher—2.0%.
- (16) NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to \$350—1.0%; above \$350—1.5%.
- (17) Refer to Note 17 of the notes to consolidated financial statements for a discussion on litigation associated with our Holt royalty.
- (18) 25% of payable gold with a fixed cost of \$400 per ounce until 550,000 ounces are delivered to Royal Gold; \$450 per ounce thereafter.
- (19) Gold royalty rate is based on the price of silver per ounce. NSR sliding-scale schedule (price of silver per ounce—royalty rate): Below \$5.00—0.0%; \$5.00 to \$7.50—3.778%; >\$7.50—9.445%.
- (20) The NSR sliding-scale royalty is capped once payments of approximately \$17 million have been received. As of June 30, 2011, payments of approximately \$8.2 million have been recognized. NSR sliding-scale schedule (price of gold per ounce—royalty rate): less than \$300—2.0%; \$300 - \$350—3.0%; greater than \$350—4.0%.
- (21) The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 732,000 ounces of cumulative production as of June 30, 2011. NSR sliding-scale schedule (price of gold per ounce—royalty rate): \$0.00 to \$299.99—1.0%; \$300 to \$324.99—1.50%; \$325 to \$349.99—2.0%; \$350 to \$374.99—3.0%; \$375 to \$399.99—4.0%; \$400 or higher—5.0%.
- (22) Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.
- (23) The royalty rate is 75% until 910,000 payable ounces of gold have been produced—50% thereafter. There have been approximately 46,000 cumulative payable ounces produced as of June 30, 2011.
- (24) Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. Approximately 20% of the royalty is limited to the first 14.0 million ounces of gold produced from the project. Also, 24% of the royalty can be extended beyond 14.0 million ounces produced for \$4.4 million. In addition, a one-time payment totaling \$8.4 million will be made if gold prices exceed \$600 per ounce for any six-month period within the first 36 months of commercial production.
- (25) NSR sliding-scale schedule (price of gold per ounce—royalty rate): less than or equal to \$325—0.78%; \$400—1.57%; \$500—\$2.72%; \$600—3.56%; \$700—4.39%; greater than or equal to \$800—5.23%.
- (26) NSR sliding-scale schedule (price of zinc per ounce—royalty rate): Below \$0.50—0.0%; \$0.50 to below \$0.55—1.0%; \$0.55 to below \$0.60—2.0%; \$0.60 or higher—3.0%.
- (27) Figures reflect reserves associated with the entire property. The operator did not provide a detailed breakdown of the reserves subject to Royal Gold's royalty interest. Therefore, a portion of the reserves is not subject to Royal Gold's royalty interest.
- (28) Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.
- (29) The A\$10 per ounce royalty applies on production above 50,000 ounces.

- (30) Reedys Burnakura sliding-scale royalty applies to cumulative production above 300,000 ounces. Once 300,000 ounces have been produced, the royalty rate is a 1.5% NSR for the first 75,000 ounces per year and a 2.5% NSR above 75,000 ounces per year.
- (31) A 2.0% GSR perpetual royalty, applicable to gold production from defined portions of the Taparko-Bouroum project area, and a 0.75% GSR milling royalty. The milling royalty applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facilities up to a maximum of 1.1 million tons per year.
- (32) Silver reserves were calculated by the operators at the following prices per ounce: \$23.00—Dolores; \$20.00—Martha; \$16.50—Kutcho Creek; \$15.00—Peñasquito Sulfide; \$14.90—Troy; \$14.42—El Toqui; \$14.00—Gold Hill; \$12.50—Don Mario; \$12.00—Soledad Mountain. Shaft Creek is at a \$5.05 net smelter return cut-off grade (metal price assumptions used by the operator were \$658 per ounce gold; \$10.00 per ounce silver; and \$1.93 per pound copper). Wolverine is at an \$80/tonne net smelter return cut-off grade (metal price assumptions used by the operator were \$400 per ounce gold and \$7.00 per ounce silver). No silver price is available for Balcooma.
- (33) Copper reserves were calculated by the operators at the following prices per pound: \$3.05—El Toqui; \$3.02—Troy; \$2.97—Voisey's Bay; \$2.75—Kutcho Creek; \$2.50—Robinson and Caber; \$2.25—Las Cruces; \$2.00—Pascua-Lama, Don Mario and Peñasquito Sulfide; \$1.90—Andacollo; \$1.60—Mt. Milligan and \$1.50—Johnson Camp. Shaft Creek is at a \$5.05 net smelter return cut-off grade (metal price assumptions used by the operator were \$658 per ounce gold; \$10.00 per ounce silver; and \$1.93 per pound copper). No copper price is available for Balcooma.
- (34) Royalty applies to all copper production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. This royalty will take effect after January 1, 2017.
- (35) Lead reserves were calculated by the operators at the following price per pound: \$0.89—El Toqui and \$0.70—Peñasquito and Caber. No lead price is available for Balcooma.
- (36) Zinc reserves were calculated by the operators at the following price per pound: \$1.10—El Toqui; \$1.00—Peñasquito; \$0.95—Kutcho Creek and \$0.80—Peñasquito. No zinc price is available for Balcooma or Caber.
- (37) Nickel reserve price was calculated by the operator at Voisey's Bay mine at \$8.71 or lower per pound. No nickel reserve price is available for Avebury or Mt. Goode.
- (38) The operator does not report reserves by property in Australia. Therefore, a portion of the reserves is not subject to Royal Gold's royalty interest.
- (39) Cobalt reserve price was calculated by the operator at \$22.82 or lower per pound.

### ITEM 3. LEGAL PROCEEDINGS

Refer to Note 17 of the notes to consolidated financial statements for a discussion on litigation associated with our Voisey's Bay and Holt royalties.

### ITEM 4. (REMOVED AND RESERVED)

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

## Market Information and Current Stockholders

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "RGLD" and on the Toronto Stock Exchange under the symbol "RGL." The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, for our common stock on NASDAQ for each quarter since July 1, 2009.

<i>Fiscal Year :</i>		Sales Prices	
		High	Low
2010	First Quarter (July, Aug., Sept.—2009)	\$ 49.35	\$ 37.35
	Second Quarter (Oct., Nov., Dec.—2009)	\$ 55.96	\$ 42.90
	Third Quarter (Jan., Feb., March—2010)	\$ 50.98	\$ 41.19
	Fourth Quarter (April, May, June—2010)	\$ 54.85	\$ 46.51
2011	First Quarter (July, Aug., Sept.—2010)	\$ 51.57	\$ 42.15
	Second Quarter (Oct., Nov., Dec.—2010)	\$ 55.22	\$ 46.74
	Third Quarter (Jan., Feb., March—2011)	\$ 55.05	\$ 45.37
	Fourth Quarter (April, May, June—2011)	\$ 62.33	\$ 51.38

As of August 8, 2010, there were 912 stockholders of record of our common stock.

## Dividends

We have paid a cash dividend on our common stock for each year beginning in calendar year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors including, prevailing gold prices, economic market conditions and funding requirements for future opportunities or operations.

For calendar year 2011, our annual dividend is \$0.44 per share of common stock and exchangeable shares. We paid the first payment of \$0.11 per share on January 21, 2011, to common stockholders and the holders of exchangeable shares of record at the close of business on January 7, 2011. We paid the second payment of \$0.11 per share on April 15, 2011, to common stockholders and the holders of exchangeable shares of record at the close of business on April 1, 2011. We paid the third payment of \$0.11 per share on July 15, 2011 to common stockholders and holders of exchangeable shares of record at the close of business on July 1, 2011. Subject to board approval, we anticipate paying the fourth payment of \$0.11 per share on October 14, 2011, to common shareholders and holders of exchangeable shares of record at the close of business on September 30, 2011.

For calendar year 2010, we paid an annual dividend of \$0.36 per share of common stock, in four quarterly payments of \$0.09 each. We paid the first payment of \$0.09 per share on January 15, 2010, to stockholders of record at the close of business on January 4, 2010. We paid the second payment of \$0.09 per share on April 16, 2010, to common stockholders and the holders of exchangeable shares of record at the close of business on April 1, 2010. We paid the third payment of \$0.09 per share on July 16, 2010 to common stockholders and holders of exchangeable shares of record at the close of business on July 2, 2010. We paid the fourth payment of \$0.09 per share on October 15, 2010, to common shareholders and holders of exchangeable shares of record at the close of business on October 1, 2010.

**ITEM 6. SELECTED FINANCIAL DATA**

	Fiscal Years Ended June 30,				
	2011	2010	2009	2008	2007
	(Amounts in thousands, except per share data)				
Royalty revenue <sup>(1)</sup>	\$ 216,469	\$ 136,565	\$ 73,771	\$ 66,297	\$ 48,357
Operating income	\$ 118,925	\$ 41,035	\$ 27,292	\$ 32,982	\$ 28,506
Net income	\$ 77,299	\$ 29,422	\$ 41,357	\$ 25,395	\$ 21,242
Net income attributable to Royal Gold stockholders	\$ 71,395	\$ 21,492	\$ 38,348	\$ 24,043	\$ 19,720
Net income available to Royal Gold common stockholders	\$ 71,395	\$ 21,492	\$ 38,348	\$ 19,255	\$ 19,720
Net income per share available to Royal Gold common stockholders:					
Basic	\$ 1.29	\$ 0.49	\$ 1.09	\$ 0.62	\$ 0.79
Diluted	\$ 1.29	\$ 0.49	\$ 1.07	\$ 0.61	\$ 0.79
Dividends declared per common share <sup>(2)</sup>	\$ 0.42	\$ 0.34	\$ 0.30	\$ 0.28	\$ 0.25

	As of June 30,				
	2011	2010	2009	2008	2007
	(Amounts in thousands)				
Total assets	\$ 1,902,702	\$ 1,865,333	\$ 809,924	\$ 545,850	\$ 356,649
Royalty interests in mineral properties, net	\$ 1,690,439	\$ 1,476,799	\$ 455,966	\$ 300,670	\$ 215,839
Long-term debt, including current portion	\$ 226,100	\$ 248,500	\$ 19,250	\$ 15,750	\$ 15,750
Royal Gold stockholders' equity	\$ 1,460,162	\$ 1,403,716	\$ 749,441	\$ 483,217	\$ 319,081

- (1) Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 59% increase in royalty revenue during fiscal year 2011 when compared to fiscal year 2010.
- (2) The 2011, 2010, 2009, 2008 and 2007 calendar year dividends were \$0.44, \$0.36, \$0.32, \$0.28 and \$0.26, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****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 or similar interests. 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 June 30, 2011, the Company owns royalties on 36 producing properties, 21 development stage properties and 128 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 (except as contractually obligated to as part of the Mt. Milligan transaction described in Part I, Item I, Business, of this report), exploration costs, environmental costs or other mining costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2011, 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 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 fiscal years ended June 30, 2011, 2010 and 2009, gold, silver, copper and nickel price averages and percentage of royalty revenues by metal were as follows:

Metal	Fiscal Year Ended					
	June 30, 2011		June 30, 2010		June 30, 2009	
	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold						
(\$/ounc	\$ 1,369	64%	\$ 1,089	81%	\$ 874	84%
Silver						
(\$/ounc	\$ 28.61	6%	\$ 16.85	3%	\$ 12.91	3%
Copper						
(\$/poun	\$ 3.92	10%	\$ 3.03	9%	\$ 2.25	11%
Nickel						
(\$/poun	\$ 10.86	15%	\$ 8.78	4%	\$ 6.06	1%
Other	N/A	5%	N/A	3%	N/A	1%

#### Operators' Production Estimates by Royalty for Calendar Year 2011

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2011. The following table shows such production estimates for our principal producing properties for calendar 2011 as well as the actual production reported to us by the various operators through June 30, 2011. The estimates and production reports are prepared by the operators of the mining properties. We do not participate in the preparation or calculation of the operators' estimates or production reports and have not independently assessed or verified the accuracy of such information. Please refer to Part I, Item 2, Properties, for further discussion on updates at certain of our principal producing and development stage properties.

**Operators' Production Estimate by Royalty for Calendar Year 2011 and Reported Production  
Principal Producing Properties  
For the period January 1, 2011 through June 30, 2011**

Royalty	Calendar 2011 Operator's Production Estimate <sup>(1)</sup>			Reported Production through June 30, 2011 <sup>(2)</sup>		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Andacollo	49,000	—	—	22,352	—	—
Cortez GSR1	125,000	—	—	69,327	—	—
Cortez GSR2	1,000	—	—	256	—	—
Cortez GSR3	126,000	—	—	69,582	—	—
Cortez NVR1	91,000	—	—	56,555	—	—
Dolores <sup>(3)</sup>	65,000	3.3 million	—	37,763	2.0 million	—
Holt <sup>(4)</sup>	23,000	—	—	11,814	—	—
Las Cruces						
<i>Copper</i>			111 million			40.5 million
Leeville	454,000	—	—	214,485	—	—
Mulatos <sup>(5)</sup>	145,000	—	—	73,677	—	—
Peñasquito <sup>(6)</sup>	250,000	—	—	116,327	9.0 million	—
<i>Lead</i>			—			72.6 million
<i>Zinc</i>			—			119.9 million
Robinson <sup>(7)</sup>	25,000	—	—	18,045	—	—
<i>Copper</i>			105 million			40.5 million
Voisey's Bay <sup>(8)</sup>						
<i>Copper</i>			N/A			24.4 million
<i>Nickel</i>			N/A			71.9 million
Wolverine <sup>(8)</sup>	N/A	N/A	—	905	258,502	—

- (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 this report 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, 2011 through June 30, 2011, as reported to us by the operators of the mines.
- (3) Minefinders estimated that calendar 2011 production for gold would be between 65,000 ounces and 70,000 ounces of gold and silver production would be between 3.3 million ounces and 3.5 million ounces of silver.
- (4) St Andrew estimates that calendar 2011 gold production will be between 23,000 and 26,000 ounces of gold compared to earlier guidance of 45,000 ounces and 50,000 ounces of gold. Reported production for the six months ended June 30, 2011 includes approximately 1,400 gold ounces attributable to the quarter ended December 31, 2010, as reported to us by the operator.
- (5) Alamos estimates that calendar 2011 gold production will be between 145,000 and 160,000 ounces of gold compared to earlier guidance of 160,000 and 175,000 ounces of gold.
- (6) Goldcorp estimates that calendar 2011 gold production will be 250,000 ounces compared to earlier guidance of 350,000 ounces. Goldcorp has not provided production estimates for silver, lead and zinc since April 2010.

- (7) Quadra estimates that calendar 2011 gold production will be between 25,000 and 30,000 ounces of gold compared to earlier guidance of 45,000 ounces and 50,000 ounces of gold. Quadra estimates that copper production will be between 105 million pounds and 120 million pounds of copper.
- (8) The Company did not receive calendar 2011 production guidance from the operator.

## Historical Production

The following table discloses historical production for the past three fiscal years for the principal producing properties that are subject to our royalty interests, as reported to us by the operators of the mines:

**Historical Production <sup>(1)</sup> by Royalty  
Principal Producing Properties  
For the Fiscal Years Ended June 30, 2011, 2010 and 2009**

<u>Royalty</u>	<u>Metal</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Andacollo	Gold	42,344 oz.	4,145 oz.	N/A
Cortez GSR1	Gold	191,400 oz.	355,513 oz.	200,578 oz.
Cortez GSR2	Gold	762 oz.	2,082 oz.	67,749 oz.
Cortez GSR3	Gold	192,162 oz.	357,595 oz.	268,327 oz.
Cortez NVR1	Gold	120,030 oz.	259,741 oz.	154,399 oz.
Dolores	Gold	59,983 oz.	73,463 oz.	38,819 oz.
	Silver	2.6 million oz.	1.2 million oz.	326,182 oz.
Holt <sup>(2)</sup>	Gold	11,814 oz.	N/A	N/A
Las Cruces <sup>(3)</sup>	Copper	74.7 million lbs.	20.8 million lbs.	N/A
Leeville	Gold	443,317 oz.	454,148 oz.	429,122 oz.
Mulatos	Gold	150,536 oz.	164,954 oz.	167,907 oz.
Peñasquito	Gold	206,726 oz.	117,963 oz.	52,932 oz.
	Silver	17.3 million oz.	7.2 million oz.	2.5 million oz.
	Lead	132.9 million lbs.	36.7 million lbs.	N/A
	Zinc	217.0 million lbs.	48.5 million lbs.	N/A
Robinson	Gold	49,712 oz.	86,101 oz.	113,740 oz.
	Copper	93.7 million lbs.	107.4 million lbs.	128.3 million lbs.
Voisey's Bay <sup>(3)</sup>	Nickel	112.5 million lbs.	19.0 million lbs.	N/A
	Copper	67.8 million lbs.	8.6 million lbs.	N/A
Wolverine <sup>(2)(3)</sup>	Gold	905 oz.	N/A	N/A
	Silver	258,502 oz.	N/A	N/A

- (1) Historical production relates to the amount of metal sales, subject to our royalty interests for each fiscal year presented, as reported to us by the operators of the mines.
- (2) Production began during our fiscal year 2011.
- (3) Royalty acquired in February 2010 as part of the acquisition of IRC.



## **Critical Accounting Policies**

Listed below are the accounting policies that the Company believes are critical to its financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. Please refer to Note 2 of the Notes to consolidated financial statements for a discussion on recently adopted and issued accounting pronouncements.

### *Use of Estimates*

The preparation of our financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.

Our most critical accounting estimates relate to our assumptions regarding future gold, silver, nickel, copper and other metal prices and the estimates of reserves and recoveries of third-party mine operators. We rely on reserve estimates reported by the operators on the properties in which we have royalty interests. These estimates and the underlying assumptions affect the potential impairments of long-lived assets and the ability to realize income tax benefits associated with deferred tax assets. These estimates and assumptions also affect the rate at which we charge depreciation, depletion and amortization to earnings. On an ongoing basis, management evaluates these estimates and assumptions; however, actual amounts could differ from these estimates and assumptions.

### *Royalty Interests in Mineral Properties*

Royalty interests in mineral properties include acquired royalty interests in production, development and exploration stage properties. The costs of acquired royalty interests in mineral properties are capitalized as tangible assets as such interests do not meet the definition of a financial asset under the Accounting Standards Codification ("ASC") guidance.

Acquisition costs of production and development stage royalty interests are depleted using the units of production method over the life of the mineral property, which is estimated using proven and probable reserves. Acquisition costs of royalty interests on exploration stage mineral properties, where there are no proven and probable reserves, are not amortized. At such time as the associated exploration stage mineral interests are converted to proven and probable reserves, the cost basis is amortized over the remaining life of the mineral property, using proven and probable reserves. The carrying values of exploration stage mineral interests are evaluated for impairment at such time as information becomes available indicating that the production will not occur in the future. Exploration costs are expensed when incurred.

### *Asset Impairment*

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts of an asset or group of assets may not be recoverable. The recoverability of the carrying value of royalty interests in production and development stage mineral properties is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves and other relevant information received from the operators. We evaluate the recoverability of the carrying value of royalty interests in exploration stage mineral properties in the event of significant decreases in the price of gold, silver, copper, nickel and other metals, and whenever new information regarding the mineral properties is obtained from the operator indicating that production will not likely occur in the future thus affecting the future recoverability of our royalty interests. Impairments in the carrying value of each property are

measured and recorded to the extent that the carrying value in each property exceeds its estimated fair value, which is generally calculated using estimated future discounted cash flows.

Our estimates of gold, silver, copper, nickel and other metal prices, operator's estimates of proven and probable reserves related to our royalty properties, and operator's estimates of operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these royalty interests in mineral properties. Although we have made our best assessment of these factors based on current conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

#### *Royalty Revenue*

Royalty revenue is recognized pursuant to guidance in ASC 605 and based upon amounts contractually due pursuant to the underlying royalty agreement. Specifically, revenue is recognized in accordance with the terms of the underlying royalty agreements subject to (i) the pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty being fixed or determinable; and (iv) the collectability of the royalty being reasonably assured. For royalty payments received in-kind, royalty revenue is recorded at the average spot price of gold for the period in which the royalty was earned.

Revenue recognized pursuant to the Robinson royalty agreement is based upon 3.0% of revenue received by the operator of the mine, Quadra, for the sale of minerals from the Robinson mine, reduced by certain costs incurred by Quadra. Quadra's concentrate sales contracts with third-party smelters, in general, provide for an initial sales price payment based upon provisional assays and quoted metal prices at the date of shipment. Final true-up sales price payments to Quadra are subsequently based upon final assay and market metal prices on a specified future date, typically one to three months after the date the concentrate arrives at the third-party smelter (which generally occurs four to five months after the shipment date from the Robinson mine). We do not have all the key information regarding the terms of the operator's smelter contracts, such as the terms of specific concentrate shipments to a smelter or quantities of metal or expected settlement arrangements at the time of an operator's shipment of concentrate.

Each monthly payment from Quadra is typically a combination of revenue received by Quadra for provisional payments during the month and any upward or downward adjustments for final assays and commodity prices for earlier shipments. Whether the payment to Royal Gold is based on Quadra's revenue in the form of provisional or final payments, Royal Gold records royalty revenue and the corresponding receivable based on the monthly amounts it receives from Quadra, as determined pursuant to the royalty agreement. The royalty contract does not provide Royal Gold with rights or obligations to settle any final assay and commodity price adjustments with Quadra. Therefore, once a given monthly payment is received by Royal Gold it is not subject to later adjustment based on adjustments for assays or commodity prices. Under the royalty agreement, Quadra may include such final adjustments as a component of future royalty payments.

#### *Income Taxes*

The Company accounts for income taxes in accordance with the guidance of ASC 740. The Company's deferred income taxes reflect the impact of temporary differences between the reported amounts of assets and liabilities for financial reporting purposes and such amounts measured by tax laws and regulations. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is provided for deferred tax assets when management concludes it is more likely than not that some portion of the deferred tax assets will not be realized.

The Company's operations may involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, state, and international tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional charge to income tax expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

*Reclassification*

Cost and expenses previously classified as *Exploration and business development* are now included within the *General and administrative* caption. Further, certain amounts previously classified as *Costs of Operations* are now included within the *General and administrative* caption or the *Production taxes* caption in the Company's consolidated statements of operations and comprehensive income. The following table reflects these reclassifications for the fiscal years ended June 30, 2010 and 2009:

	Fiscal Year Ended June 30, 2010			Fiscal Year Ended June 30, 2009		
	Previously Reported Balance	Reclass Adjustment	Adjusted Balance	Previously Reported Balance	Reclass Adjustment	Adjusted Balance
Costs and expenses:						
Costs of operations	\$ 6,235	\$ (6,235)	\$ —	\$ 3,551	\$ (3,551)	\$ —
General and administrative	12,595	6,875	19,470	7,352	4,598	11,950
Production taxes	—	2,863	2,863	—	1,951	1,951
Exploration and business development	3,503	(3,503)	—	2,998	(2,998)	—

These reclassifications had no effect on reported operating income or net income attributable to Royal Gold stockholders for the prior periods presented.

**Liquidity and Capital Resources**

*Overview*

At June 30, 2011, we had current assets of \$169.3 million compared to current liabilities of \$28.9 million for a current ratio of 6 to 1. This compares to current assets of \$371.4 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 an aggregate of \$310.2 million from its available cash on hand for: the investment in Seabridge and the related option to acquire a royalty on the Kerr-Sulphurets-Mitchell project in June 2011; the Mt. Milligan gold stream in October 2010; and the additional Pascua-Lama royalty interests in July and October 2010.

During the fiscal year ended June 30, 2011, liquidity needs were met from \$216.5 million in royalty revenues, our available cash resources and additional borrowings under our term loan, which was increased by \$19.5 million. As of June 30, 2011, the Company had \$125 million available under its \$225 million revolving credit facility. In addition, as of June 30, 2011, the Company had \$126.1 million outstanding under its term loan facility. Refer to Note 8 of our notes to consolidated financial statements and below for further discussion 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), general and administrative expense costs, exploration costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for royalty acquisitions, including the \$85 million commitment as part of the Mt. Milligan Gold Purchase Transaction. 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 seek additional debt or equity financing opportunities as necessary.

Please refer to our risk factors included in Part 1, Item 1A of this report 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 replaced 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 borrowing capacity to \$225 million; (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 royalty agreements, including the Canadian Malartic Project and the Holt Project.

The existing collateral package (that includes pledges over the Company's royalties at Peñasquito, Dolores, Mulatos, Cortez, Leeville, Goldstrike and Robinson) remain unchanged.

##### 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 replaced the Amended and Restated Term Loan Facility Agreement, dated March 26, 2010.

The modifications implemented in the Second Amended Term Loan include: (1) an additional \$19.5 million in borrowing capacity 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 Limitada; and (9) the addition of RG Mexico as a corporate guarantor under the term loan.

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 made an advance in an amount equal to \$19.5 million, which fully funded the term loan.

### ***Contractual Obligations***

Our contractual obligations as of June 30, 2011, are as follows:

<b>Contractual Obligations</b>	<b>Payments Due by Period (in thousands)</b>				
	<b>Total</b>	<b>Less than 1 Year</b>	<b>1 - 3 Years</b>	<b>3 - 5 Years</b>	<b>More than 5 Years</b>
Debt <sup>(1)</sup>	\$ 237,641	\$ 20,335	\$ 217,306	\$ —	\$ —
Total	\$ 237,641	\$ 20,335	\$ 217,306	\$ —	\$ —

(1) Amounts represent principal (\$226.1 million) and estimated interest payments (\$11.5 million) assuming no early extinguishment.

For information on our contractual obligations, see Note 8 of the notes to consolidated financial statements under Part II, Item 8, "Financial Statements and Supplementary Data" of this report. Royal Gold believes it will be able to fund all existing obligations from net cash provided by operating activities.

### **Results of Operations**

#### ***Fiscal Year Ended June 30, 2011, Compared with Fiscal Year Ended June 30, 2010***

For the fiscal year ended June 30, 2011, we recorded net income available to Royal Gold common stockholders of \$71.4 million, or \$1.29 per basic and diluted share, compared to net income of \$21.5 million, or \$0.49 per basic and diluted share, for the fiscal year ended June 30, 2010. The increase in our earnings per share during the fiscal year ended June 30, 2011 was primarily attributable to an increase in royalty revenue, as discussed further below. The increase is also attributable to a decrease in one-time International Royalty Corporation ("IRC") severance and acquisition related costs of approximately \$19.4 million, which were incurred during the period ended June 30, 2010. These increases were partially offset by an increase in our total costs and expenses, which are each further discussed below.

For fiscal year ended June 30, 2011, we recognized total royalty revenue of \$216.5 million, at an average gold price of \$1,369 per ounce, an average silver price of \$28.61 per ounce, an average nickel price of \$10.86 per pound and an average copper price of \$3.92 per pound, compared to total royalty revenue of \$136.6 million, at an average gold price of \$1,089 per ounce, an average silver price of \$16.85 per ounce, an average nickel price of \$8.78 per pound and an average copper price of \$3.03 per pound for the fiscal year ended June 30, 2010. Royalty revenue and the corresponding production,

attributable to our royalty interests, for the fiscal year ended June 30, 2011 compared to the fiscal year ended June 30, 2010 is as follows:

**Royalty Revenue and Production Subject to our Royalty Interests**  
**Fiscal Years Ended June 30, 2011 and 2010**  
(In thousands, except reported production in ozs. and lbs.)

Royalty	Metal(s)	Fiscal Year Ended June 30, 2011		Fiscal Year Ended June 30, 2010	
		Royalty Revenue	Reported Production <sup>(1)</sup>	Royalty Revenue	Reported Production <sup>(1)</sup>
Andacollo <sup>(2)</sup>	Gold	\$ 43,604	42,344 oz.	\$ 3,762	4,145 oz.
Voisey's Bay <sup>(3)</sup>		\$ 32,677		\$ 3,907	
	Nickel		112.5 million lbs.		19.0 million lbs.
	Copper		67.8 million lbs.		8.6 million lbs.
Peñasquito		\$ 21,540		\$ 6,032	
	Gold		206,726 oz.		117,963 oz.
	Silver		17.3 million oz.		7.2 million oz.
	Lead		132.9 million lbs.		36.7 million lbs.
	Zinc		217.0 million lbs.		48.5 million lbs.
Cortez	Gold	\$ 17,240	192,162 oz.	\$ 25,059	357,595 oz.
Robinson		\$ 12,377		\$ 12,148	
	Gold		49,712 oz.		86,101 oz.
	Copper		93.7 million lbs.		107.4 million lbs.
Leeville	Gold	\$ 10,692	443,317 oz.	\$ 9,912	454,148 oz.
Taparko <sup>(4)</sup>	Gold	\$ 10,608	113,089 oz.	\$ 32,157	117,505 oz.
Mulatos	Gold	\$ 10,152	150,536 oz.	\$ 8,990	164,954 oz.
Goldstrike	Gold	\$ 6,536	483,008 oz.	\$ 3,939	348,802 oz.
Inata <sup>(3)</sup>	Gold	\$ 6,089	177,655 oz.	N/A	N/A
Las Cruces <sup>(3)</sup>	Copper	\$ 4,467	74.7 million lbs.	\$ 903	20.8 million lbs.
Dolores		\$ 4,457		\$ 2,987	
	Gold		59,983 oz.		73,463 oz.
	Silver		2.6 million oz.		1.2 million oz.
Holt	Gold	\$ 3,190	11,814 oz.	N/A	N/A
Gwalia Deeps <sup>(3)</sup>	Gold	\$ 2,765	132,253 oz.	\$ 854	47,626 oz.
Wolverine <sup>(3)</sup>		\$ 667		N/A	N/A
	Gold		905 oz.	N/A	N/A
	Silver		258,502 oz.	N/A	N/A
Other <sup>(5)</sup>	Various	\$ 29,408	N/A	\$ 25,915	N/A
<b>Total Royalty Revenue</b>		<b>\$ 216,469</b>		<b>\$ 136,565</b>	

(1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the twelve months ended

June 30, 2011 and June 30, 2010, as reported to us by the operators of the mines.

- (2) Royalty acquired in January 2010.
- (3) Royalty acquired in February 2010 as part of the acquisition of IRC.
- (4) The Company has fully recognized the \$35.0 million cap associated with TB-GSR1. In October 2010, the Company received the remaining amounts due under 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.
- (5) "Other" includes all of the Company's non-principal producing royalties as of June 30, 2011, except Taparko, Goldstrike, Inata and Gwalia Deeps, which were not considered principal as of June 30, 2011. 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 fiscal year ended June 30, 2011, compared with the fiscal year ended June 30, 2010, resulted primarily from an increase in the average gold, silver, copper and nickel prices, revenue from the recently acquired Andacollo royalty (\$39.8 million), an increase in revenue from the recently acquired IRC producing royalties (\$44.6 million) and the continued ramp-up at Peñasquito. These increases were partially offset during the period due to a decrease in production at Cortez and lower revenue from Taparko and Siguiiri, which was due to the dollar caps being met during fiscal year 2011. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

General and administrative expenses increased to \$21.1 million for the fiscal year ended June 30, 2011, from \$19.5 million for the fiscal year ended June 30, 2010. The increase was primarily due to an increase in general corporate costs of approximately \$0.7 million and an increase in legal and tax consulting fees of approximately \$0.8 million. Approximately \$0.4 million of the increase in general corporate costs was attributable to an increase in Toronto Stock Exchange listing fees, which were attributable to the acquisition of IRC. Our non-cash stock-based compensation, which is also included within general and administrative expenses, was \$6.5 million for the fiscal year ended June 30, 2011, compared to \$7.3 million for the fiscal year ended June 30, 2010.

Production taxes expense increased to \$9.0 million for the fiscal year ended June 30, 2011, from \$2.9 million for the fiscal year ended June 30, 2010. The increase was primarily due to an increase in the mining proceeds tax expense associated with our Voisey's Bay royalty, which was due to increased royalty revenue from the Voisey's Bay royalty during the period.

Depreciation, depletion and amortization expense increased to \$67.4 million for the fiscal year ended June 30, 2011, from \$53.8 million for the fiscal year ended June 30, 2010. The increase was primarily due to production from the royalties acquired from IRC in February 2010, which resulted in additional depletion of approximately \$20.3 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 \$10.8 million during the period. These increases were partially offset by a decrease in depletion at Taparko (\$14.2 million) and Siguiiri (\$3.9 million), which was due to the dollar caps being met during the period.

Interest and other expense increased to \$7.7 million for the fiscal year ended June 30, 2011, from \$3.8 million for the fiscal year ended June 30, 2010. The increase was primarily due to an increase in interest expense of approximately \$3.5 million, which was associated with the outstanding average balances on the Company's debt facilities during the period.

During the fiscal year ended June 30, 2011, we recognized income tax expense totaling \$39.0 million compared with \$14.2 million during the fiscal year ended June 30, 2010. This resulted in an effective tax rate of 33.5% during the current period, compared with 32.5% in the prior period. The

increase in the effective tax rate for June 30, 2011 is primarily related to an increase in tax expense relating to unrealized foreign exchange gains, offset by a decrease in tax expense related to earnings from non-U.S. subsidiaries. The tax rate for June 30, 2010 also included non-deductible acquisition related costs and increases in reserves for income tax contingencies as a result of uncertain tax positions acquired during the year. Without the costs incurred as a result of the IRC acquisition, the effective tax rate would have been 29.5% for the year ended June 30, 2010.

***Fiscal Year Ended June 30, 2010, Compared with Fiscal Year Ended June 30, 2009***

For the fiscal year ended June 30, 2010, we recorded net income available to Royal Gold common stockholders of \$21.5 million, or \$0.49 per basic and diluted share, compared to net income of \$38.3 million, or \$1.09 per basic share and \$1.07 per diluted share, for the fiscal year ended June 30, 2009. The decrease in our earnings per share during the fiscal year ended June 30, 2010 was due to (1) the IRC one-time severance and acquisition related costs of approximately \$19.4 million, and (2) the one-time royalty restructuring gain of \$31.5 million during the fiscal year ended June 30, 2009, as part of the Barrick royalty portfolio acquisition. The after tax effect of the one-time IRC related costs during the fiscal year ended June 30, 2010, was \$0.33 per basic share. The after tax effect of the one-time royalty restructuring gain during the fiscal year ended June 30, 2009, was \$0.60 per basic share.

For fiscal year 2010, we recognized total royalty revenue of \$136.6 million, at an average gold price of \$1,089 per ounce, compared to royalty revenue of \$73.8 million, at an average gold price of \$874 per

ounce for fiscal year 2009. Royalty revenue and the corresponding production, attributable to our royalty interests, for fiscal year 2010 compared to fiscal year 2009 is as follows:

**Royalty Revenue and Production Subject to our Royalty Interests**  
**Fiscal Years Ended June 30, 2010 and 2009**  
(In thousands, except reported production in ozs. and lbs.)

Royalty	Metal(s)	Fiscal Year Ended June 30, 2010		Fiscal Year Ended June 30, 2009	
		Royalty Revenue	Reported Production <sup>(1)</sup>	Royalty Revenue	Reported Production <sup>(1)</sup>
Taparko	Gold	\$ 32,157	117,505 oz.	\$ 10,431	48,105 oz.
Cortez	Gold	\$ 25,059	357,595 oz.	\$ 16,343	268,327 oz.
Robinson		\$ 12,148		\$ 7,695	
	Gold		86,101 oz.		113,740 oz.
	Copper		107.4 million lbs.		128.3 million lbs.
Leeville	Gold	\$ 9,912	454,148 oz.	\$ 6,659	429,122 oz.
Mulatos	Gold	\$ 8,990	164,954 oz.	\$ 6,110	167,907 oz.
Siguiri <sup>(2)</sup>	Gold	\$ 6,037	296,223 oz.	\$ 3,966	241,817 oz.
Peñasquito		\$ 6,032		\$ 1,541	
	Gold		117,963 oz.		52,932 oz.
	Silver		7.2 million oz.		2.5 million oz.
	Lead		36.7 million lbs.		N/A
	Zinc		48.5 million lbs.		N/A
Goldstrike	Gold	\$ 3,939	348,802 oz.	\$ 5,585	724,368 oz.
Voisey's Bay <sup>(3)</sup>		\$ 3,907		N/A	
	Nickel		19.0 million lbs.		N/A
	Copper		8.6 million lbs.		N/A
Andacollo <sup>(4)</sup>	Gold	\$ 3,762	4,145 oz.	N/A	N/A
Dolores		\$ 2,987		\$ 900	
	Gold		73,463 oz.		38,819 oz.
	Silver		1.2 million oz.		326,182 oz.
Las Cruces <sup>(3)</sup>	Copper	\$ 903	20.8 million lbs.	N/A	N/A
Gwalia Deeps <sup>(3)</sup>	Gold	\$ 854	47,626 oz.	N/A	N/A
Other <sup>(5)</sup>	Various	\$ 19,878	N/A	\$ 14,541	N/A
<b>Total Royalty Revenue</b>		<b>\$ 136,565</b>		<b>\$ 73,771</b>	

(1) Reported production relates to the amount of metal sales, subject to our royalty interests, for the twelve months ended June 30, 2010 and June 30, 2009, as reported to us by the operators of the mines.

(2) As of June 30, 2010, the Company no longer considered this royalty principal to its business due to the decline in future potential royalty revenue from the property.

(3) Royalty acquired as part of the IRC transaction.

- (4) Royalty acquired in January 2010. Production at Andacollo began during the second calendar quarter of 2010.
- (5) "Other" includes all of the Company's non-principal producing royalties as of June 30, 2010 and 2009. Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the fiscal year ended June 30, 2010, compared with the fiscal year ended June 30, 2009, resulted primarily from an increase in the average gold and copper prices, additional revenue from the acquired IRC producing royalties and the Andacollo royalty, and an increase in production at Taparko, Peñasquito and Cortez. These increases were partially offset during the period by a decrease in production at Robinson.

General and administrative expenses increased to \$19.5 million for the fiscal year ended June 30, 2010, from \$12.0 million for the fiscal year ended June 30, 2009. The increase was primarily due to an increase in non-cash stock-based compensation expense allocated to general and administrative expense during the period of approximately \$4.4 million, an increase in general corporate costs of approximately \$1.5 million and an increase in accounting and tax related expenses of approximately \$1.0 million. Our non-cash stock-based compensation, which is also included within general and administrative expenses was \$7.3 million for the fiscal year ended June 30, 2010, compared to \$2.9 million for the fiscal year ended June 30, 2009. The increase was primarily due to an increase in the number of performance share awards the Company had estimated would vest.

Depreciation, depletion and amortization expense increased to \$53.8 million for the fiscal year ended June 30, 2010, from \$32.6 million for the fiscal year ended June 30, 2009. Increased production at Taparko, Peñasquito, Dolores and Leeville resulted in additional depletion expense of approximately \$14.7 million during the period. Also, the producing royalties acquired as part of the IRC acquisition resulted in additional depletion expense of approximately \$5.5 million from the acquisition date through June 30, 2010.

As discussed in Note 3 to the notes to consolidated financial statements, the Company incurred approximately \$19.4 million in severance and acquisition related costs associated with the IRC transaction. These one-time, non-recurring costs were related to financial advisory, legal, accounting, tax and consulting services associated with the IRC Transaction as well as severance related payments as part of the termination of IRC's officers and certain employees upon acquisition of IRC.

Interest and other income increased to \$6.4 million for the fiscal year ended June 30, 2010, from \$3.2 million for the fiscal year ended June 30, 2009. The increase was primarily due to a \$5.9 million gain on distributions of gold inventory attributable to non-controlling interests. The increase was partially off-set by (i) a decrease in our average invested cash during fiscal year 2010 when compared to fiscal year 2009, and (ii) a decrease in the interest rates associated with our invested cash.

Interest and other expense increased to \$3.8 million for the fiscal year ended June 30, 2010, from \$1.0 million for the fiscal year ended June 30, 2009. The increase was primarily due to an increase in interest expense associated with the outstanding balances on the Company's debt facilities, as discussed in Note 8 of the notes to consolidated financial statements.

During the fiscal year ended June 30, 2010, we recognized income tax expense totaling \$14.2 million compared with \$21.9 million during the fiscal year ended June 30, 2009. This resulted in an effective tax rate of 32.5% during the current period, compared with 34.6% in the prior period. The decrease in the effective tax rate for June 30, 2010 is primarily related to (i) less pre-tax income as a result of the one-time royalty portfolio gain in June 30, 2009, (ii) an increase in the depletion allowance, and (iii) an increase in the income attributable to non-controlling interests. The tax rate for June 30, 2010 also included non-deductible acquisition related costs and increases in reserves for income tax contingencies as a result of uncertain tax positions acquired during the year. Without the

costs incurred as a result of the IRC Transaction, the effective tax rate would have been 29.5% for the year ended June 30, 2010.

## **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 and similar interests are paid or prices associated with the primary metals mined at properties where we hold interests;
- the production at or performance of properties where we hold interests;
- decisions and activities of the operators of properties where we hold interests;
- 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 properties where we hold interests;
- 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 properties where we hold interests;
- economic and market conditions;
- future financial needs;
- federal, state and foreign legislation governing us or the operators of properties where we hold interests;
- the availability of royalties and similar interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;
- our ability to make accurate assumptions regarding the valuation, timing and amount of 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 properties where we hold interests;
- 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

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

During the fiscal year ended June 30, 2011, we reported royalty revenues of \$216.5 million, with an average gold price for the period of \$1,369 per ounce, an average copper price of \$3.92 per pound and an average nickel price of \$10.86 per pound. Approximately 64% of our total recognized revenues for the fiscal year ended June 30, 2011 were attributable to gold sales from our gold producing interests, as shown within the MD&A. For the fiscal year ended June 30, 2011, if the price of gold had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenue of approximately \$13.3 million.

Approximately 10% of our total recognized revenues for the fiscal year ended June 30, 2011 were attributable to copper sales from our copper producing interests. For the fiscal year ended June 30, 2011, if the price of copper had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenues of approximately \$2.5 million, respectively.

Approximately 15% of our total recognized revenues for the fiscal year ended June 30, 2011 were attributable to nickel sales from our nickel producing interests. For the fiscal year ended June 30, 2011, if the price of nickel had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenues of approximately \$4.2 million, respectively.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Index to Financial Statements**

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## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders of Royal Gold, Inc.

We have audited the accompanying consolidated balance sheet of Royal Gold, Inc. as of June 30, 2011, and the related consolidated statements of operations and comprehensive income, stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Royal Gold, Inc. at June 30, 2011, and the consolidated results of its operations and its cash flows for the year then-ended, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Royal Gold Inc.'s internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 18, 2011

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of Royal Gold, Inc.:

In our opinion, the consolidated balance sheet as of June 30, 2010 and the related consolidated statements of operations and comprehensive income, of changes in equity and of cash flows for each of two years in the period ended June 30, 2010 present fairly, in all material respects, the financial position of Royal Gold, Inc. and its subsidiaries at June 30, 2010, and the results of their operations and their cash flows for each of the two years in the period ended June 30, 2010, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado

August 26, 2010, except for Note 3, as to which the date is August 18, 2011

**ROYAL GOLD, INC.**  
**Consolidated Balance Sheets**  
**As of June 30,**  
**(In thousands except share data)**

	2011	2010
<b>ASSETS</b>		
Cash and equivalents	\$ 114,155	\$ 324,846
Royalty receivables	48,828	40,363
Income tax receivable	—	3,527
Prepaid expenses and other current assets	6,290	2,627
Total current assets	169,273	371,363
Royalty interests in mineral properties, net (Note 6)	1,690,439	1,476,799
Available for sale securities (Note 7)	28,876	201
Other assets	14,114	16,970
Total assets	<u>\$ 1,902,702</u>	<u>\$ 1,865,333</u>
<b>LIABILITIES</b>		
Current portion of long-term debt (Note 8)	\$ 15,600	\$ 26,000
Accounts payable	2,499	2,367
Dividends payable	6,093	4,970
Income tax payable	676	—
Other current liabilities	3,993	2,437
Total current liabilities	28,861	35,774
Long-term debt (Note 8)	210,500	222,500
Net deferred tax liabilities	152,564	155,978
Uncertain tax positions (Note 13)	18,836	12,479
Other long-term liabilities	4,246	5,054
Total liabilities	415,007	431,785
Commitments and contingencies (Note 17)		
<b>EQUITY</b>		
Preferred stock, \$.01 par value, authorized 10,000,000 shares authorized; and 0 shares issued	—	—
Common stock, \$.01 par value, 100,000,000 shares authorized; and 54,231,787 and 53,324,171 shares outstanding, respectively	543	534
Exchangeable shares, no par value, 1,806,649 shares issued, less 900,854 and 176,540 redeemed shares, respectively	39,864	71,741
Additional paid-in capital	1,319,697	1,284,087
Accumulated other comprehensive income (loss)	54	(34)
Accumulated earnings	100,004	51,862
Treasury stock, at cost (0 and 96,675 shares, respectively)	—	(4,474)
Total Royal Gold stockholders' equity	1,460,162	1,403,716
Non-controlling interests	27,533	29,832
Total equity	1,487,695	1,433,548
Total liabilities and equity	<u>\$ 1,902,702</u>	<u>\$ 1,865,333</u>

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

## ROYAL GOLD, INC.

## Consolidated Statements of Operations and Comprehensive Income

For The Years Ended June 30,

(In thousands except share data)

	2011	2010	2009
Royalty revenues	\$ 216,469	\$ 136,565	\$ 73,771
Costs and expenses			
General and administrative	21,106	19,470	11,950
Production taxes	9,039	2,863	1,951
Depreciation, depletion and amortization	67,399	53,793	32,578
Severance and acquisition related costs	—	19,404	—
Total costs and expenses	97,544	95,530	46,479
Operating income	118,925	41,035	27,292
Royalty portfolio restructuring gain	—	—	33,714
Interest and other income	5,088	6,360	3,192
Interest and other expense	(7,740)	(3,809)	(984)
Income before income taxes	116,273	43,586	63,214
Income tax expense	(38,974)	(14,164)	(21,857)
Net income	77,299	29,422	41,357
Net income attributable to non-controlling interests	(5,904)	(7,930)	(3,009)
Net income available to Royal Gold common stockholders	\$ 71,395	\$ 21,492	\$ 38,348
Net income	\$ 77,299	\$ 29,422	\$ 41,357
Adjustments to comprehensive income, net of tax			
Unrealized change in market value of available for sale securities	89	45	(145)
Comprehensive income	77,388	29,467	41,212
Comprehensive income attributable to non-controlling interests	(5,904)	(7,930)	(3,009)
Comprehensive income attributable to Royal Gold stockholders	\$ 71,484	\$ 21,537	\$ 38,203
Net income per share available to Royal Gold common stockholders:			
Basic earnings per share	\$ 1.29	\$ 0.49	\$ 1.09
Basic weighted average shares outstanding	55,053,204	43,640,414	35,337,133
Diluted earnings per share	\$ 1.29	\$ 0.49	\$ 1.07
Diluted weighted average shares outstanding	55,323,410	43,980,817	35,789,076
Cash dividends declared per common share	\$ 0.42	\$ 0.34	\$ 0.30

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

## ROYAL GOLD, INC.

## Consolidated Statements of Changes in Equity

For the Years Ended June 30, 2011, 2010 and 2009

(In thousands except share data)

	Royal Gold Stockholders									
	Common Shares		Exchangeable Shares		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Treasury Stock		Non-controlling interests
	Shares	Amount	Shares	Amount				Shares	Amount	
<b>Balance at June 30, 2008</b>	<b>33,926,495</b>	<b>\$ 339</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 463,335</b>	<b>\$ 65</b>	<b>\$ 19,478</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 11,411</b>
Issuance of common stock for:										
Equity offering	6,500,000	65	—	—	234,867	—	—	—	—	—
Other	5,335	—	—	—	178	—	—	—	—	—
Stock-based compensation and related share issuances	48,481	1	—	—	4,027	—	—	—	—	—
Net income	—	—	—	—	—	—	38,348	—	—	3,009
Comprehensive income (loss)	—	—	—	—	—	(145)	—	—	—	—
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(3,450)
Dividends declared	—	—	—	—	—	—	(11,117)	—	—	—
<b>Balance at June 30, 2009</b>	<b>40,480,311</b>	<b>\$ 405</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 702,407</b>	<b>\$ (80)</b>	<b>\$ 46,709</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 10,970</b>
Issuance of common stock for:										
Equity offering	5,980,000	60	—	—	276,158	—	—	—	—	—
Acquisition of International Royalty Corporation	5,234,086	52	1,806,649	79,511	230,236	—	—	22,245	(917)	20,704
Andacollo Royalty acquisition	1,204,136	12	—	—	53,416	—	—	—	—	—
Exchange of exchangeable shares	176,540	2	(176,540)	(7,770)	7,768	—	—	—	—	—
Stock-based compensation and related share issuances	249,098	3	—	—	14,102	—	—	74,430	(3,557)	—
Net income	—	—	—	—	—	—	21,492	—	—	7,930
Comprehensive income (loss)	—	—	—	—	—	46	—	—	—	—
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(9,772)
Dividends declared	—	—	—	—	—	—	(16,339)	—	—	—
<b>Balance at June 30, 2010</b>	<b>53,324,171</b>	<b>\$ 534</b>	<b>1,630,109</b>	<b>\$ 71,741</b>	<b>\$ 1,284,087</b>	<b>\$ (34)</b>	<b>\$ 51,862</b>	<b>96,675</b>	<b>\$ (4,474)</b>	<b>\$ 29,832</b>
Issuance of common stock for:										
Exchange of exchangeable shares	724,314	6	(724,314)	(31,877)	31,871	—	—	—	—	—
Retirement of treasury stock	(22,245)	(1)	—	—	(4,502)	—	—	(96,675)	4,474	—
Stock-based compensation and related share issuances	205,547	4	—	—	8,241	—	—	—	—	—
Net income	—	—	—	—	—	—	71,395	—	—	5,904
Comprehensive income	—	—	—	—	—	88	—	—	—	—
Distribution to non-controlling interests	—	—	—	—	—	—	—	—	—	(8,203)
Dividends declared	—	—	—	—	—	—	(23,253)	—	—	—
<b>Balance at June 30, 2011</b>	<b>54,231,787</b>	<b>\$ 543</b>	<b>905,795</b>	<b>\$ 39,864</b>	<b>\$ 1,319,697</b>	<b>\$ 54</b>	<b>\$ 100,004</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 27,533</b>

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

**ROYAL GOLD, INC.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30,**  
**(In thousands)**

	2011	2010	2009
<b>Cash flows from operating activities:</b>			
Net income	\$ 77,299	\$ 29,422	\$ 41,357
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	67,399	53,793	32,578
Gain on distribution to non-controlling interest	(3,258)	(5,891)	(1,924)
Deferred tax expense (benefit)	(5,136)	(7,536)	(2,170)
Non-cash employee stock compensation expense	6,494	7,279	2,921
Gain on royalty restructuring	—	—	(33,714)
Tax benefit of stock-based compensation exercises	(1,325)	(1,638)	(334)
Other	—	371	—
<b>Changes in assets and liabilities:</b>			
Royalty receivables	(8,465)	(19,055)	(4,280)
Prepaid expenses and other assets	2,247	4,035	(477)
Accounts payable	(930)	(10,742)	(1,834)
Income taxes (receivable) payable	5,527	(2,697)	(147)
Other liabilities	7,105	1,030	(1,929)
<b>Net cash provided by operating activities</b>	<b>\$ 146,957</b>	<b>\$ 48,371</b>	<b>\$ 30,047</b>
<b>Cash flows from investing activities:</b>			
Acquisition of royalty interests in mineral properties	(280,009)	(232,996)	(186,110)
Acquisition of International Royalty Corporation, net of cash acquired	—	(270,233)	—
Acquisition of available for sale securities	(28,574)	—	—
Proceeds from royalty restructuring	—	—	34,897
Change in restricted cash—compensating balance	—	19,250	(3,500)
Proceeds on sale of inventory—restricted	5,097	3,647	3,477
Deferred acquisition costs	(117)	(120)	(1,021)
Other	(2,660)	(86)	(284)
<b>Net cash used in investing activities</b>	<b>\$ (306,263)</b>	<b>\$ (480,538)</b>	<b>\$ (152,541)</b>
<b>Cash flows from financing activities:</b>			
Borrowings from credit facilities	19,500	255,000	—
Tax benefit of stock-based compensation exercises	1,325	1,638	334
(Prepayment of) borrowings under Chilean loan facility	—	(19,250)	3,500
Common stock dividends	(22,130)	(14,628)	(10,242)
Repayment of debt	(41,900)	(36,013)	—
Proceeds from foreign exchange contract	—	4,101	—
Distribution to non-controlling interests	(7,158)	(3,647)	(3,477)
Net proceeds from issuance of common stock	—	276,839	235,707
Debt issuance costs	(968)	(1,593)	(797)
Other	(54)	—	—
<b>Net cash (used in) provided by financing activities</b>	<b>\$ (51,385)</b>	<b>\$ 462,447</b>	<b>\$ 225,025</b>
<b>Net (decrease) increase in cash and equivalents</b>	<b>(210,691)</b>	<b>30,280</b>	<b>102,531</b>
<b>Cash and equivalents at beginning of period</b>	<b>324,846</b>	<b>294,566</b>	<b>192,035</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 114,155</b>	<b>\$ 324,846</b>	<b>\$ 294,566</b>

See Note 14 for supplemental cash flow information.

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



**ROYAL GOLD, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. THE COMPANY**

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

**Summary of Significant Accounting Policies**

*Use of Estimates*

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ significantly from those estimates.

*Basis of Consolidation*

The consolidated financial statements include the accounts of Royal Gold, Inc., its wholly-owned subsidiaries and an entity over which control is achieved through means other than voting rights. The Company follows the Accounting Standards Codification ("ASC") guidance for identification and reporting for entities over which control is achieved through means other than voting rights. The guidance defines such entities as Variable Interest Entities ("VIEs"). As discussed further in Note 18, the Company identified Crescent Valley Partners, L.P. ("CVP") as a VIE due to the legal structure and certain related factors. Also refer to Note 3 for further discussion of a VIE identified as part of the acquisition of International Royalty Corporation ("IRC"). The identified VIEs are not material to the Company's overall operations or consolidated balance sheets either individually or in the aggregate. Intercompany transactions and account balances have been eliminated in consolidation.

*Cash and Equivalents*

Cash and equivalents consist of all cash balances and highly liquid investments with an original maturity of three months or less. Cash and equivalents are primarily held in cash deposit accounts.

*Royalty Interests in Mineral Properties*

Royalty interests in mineral properties include acquired royalty interests in production, development and exploration stage properties. The cost of acquired royalty interests in mineral properties are capitalized as tangible assets as such interests do not meet the definition of a financial asset under ASC guidance.

Acquisition costs of production stage royalty interests are depleted using the units of production method over the life of the mineral property, which is estimated using proven and probable reserves as provided by the operator. Acquisition costs of royalty interests on development stage mineral properties, which are not yet in production, are not amortized until the property begins production. Acquisition costs of royalty interests on exploration stage mineral properties, where there are no proven and probable reserves, are not amortized. At such time as the associated exploration stage mineral

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)**

interests are converted to proven and probable reserves, the cost basis is amortized over the remaining life of the mineral property, using proven and probable reserves. Exploration costs are charged to operations when incurred.

*Available for Sale Securities*

Investments in securities that management does not have the intent to sell in the near term and that have readily determinable fair values are classified as available-for-sale securities. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive income as a separate component of stockholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income. When investments are sold, the realized gains and losses on these investments, determined using the specific identification method, are included in determining net income.

The Company's policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments that are impaired. If such impairment is determined by the Company to be other than temporary, the investment's cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other than temporary.

*Asset Impairment*

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts of an asset or group of assets may not be recoverable. The recoverability of the carrying value of royalty interests in production and development stage mineral properties is evaluated based upon estimated future undiscounted net cash flows from each royalty interest property using estimates of proven and probable reserves and other relevant information received from the operator. We evaluate the recoverability of the carrying value of royalty interests in exploration stage mineral properties in the event of significant decreases in the price of gold, silver, copper, nickel and other metals, and whenever new information regarding the mineral properties is obtained from the operator indicating that production will not likely occur in the future, thus affecting the future recoverability of our royalty interests. Impairments in the carrying value of each property are measured and recorded to the extent that the carrying value in each property exceeds its estimated fair value, which is generally calculated using estimated future discounted cash flows.

Our estimates of gold, silver, copper, nickel and other metal prices, operator's estimates of proven and probable reserves related to our royalty properties, and operator's estimates of operating, capital and reclamation costs are subject to certain risks and uncertainties which may affect the recoverability of our investment in these royalty interests in mineral properties. Although we have made our best assessment of these factors based on current conditions, it is possible that changes could occur, which could adversely affect the net cash flows expected to be generated from these royalty interests.

*Royalty Revenue*

Royalty revenue is recognized in accordance with the guidance of ASC 605 and based upon amounts contractually due pursuant to the underlying royalty agreement. Specifically, revenue is recognized in accordance with the terms of the underlying royalty agreements subject to (i) the

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)**

pervasive evidence of the existence of the arrangements; (ii) the risks and rewards having been transferred; (iii) the royalty being fixed or determinable; and (iv) the collectability of the royalty being reasonably assured. For royalty payments received in-kind, royalty revenue is recorded at the average spot price of gold for the period in which the royalty was earned.

Revenue recognized pursuant to the Robinson royalty agreement is based upon 3.0% of revenue received by the operator of the mine, QuadraFNX Mining, Ltd. ("Quadra"), for the sale of minerals from the Robinson mine, reduced by certain costs incurred by Quadra. Quadra's concentrate sales contracts with third-party smelters, in general, provide for an initial sales price payment based upon provisional assays and quoted metal prices at the date of shipment. Final true-up sales price payments to Quadra are subsequently based upon final assay and market metal prices on a specified future date, typically one to three months after the date the concentrate arrives at the third-party smelter (which generally occurs four to five months after the shipment date from the Robinson mine). We do not have all the key information regarding the terms of the operator's smelter contracts, such as the terms of specific concentrate shipments to a smelter or quantities of metal or expected settlement arrangements at the time of an operator's shipment of concentrate.

Each monthly payment from Quadra is typically a combination of revenue received by Quadra for provisional payments during the month and any upward or downward adjustments for final assays and commodity prices for earlier shipments. Whether the payment to Royal Gold is based on Quadra's revenue in the form of provisional or final payments, Royal Gold records royalty revenue and the corresponding receivable based on the monthly amounts it receives from Quadra, as determined pursuant to the royalty agreement. The royalty contract does not provide Royal Gold with rights or obligations to settle any final assay and commodity price adjustments with Quadra. Therefore, once a given monthly payment is received by Royal Gold it is not subject to later adjustment based on adjustments for assays or commodity prices. Under the royalty agreement, Quadra may include such final adjustments as a component of future royalty payments.

*Income Taxes*

The Company accounts for income taxes in accordance with the guidance of ASC 740. The Company's deferred income taxes reflect the impact of temporary differences between the reported amounts of assets and liabilities for financial reporting purposes and such amounts measured by tax laws and regulations. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is provided for deferred tax assets when management concludes it is more likely than not that some portion of the deferred tax assets will not be realized.

The Company's operations may involve dealing with uncertainties and judgments in the application of complex tax regulations in multiple jurisdictions. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, state, and international tax audits. The Company recognizes potential liabilities and records tax liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. If the Company's estimate of tax liabilities proves to be less than the ultimate assessment, an additional

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)**

charge to income tax expense would result. If the estimate of tax liabilities proves to be greater than the ultimate assessment, a tax benefit would result. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

*Stock-Based Compensation*

The Company accounts for stock-based compensation in accordance with the guidance of ASC 718. The Company recognizes all share-based payments to employees, including grants of employee stock options, stock appreciation rights ("SARs") and restricted stock, in its financial statements based upon their fair values.

*Operating Segments and Geographical Information*

The Company manages its business under a single operating segment, consisting of royalty acquisition and management activities. Royal Gold's royalty revenue and long-lived assets (royalty interests in mineral properties, net) are geographically distributed as shown in the following table. Please refer to Note 6 for a further breakdown of the Company's royalty interests on producing mineral properties.

	Royalty Revenue			Royalty Interests in Mineral Property, net		
	Fiscal Year Ended			Fiscal Year Ended		
	June 30,			June 30,		
	2011	2010	2009	2011	2010	2009
United States	24%	40%	56%	3%	5%	13%
Chile	21%	4%	1%	40%	42%	6%
Canada	19%	4%	2%	36%	27%	19%
Mexico	18%	15%	15%	11%	13%	45%
Africa <sup>(1)</sup>	9%	29%	21%	2%	2%	8%
Australia	5%	5%	2%	5%	6%	6%
Other	4%	3%	3%	3%	5%	3%

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

*Comprehensive Income*

In addition to net income, comprehensive income includes changes in equity during a period associated with cumulative unrealized changes in the fair value of marketable securities held for sale, net of tax effects.

*Earnings per Share*

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of outstanding common shares for the period, considering the effect of participating securities, and include the outstanding exchangeable shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts that may require issuance of common shares were converted. Diluted earnings per share is computed by dividing net income

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)**

available to common stockholders by the diluted weighted average number of common shares outstanding, including outstanding exchangeable shares, during each fiscal year.

*Production taxes*

Certain royalty payments are subject to production taxes (or mining proceeds taxes), which are recognized at the time of revenue recognition. Production taxes are not income taxes and are included within the costs and expenses section in the Company's consolidated statements of operations and comprehensive income.

*Reclassification*

Cost and expenses previously classified as *Exploration and business development* are now included within the *General and administrative* caption. Further, certain amounts previously classified as *Costs of Operations* are now included within the *General and administrative* caption or the *Production taxes* caption in the Company's consolidated statements of operations and comprehensive income. The following table reflects these reclassifications for the fiscal years ended June 30, 2010 and 2009:

	Fiscal Year Ended June 30, 2010			Fiscal Year Ended June 30, 2009		
	Previously Reported Balance	Reclass Adjustment	Adjusted Balance	Previously Reported Balance	Reclass Adjustment	Adjusted Balance
Costs and expenses:						
Costs of operations	\$ 6,235	\$ (6,235)	\$ —	\$ 3,551	\$ (3,551)	\$ —
General and administrative	12,595	6,875	19,470	7,352	4,598	11,950
Production taxes	—	2,863	2,863	—	1,951	1,951
Exploration and business development	3,503	(3,503)	—	2,998	(2,998)	—

These reclassifications had no effect on reported operating income or net income attributable to Royal Gold stockholders for the prior periods presented.

**Recently Adopted Accounting Pronouncements***Variable Interest Entities*

In June 2009, the 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 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.

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS (Continued)**

*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.

**Recently Issued Accounting Standards**

In June 2011, the Financial Accounting Standards Board issued ASU No. 2011-05, *Presentation of Comprehensive Income*. The ASU addresses the presentation of comprehensive income and provides entities with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The provisions of this ASU are effective for the Company's quarter beginning January 1, 2012. Since this ASU addresses financial presentation only, its adoption will not impact the Company's consolidated position or results of operations.

**3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION**

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 IRC Transaction further complemented and expanded our royalty portfolio.

The Company followed the acquisition method of accounting in accordance with ASC 805. During the three months ended March 31, 2011, the Company finalized its assessment of the fair value of the

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION (Continued)

assets acquired and liabilities assumed as part of the IRC Transaction. The following table summarizes the fair values of the assets acquired and liabilities assumed from IRC:

	Preliminary purchase price allocation as of June 30, 2010	Purchase price adjustments	Final purchase price allocation as of June 30, 2010
	(amounts in thousands)		
Purchase price	\$ 659,871	\$ —	\$ 659,871
Current assets	\$ 83,720	\$ 1,069	\$ 84,789
Royalty interests in mineral properties	774,291	8,816	783,107
Other assets	14,304	(4,911)	9,393
Current liabilities	(10,839)	(974)	(11,813)
Senior secured debentures	(28,769)	—	(28,769)
Net deferred tax liabilities	(140,891)	(3,395)	(144,286)
Uncertain tax positions	(8,362)	(605)	(8,967)
Other liabilities	(2,878)	—	(2,878)
Non-controlling interest	(20,705)	—	(20,705)
Total allocated purchase price	\$ 659,871	\$ —	\$ 659,871

The purchase price adjustments were attributable to the Company receiving updated mineral property and tax attribute information. The above purchase price adjustments are reflected in the Company's consolidated balance sheet as of June 30, 2010. There was no impact to the Company's statement of operations for the period from February 22, 2010 to June 30, 2010, as a result of the purchase price adjustments.

For the twelve months ended June 30, 2010, the Company incurred approximately \$8.6 million of transaction costs for financial advisory, legal, accounting, tax and consulting services as part of the IRC Transaction. The Company also incurred approximately \$10.8 million in severance related payments as part of the termination of IRC's officers and certain employees upon acquisition of IRC. The transaction and severance payment costs are included in *Severance and acquisition-related costs* on our consolidated statements of operations and comprehensive income and were recognized separately from the purchase price for the IRC Transaction.

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

The Company's consolidated financial statements include the results of the IRC Transaction from the date of acquisition. The following unaudited pro forma information is presented as if the IRC Transaction had been completed as of the beginning of the periods presented. The pro forma results

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION (Continued)

are not necessarily indicative of what would have been achieved had the IRC Transaction been in effect for the periods presented.

	Fiscal Years Ended	
	June 30,	
	2010	2009
	(in thousands)	
Royalty revenues	\$ 152,716	\$ 113,259
Net income (loss) available to Royal Gold common stockholders	\$ (434)	\$ 29,248

For the period February 22, 2010, through June 30, 2010, approximately \$9.0 million of royalty revenue was recorded on the Company's consolidated statements of operations and comprehensive income related to royalties acquired in the IRC Transaction. In the above pro forma, net income attributable to Royal Gold common stockholders as of June 30, 2010 and 2009, included approximately \$19.4 million in transaction costs and severance related payments related to the IRC Transaction.

## 4. 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, RGLD Gold AG (formerly known as RGL Royalty AG), acquired the right to purchase 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, RGLD Gold AG 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, RGLD Gold AG will make additional payments (each an "Additional Payment") 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, RGLD Gold AG 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 RGLD Gold AG, 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. The Company did not make any Additional Payments to Thompson Creek through June 30, 2011.

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. ROYALTY ACQUISITIONS (Continued)

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.

Andacollo

On January 25, 2010, the Company acquired an interest in the gold produced from the sulfide portion of the Andacollo project in Chile from a Chilean subsidiary of Teck Resources Limited ("Teck"), Compañía Minera Teck Carmen de Andacollo. The purchase price for the Andacollo Royalty consisted of \$217.9 million in cash and 1,204,136 of the Company's common shares. The cash portion of the purchase price was paid from the Company's cash on hand.

The Andacollo Royalty acquisition has been accounted for as an asset acquisition. As such, the total purchase price of \$273.0 million, which consisted of \$217.9 million in cash, 1,204,136 shares of the Company's common stock (valued at \$53.4 million on January 25, 2010) and approximately \$1.7 million of transaction costs, is recorded as a component of *Royalty interests in mineral properties, net* on our consolidated balance sheets.

Barrick Royalty Portfolio

Effective October 1, 2008, the Company completed an acquisition of royalties from Barrick for cash of approximately \$181.3 million, including a restructuring of its GSR2, GSR3 and NVR1 royalties at Cortez, valued at \$31.5 million, for net cash of approximately \$150.0 million. As part of the royalty restructuring, the Company recognized a gain of \$31.5 million during the fiscal quarter ended December 31, 2008. The cash portion of the purchase price was paid from the Company's cash on hand.

The acquisition of Barrick's royalty portfolio has been accounted for as an asset acquisition. The total purchase price of \$181.3 million, plus direct transaction costs of approximately \$3.1 million, has been allocated to the acquired royalty interests according to their relative fair values and is recorded as separate components of *Royalty interests in mineral properties, net* on our consolidated balance sheets.

**ROYAL GOLD, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**4. ROYALTY ACQUISITIONS (Continued)**

The operating impacts of the royalty interests acquired from Barrick have been reflected in the financial results of Royal Gold from October 1, 2008.

**5. INVESTMENT IN SEABRIDGE GOLD, INC. AND ACQUISITION OF A ROYALTY OPTION ON THE KERR-SULPHURETS-MITCHELL PROJECT**

On June 16, 2011, the Company, through its wholly-owned subsidiary RG Exchangeco Inc., (formerly known as RGLD Gold Canada, Inc.), entered into a Subscription Agreement and an Option Agreement with Seabridge Gold, Inc. ("Seabridge"), pursuant to which the Company acquired 1,019,000 common shares ("Initial Shares") of Seabridge, approximately 2% of Seabridge's issued and outstanding common stock, in a private placement for \$30.7 million (C\$30.0 million) at a per share price equal to \$30.14 (C\$29.44), which represented a premium of 15% to the volume weighted-average trading price of Seabridge common shares on the Toronto Stock Exchange ("TSX") for a five day trading period that ended June 14, 2011.

Pursuant to the Option Agreement, if the Company holds the Initial Shares for a period of 270 days, the Company will have the option to acquire a 1.25% NSR royalty (the "Initial Royalty") on all of the gold and silver production from the Kerr-Sulphurets-Mitchell project (the "Project") in northwest British Columbia, Canada. The purchase price of the Initial Royalty is C\$100 million, payable in three installments over a 540 day period, subject to currency exchange rate adjustments.

Pursuant to the Option Agreement, the Company also has an option, exercisable until December 29, 2012, to acquire, in a private placement, additional common shares of Seabridge in an amount up to C\$18 million (the "Subsequent Shares"). The purchase price for the Subsequent Shares will be a 15% premium to the volume weighted-average trading price of the Seabridge common shares on the TSX for the specified period. If the Company exercises its option to acquire the Subsequent Shares and holds the Subsequent Shares for a period of 270 days, the Company will have the option to increase the Initial Royalty to a 2.0% NSR royalty (the "Increased Royalty") for a purchase price of C\$60 million, payable in three installments over a 540 day period, subject to currency exchange rate adjustments.

The options to acquire the Initial Royalty and the Increased Royalty will remain exercisable by the Company for 60 days following the Company's satisfaction that, among other things, the Project has received all material approvals and permits and that Seabridge has demonstrated that it has sufficient funding for construction of and commencement of commercial production from the Project.

The investment in Seabridge and the Project was accounted for as an asset purchase. As such, the Company has recorded the Initial Shares as an investment in *Available for sale securities* on the consolidated balance sheets; refer to Note 7 for further detail on our investment in available for sale securities. The 15% premium on the Initial Shares, which represents the value of the option to acquire the Initial Royalty, plus direct acquisition costs, has been recorded within *Other assets* on the consolidated balance sheets.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 6. ROYALTY INTERESTS IN MINERAL PROPERTIES

The following summarizes the Company's principal royalty interests in mineral properties as of June 30, 2011 and 2010.

As of June 30, 2011 (Amounts in thousands):	Cost	Accumulated Depletion	Net
Production stage			
royalty interests:			
Andacollo	\$ 272,998	\$ (13,076)	\$ 259,922
Voisey's Bay	150,138	(15,526)	134,612
Peñasquito	99,172	(5,457)	93,715
Las Cruces	57,230	(2,615)	54,615
Mulatos	48,092	(14,199)	33,893
Dolores	44,878	(4,005)	40,873
Wolverine	45,158	(257)	44,901
Canadian Malartic	38,800	(367)	38,433
Holt	25,428	(620)	24,808
Inata	24,871	(5,158)	19,713
Gwalia Deeps	22,854	(1,715)	21,139
Leeville	18,322	(12,920)	5,402
Robinson	17,825	(8,827)	8,998
Cortez	10,630	(9,619)	1,011
Other	178,143	(97,386)	80,757
	<u>1,054,539</u>	<u>(191,747)</u>	<u>862,792</u>
Development stage			
royalty interests:			
Pascua-Lama	372,105	—	372,105
Mt. Milligan	227,596	—	227,596
Other	26,250	—	26,250
	<u>625,951</u>	<u>—</u>	<u>625,951</u>
Exploration stage			
royalty interests	<u>201,696</u>	<u>—</u>	<u>201,696</u>
Total royalty interests in mineral properties	<u>\$ 1,882,186</u>	<u>\$ (191,747)</u>	<u>\$ 1,690,439</u>

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 6. ROYALTY INTERESTS IN MINERAL PROPERTIES (Continued)

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	318,001	—	318,001
Canadian Malartic	35,500	—	35,500
Wolverine	45,158	—	45,158
Other	50,733	—	50,733
	<u>449,392</u>	<u>—</u>	<u>449,392</u>
Exploration stage			
royalty interests	234,683	—	234,683
Total royalty interests in mineral properties	<u>\$ 1,601,985</u>	<u>\$ (125,186)</u>	<u>\$ 1,476,799</u>

Note: The cost amount shown for the royalties acquired as part of the IRC Transaction were finalized during the fiscal year ended June 30, 2011, and were updated in the above table as a result. This includes Voisey's Bay, the additional interest at Pascua-Lama, Wolverine and certain royalties included within the Other category.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 7. AVAILABLE FOR SALE SECURITIES

The Company's available for sale securities as of June 30, 2011 and 2010 consists of the following:

	As of June 30, 2011			
	(Amounts in thousands)			
	Cost Basis	Unrealized		Fair Value
Gain		Loss		
Non-current:				
Seabridge	\$ 28,574	—	(28)	\$ 28,546
Other	203	127	—	330
	<u>\$ 28,777</u>	<u>\$ 127</u>	<u>\$ (28)</u>	<u>\$ 28,876</u>

	As of June 30, 2010			
	(Amounts in thousands)			
	Cost Basis	Unrealized		Fair Value
Gain		Loss		
Non-current:				
Other	\$ 254	—	(53)	\$ 201
	<u>\$ 254</u>	<u>\$ —</u>	<u>\$ (53)</u>	<u>\$ 201</u>

## 8. DEBT

The Company's current and non-current long-term debt as of June 30, 2011 and 2010 consists of the following:

	As of June 30, 2011		As of June 30, 2010	
	(Amounts in thousands)		(Amounts in thousands)	
	Current	Non-current	Current	Non-current
Credit facility	\$ —	\$ 100,000	\$ —	\$ 125,000
Term loan	15,600	110,500	26,000	97,500
Total debt	<u>\$ 15,600</u>	<u>\$ 210,500</u>	<u>\$ 26,000</u>	<u>\$ 222,500</u>

Scheduled minimum debt repayments are \$15.6 million in fiscal years 2012 and 2013 and \$194.9 million in fiscal year 2014.

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 initial funded principal amount per quarter; and 6) a change to the revolving credit facility financial covenants deleting the forward-looking facility coverage ratio (as defined) and adding a debt service

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 8. DEBT (Continued)

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 June 30, 2011, the Company was in compliance with each financial covenant, including the added debt service ratio, under the revolving credit facility and term loan. As of June 30, 2011, the Company's all-in rate of LIBOR plus the margin was 2.15% for the revolving credit facility and term loan.

## 9. STOCK-BASED COMPENSATION

In November 2004, the Company adopted the Omnibus Long-Term Incentive Plan ("2004 Plan"). Under the 2004 Plan, 2,600,000 shares of common stock have been authorized for future grants to officers, directors, key employees and other persons. The 2004 Plan provides for the grant of stock options, unrestricted stock, restricted stock, dividend equivalent rights, SARs (stock settled) and cash awards. Any of these awards may, but need not, be made as performance incentives. Stock options granted under the 2004 Plan may be non-qualified stock options or incentive stock options.

The Company recognized stock-based compensation expense as follows:

	For the Fiscal Years Ended		
	June 30,		
	2011	2010	2009
	(Amounts in thousands)		
Stock options	\$ 415	\$ 733	\$ 782
Stock appreciation rights	815	520	200
Restricted stock	2,165	2,155	1,810
Performance stock	3,099	3,871	129
Total stock-based compensation expense	<u>\$ 6,494</u>	<u>\$ 7,279</u>	<u>\$ 2,921</u>

Stock-based compensation expense is included within general and administrative in the consolidated statements of operations and comprehensive income.

As of June 30, 2011, there were 1,217,553 shares of common stock reserved for future issuance under the 2004 Plan.

## Stock Options and Stock Appreciation Rights

Stock option and SARs awards are granted with an exercise price equal to the closing market price of the Company's stock at the date of grant. Stock option and SARs awards granted to officers, key employees and other persons vest based on one to three years of continuous service. Stock option and SARs awards have 10 year contractual terms.

To determine stock-based compensation expense for stock options and SARs, the fair value of each stock option and SAR is estimated on the date of grant using the Black-Scholes-Merton ("Black-Scholes") option pricing model for all periods presented. The Black-Scholes model requires key

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. STOCK-BASED COMPENSATION (Continued)

assumptions in order to determine fair value. Those key assumptions during the fiscal year 2011, 2010 and 2009 grants are noted in the following table:

	Stock Options			SARs		
	2011	2010	2009	2011	2010	2009
Weighted-average expected volatility	46.8%	47.5%	44.5%	46.0%	47.4%	44.5%
Weighted-average expected life in years	5.7	5.6	5.3	6.0	5.5	5.3
Weighted-average dividend yield	0.89%	0.68%	0.92%	0.89%	0.68%	0.92%
Weighted-average risk free interest rate	1.7%	2.4%	2.5%	1.8%	2.4%	2.5%

The Company's expected volatility is based on the historical volatility of the Company's stock over the expected option term. The Company's expected option term is determined by historical exercise patterns along with other known employee or company information at the time of grant. The risk free interest rate is based on the zero-coupon U.S. Treasury bond at the time of grant with a term approximate to the expected option term.

*Stock Options*

A summary of stock option activity under the 2004 Plan for the fiscal year ended June 30, 2011, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2010	336,930	\$ 25.36		
Granted	24,800	\$ 49.66		
Exercised	(20,738)	\$ 20.46		
Forfeited	(7,514)	\$ 48.29		
Outstanding at June 30, 2011	<u>333,478</u>	<u>\$ 26.96</u>	<u>5.0</u>	<u>\$ 10,542</u>
Exercisable at June 30, 2011	<u>296,412</u>	<u>\$ 24.38</u>	<u>4.5</u>	<u>\$ 10,134</u>

The weighted-average grant date fair value of options granted during the fiscal years ended June 30, 2011, 2010 and 2009, was \$20.56, \$23.21 and \$12.28, respectively. The total intrinsic value of options exercised during the fiscal years ended June 30, 2011, 2010 and 2009, were \$0.7 million, \$6.2 million, and \$1.2 million, respectively.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. STOCK-BASED COMPENSATION (Continued)

A summary of the status of the Company's non-vested stock options for the fiscal year ended June 30, 2011, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2010	53,726	\$ 16.76
Granted	24,800	\$ 20.56
Vested	(33,946)	\$ 15.25
Forfeited	(7,514)	\$ 20.35
Non-vested at June 30, 2011	<u>37,066</u>	<u>\$ 19.96</u>

As of June 30, 2011, there was approximately \$0.5 million of total unrecognized stock-based compensation expense related to non-vested stock options granted under the 2004 Plan, which is expected to be recognized over a weighted-average period of 1.9 years.

## SARs

A summary of SARs activity under the 2004 Plan for the fiscal year ended June 30, 2011, is presented below.

	Number of Shares	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding at July 1, 2010	102,140	\$ 42.10		
Granted	51,500	\$ 49.66		
Exercised	(2,076)	\$ 38.85		
Forfeited	(3,152)	\$ 47.28		
Outstanding at June 30, 2011	<u>148,412</u>	<u>\$ 44.66</u>	<u>8.4</u>	<u>\$ 2,064</u>
Exercisable at June 30, 2011	<u>57,549</u>	<u>\$ 39.08</u>	<u>7.7</u>	<u>\$ 1,121</u>

The weighted-average grant date fair value of SARs granted during the fiscal years ended June 30, 2011, 2010 and 2009 was \$20.87, \$22.94 and \$12.28, respectively.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. STOCK-BASED COMPENSATION (Continued)

A summary of the status of the Company's non-vested SARs for the fiscal year ended June 30, 2011, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2010	77,307	\$ 19.41
Granted	51,500	\$ 20.87
Vested	(34,792)	\$ 19.02
Forfeited	(3,152)	\$ 20.03
Non-vested at June 30, 2011	<u>90,863</u>	<u>\$ 20.37</u>

As of June 30, 2011, there was approximately \$1.3 million of total unrecognized stock-based compensation expense related to non-vested SARs granted under the 2004 Plan, which is expected to be recognized over a weighted-average period of 1.9 years.

**Other Stock-based Compensation***Performance Shares*

On November 17, 2010, officers and certain employees were granted 60,500 shares of restricted common stock that can be earned only if either one of two defined multi-year performance goals is met within five years of the date of grant ("Performance Shares"). If the performance goals are not earned by the end of this five year period, the Performance Shares will be forfeited. Vesting of Performance Shares is subject to certain performance measures being met and can be based on an interim earn out of 25%, 50%, 75% or 100%. The defined performance goals are tied to the following performance measures: (1) growth of free cash flow per share on a trailing twelve month basis; and (2) growth of royalty ounces in reserve per share on an annual basis.

The Company measures the fair value of the Performance Shares based upon the market price of our common stock as of the date of grant. In accordance with ASC 718, the measurement date for the Performance Shares will be determined at such time that the performance goals are attained or that it is probable they will be attained. At such time that it is probable that a performance condition will be achieved, compensation expense will be measured by the number of shares that will ultimately be earned based on the grant date market price of our common stock. Interim recognition of compensation expense will be made at such time as management can reasonably estimate the number of shares that will be earned.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 9. STOCK-BASED COMPENSATION (Continued)

A summary of the status of the Company's non-vested Performance Shares for the fiscal year ended June 30, 2011, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2010	122,375	\$ 40.16
Granted	60,500	\$ 49.66
Vested	(135,125)	\$ 41.19
Forfeited	(4,625)	\$ 45.94
Non-vested at June 30, 2011	<u>43,125</u>	<u>\$ 49.66</u>

As of June 30, 2011, total unrecognized stock-based compensation expense related to Performance Shares was approximately \$1.2 million, which is expected to be recognized over the average remaining vesting period of 1.1 years.

*Restricted Stock*

As defined in the 2004 Plan, officers, non-executive directors and certain employees may be granted shares of restricted stock that vest on continued service alone ("Restricted Stock"). On November 17, 2010, officers and certain employees were granted 41,100 shares of Restricted Stock. Restricted Stock awards granted to officers and certain employees vest over three years beginning after a three-year holding period from the date of grant with one-third of the shares vesting in years four, five and six, respectively. Also on November 17, 2010, our non-executive directors were granted 12,000 shares of Restricted Stock. The non-executive directors' shares of Restricted Stock vest as to 50% immediately and 50% one year after the date of grant.

Shares of Restricted Stock represent issued and outstanding shares of common stock, with dividend and voting rights. The Company measures the fair value of the Restricted Stock based upon the market price of our common stock as of the date of grant. Restricted Stock is amortized over the applicable vesting period using the straight-line method. Unvested shares of Restricted Stock are subject to forfeiture upon termination of employment with the Company.

A summary of the status of the Company's non-vested Restricted Stock for fiscal year ended June 30, 2011, is presented below:

	Number of Shares	Weighted- Average Grant Date Fair Value
Non-vested at July 1, 2010	271,749	\$ 33.48
Granted	53,100	\$ 49.66
Vested	(48,916)	\$ 31.07
Forfeited	(13,400)	\$ 43.55
Non-vested at June 30, 2011	<u>262,533</u>	<u>\$ 36.68</u>

**ROYAL GOLD, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**9. STOCK-BASED COMPENSATION (Continued)**

As of June 30, 2011, total unrecognized stock-based compensation expense related to Restricted Stock was approximately \$5.7 million, which is expected to be recognized over the weighted-average vesting period of 3.9 years.

**10. ROYALTY PORTFOLIO RESTRUCTURING GAIN**

As part of the royalty restructuring as part of the Barrick acquisition, which is discussed in Note 4, the Company recognized a gain of \$31.5 million during the fiscal quarter ended December 31, 2008. The restructured royalties were a nonmonetary exchange and the fair value of the restructured royalties was determined based on expected future cash flows. The Company's basis in the restructured royalties was zero thus giving rise to the \$31.5 million gain.

In May 2009, Golden Star Resources Ltd. ("Golden Star") exercised its right of repurchase on the Benso 1.5% NSR royalty held by the Company for \$3.4 million. The Company acquired the Benso royalty in December 2007 for approximately \$1.9 million. The Company's net book value for the Benso royalty on the date of exercise by Golden Star was approximately \$1.2 million. As such, the Company recognized a gain of approximately \$2.2 million upon exercise.

**11. STOCKHOLDERS' EQUITY**

**Preferred Stock**

The Company has 10,000,000 authorized and unissued shares of \$.01 par value Preferred Stock as of June 30, 2011 and 2010.

**Common Stock Issuances**

*Fiscal Year 2011*

During the fiscal year ended June 30, 2011, options to purchase 20,738 shares were exercised, resulting in proceeds of approximately \$0.4 million.

*Fiscal Year 2010*

During the fiscal year ended June 30, 2010, options to purchase 242,820 shares were exercised, resulting in proceeds of approximately \$1.6 million.

In June 2010, the Company sold 5,980,000 shares of our common stock in an underwritten public offering that closed on June 28, 2010. The offering was priced at \$48.50, and proceeds from the offering, net of commission and expenses, was approximately \$276.2 million. The Company used the net proceeds from the offering to fund acquisitions of additional royalty interests, including the acquisition of the gold stream on the Mt. Milligan Project.

*Fiscal Year 2009*

In April 2009, the Company sold 6,500,000 shares of our common stock in an underwritten public offering that closed on April 14, 2009. The offering was priced at \$38.00 per share, and proceeds from the offering, net of commission and expenses, was approximately \$235.0 million. The net proceeds from the offering were primarily used for general corporate purposes and to pay the cash component of the Andacollo Royalty acquisition, as discussed in Note 4.

**ROYAL GOLD, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**11. STOCKHOLDERS' EQUITY (Continued)**

**Exchangeable Shares**

In connection with the IRC Transaction discussed in Note 3, certain holders of IRC common stock received exchangeable shares of RG Exchangeco for each share of IRC common stock held. The exchangeable shares are convertible at any time, at the option of the holder, into shares of Royal Gold common stock on a one-for-one basis, and entitle holders to dividends and other rights economically equivalent to holders of Royal Gold common stock.

**Treasury Stock**

During the fiscal year ended June 30, 2011, the Company retired 96,675 common shares included in treasury stock. The 96,675 common shares retired have been returned to the Company's authorized but unissued amount of common stock. As of June 30, 2011 and 2010, the Company had 0 and 96,675 common shares included in treasury stock, which are carried at cost.

**Stockholders' Rights Plan**

On September 10, 2007, the Company entered into the First Amended and Restated Rights Agreement, dated September 10, 2007 (the "Rights Agreement"). The Rights Agreement expires on September 10, 2017. The Rights Agreement was approved by the Company's board of directors (the "Board").

The Rights Agreement is intended to deter coercive or abusive tender offers and market accumulations. The Rights Agreement is designed to encourage an acquirer to negotiate with the Board and to enhance the Board's ability to act in the best interests of all the Company's stockholders.

Under the Rights Agreement, each stockholder of the Company holds one preferred stock purchase right (a "Right") for each share of Company common stock held. The Rights generally become exercisable only in the event that an acquiring party accumulates 15 percent or more of the Company's outstanding shares of common stock. If this were to occur, subject to certain exceptions, each Right (except for the Rights held by the acquiring party) would allow its holders to purchase one one-thousandth of a newly issued share of Series A junior participating preferred stock of Royal Gold or the Company's common stock with a value equal to twice the exercise price of the Right, initially set at \$175 under the terms and conditions set forth in the Rights Agreement.

**12. 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. Unvested stock-based compensation awards that contain non-forfeitable rights to dividends or dividend equivalents are considered participating securities and are included in the computation of earnings per share pursuant to the two-class method. The Company's unvested restricted stock awards contain non-forfeitable dividend rights and participate equally with common stock with respect to dividends issued or declared. The Company's unexercised stock options, unexercised SARs and unvested performance stock do not contain rights to dividends. Under the two-class method, the earnings used to determine basic earnings per common share are reduced by an amount allocated to participating securities. Use of the two-class method has an immaterial impact on the calculation of basic and diluted earnings per common share.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 12. EARNINGS PER SHARE ("EPS") (Continued)

The following table summarizes the effects of dilutive securities on diluted EPS for the period:

	Fiscal Years Ended June 30,		
	2011	2010	2009
	(in thousands, except share data)		
Net income available to Royal Gold common stockholders	\$ 71,395	\$ 21,492	\$ 38,348
Weighted-average shares for basic EPS	55,053,204	43,640,414	35,337,133
Effect of other dilutive securities	270,206	340,403	451,943
Weighted-average shares for diluted EPS	55,323,410	43,980,817	35,789,076
Basic earnings per share	\$ 1.29	\$ 0.49	\$ 1.09
Diluted earnings per share	\$ 1.29	\$ 0.49	\$ 1.07

The calculation of weighted average shares includes all of the Company's 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.

## 13. INCOME TAXES

For financial reporting purposes, income before income taxes includes the following components:

	Fiscal Years Ended June 30,		
	2011	2010	2009
	(Amounts in thousands)		
United States	\$ 77,543	\$ 55,623	\$ 65,848
Foreign	38,730	(12,037)	(2,634)
	\$ 116,273	\$ 43,586	\$ 63,214

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 13. INCOME TAXES (Continued)

The Company's *Income tax expense* consisted of:

	Fiscal Years Ended June 30,		
	2011	2010	2009
	(Amounts in thousands)		
Current:			
Federal	\$ 28,783	\$ 20,299	\$ 23,625
State	105	219	402
Foreign	15,222	1,182	—
	<u>\$ 44,110</u>	<u>\$ 21,700</u>	<u>\$ 24,027</u>
Deferred and others:			
Federal	\$ (1,242)	\$ (1,304)	\$ (2,396)
State	—	(114)	27
Foreign	(3,894)	(6,118)	199
	<u>\$ (5,136)</u>	<u>\$ (7,536)</u>	<u>\$ (2,170)</u>
Total income tax expense	<u>\$ 38,974</u>	<u>\$ 14,164</u>	<u>\$ 21,857</u>

The provision for income taxes for the fiscal years ended June 30, 2011, 2010 and 2009, differs from the amount of income tax determined by applying the applicable United States statutory federal income tax rate to pre-tax income (net of minority interest in income of consolidated subsidiary and loss from equity investment) from operations as a result of the following differences:

	Fiscal Years Ended June 30,		
	2011	2010	2009
	(Amounts in thousands)		
Total expense computed by applying federal rates	\$ 40,695	\$ 15,255	\$ 22,125
State and Provincial income taxes, net of federal benefit	105	189	288
Adjustments of valuation allowance	(346)	(231)	783
Excess depletion	(1,446)	(1,642)	(1,074)
Acquisition related costs	—	1,364	—
Estimates for uncertain tax positions	437	1,568	—
Statutory tax attributable to Non-controlling interest	(2,066)	(2,775)	(1,053)
Unrealized foreign exchange gains (losses)	2,548	(280)	—
Effect of foreign earnings	(891)	915	—
Other	(62)	(199)	788
	<u>\$ 38,974</u>	<u>\$ 14,164</u>	<u>\$ 21,857</u>

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 13. INCOME TAXES (Continued)

The tax effects of temporary differences and carryforwards, which give rise to our deferred tax assets and liabilities at June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
	<u>(Amounts in thousands)</u>	
Deferred tax assets:		
Stock-based compensation	\$ 3,275	\$ 3,267
Net operating losses	32,157	25,936
Other	5,028	4,963
Total deferred tax assets	<u>40,460</u>	<u>34,166</u>
Valuation allowance	(3,069)	(3,415)
Net deferred tax assets	<u>37,391</u>	<u>30,751</u>
Deferred tax liabilities:		
Mineral property basis	(179,344)	(181,740)
Unrealized foreign exchange gains	(5,932)	(3,751)
Other	(3,112)	(1,107)
Total deferred tax liabilities	<u>(188,388)</u>	<u>(186,598)</u>
Total net deferred taxes	<u>\$ (150,997)</u>	<u>\$ (155,847)</u>

The Company reviews the measurement of its deferred tax assets at each balance sheet date. All available evidence, both positive and negative, is considered in determining whether, based upon the weight of the evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. As of June 30, 2011 and 2010, the Company had \$3.1 million and \$3.4 million of valuation allowances recorded, respectively. The valuation allowance decrease of \$0.3 million was primarily the result of net operating losses and other deferred tax assets that were recognized or met the recognition criteria during the year. The decreases were offset by an increase to the valuation allowance for non-deductible depletion in non-U.S. jurisdictions where no plan is available to recognize the deferred tax asset in the foreseeable future. The valuation allowance remaining at June 30, 2010 is primarily attributable to the tax basis difference as a result of non-deductible depletion.

At June 30, 2011 and 2010, the Company had \$127 million and \$110 million of net operating loss carry forwards, respectively. The increase in the net operating loss carry forwards is attributable to (i) non-U.S. subsidiaries accounting losses of \$23 million incurred during the year, (ii) non-U.S. subsidiaries accelerated tax deductions of \$6 million for the year which have an offsetting deferred tax liability recorded, and (iii) offset by the utilization of net operating losses in non-U.S. subsidiaries of \$13 million. The majority of the tax loss carry forwards are in jurisdictions that allow a twenty year carry forward period. As a result, these losses do not begin to expire until the 2025 tax year.

As of June 30, 2011 and 2010, the Company had \$18.8 million and \$12.5 million of total gross unrecognized tax benefits, respectively. The increase in gross unrecognized tax benefits was primarily related to tax positions of IRC entities taken prior to the acquisition. If recognized, these unrecognized

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 13. INCOME TAXES (Continued)

tax benefits would impact the Company's effective income tax rate. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(Amounts in thousands)		
Total gross unrecognized tax benefits at beginning of year	\$ 12,479	\$ 614	\$ 410
Additions / Reductions for tax positions of prior years	20	749	28
Additions / Reductions for tax positions of current year	6,337	11,116	176
Total amount of gross unrecognized tax benefits at end of year	<u>\$ 18,836</u>	<u>\$ 12,479</u>	<u>\$ 614</u>

Approximately \$5.9 million of the increase in the unrecognized tax benefits for tax positions during fiscal year 2011 is included in tax expense computed by applying federal rates in the tax rate reconciliation as the unrecognized tax benefit is recorded on additional pre-tax income from non-U.S. subsidiaries.

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 a result of (i) statute of limitations that will begin to expire within the next 12 months in various jurisdictions, and (ii) possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease between \$0 and \$1.6 million in the next 12 months.

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 June 30, 2011 and 2010, the amount of accrued income-tax-related interest and penalties was \$1.5 million and \$0.6 million, respectively.

## 14. SUPPLEMENTAL CASH FLOW INFORMATION

The Company's supplemental cash flow information for the fiscal years ending June 30, 2011, 2010 and 2009 is as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(Amounts in thousands)		
Cash paid during the period for:			
Interest	\$ 5,378	\$ 1,815	\$ 391
Income taxes, net of refunds	\$ 37,847	\$ 16,630	\$ 23,303
Non-cash investing and financing activities:			
Dividends declared	\$ 23,253	\$ 16,339	\$ 11,117
Acquisition of IRC (with common stock and exchangeable shares)	\$ —	\$ 308,882	\$ —
Acquisition of royalty interests in mineral properties (with common stock)	\$ —	\$ 53,428	\$ —
In-kind distribution to CVP partners	\$ —	\$ 6,125	\$ —
Treasury stock	\$ 4,474	\$ (3,557)	\$ —

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 15. FAIR VALUE MEASUREMENTS

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 ASC 820 are described below:

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

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

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

The following table sets forth the Company's financial assets measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy.

	Fair Value at June 30, 2011 (In thousands)			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market investments <sup>(1)</sup>	\$ 284	\$ 284	\$ —	\$ —
Marketable equity securities <sup>(2)</sup>	28,876	28,876	—	—
	<u>\$ 29,160</u>	<u>\$ 29,160</u>	<u>\$ —</u>	<u>\$ —</u>

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

(2) Included in *Available for sale securities* in the Company's consolidated balance sheets.

The carrying amount of our long-term debt (including the current portion) approximates fair value as of June 30, 2011.

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

As of June 30, 2011, 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 twelve months ended June 30, 2011. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 16. MAJOR SOURCES OF REVENUE

Operators that contributed greater than 10% of the Company's total royalty revenue for fiscal years 2011, 2010 and 2009 were as follows (revenue amounts in thousands):

Operator	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Royalty revenue	Percentage of total royalty revenue	Royalty revenue	Percentage of total royalty revenue	Royalty revenue	Percentage of total royalty revenue
Teck	\$ 43,604	20.1%	N/A	N/A	N/A	N/A
Vale Inco Ltd.	32,677	15.1%	N/A	N/A	N/A	N/A
Barrick	26,843	12.4%	\$ 30,624	22.4%	\$ 22,200	30.1%
Goldcorp, Inc.	23,094	10.7%	N/A	N/A	N/A	N/A

## 17. COMMITMENTS AND CONTINGENCIES

## Voisey's Bay

On February 22, 2010, as part of the IRC Transaction discussed in Note 3, the Company 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 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 Investments Ltd. (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 3 as the outcome cannot be reasonably estimated.

## Holt

On October 1, 2008, as part of the Company's acquisition of a portfolio of royalties from Barrick, the Company 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

**ROYAL GOLD, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**17. COMMITMENTS AND CONTINGENCIES (Continued)**

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 was heard on March 28, 2011. On May 13, 2011, the Court of Appeal of Ontario affirmed the decision of the trial court and dismissed the appeal.

The Holt royalty is currently classified as a production stage royalty interest and the Company recognized approximately \$3.2 million, \$0 and \$0 in royalty revenue from the Holt royalty during the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

**18. RELATED PARTY**

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.

CVP receives its royalty from the Cortez Joint Venture in-kind. The Company, as well as certain other limited partners, sell their pro-rata shares of such gold immediately and receive distributions in cash, while CVP holds gold for certain other limited partners. Such gold inventories, which totaled 15,255 and 18,067 ounces of gold as of June 30, 2011 and 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 \$8.1 million and \$8.7 million as of June 30, 2011 and 2010, respectively, while the fair value of such ounces was approximately \$23.0 million and \$22.5 million as of June 30, 2011 and 2010, respectively. None of the gold currently held in inventory as of June 30, 2011 and 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.

## ROYAL GOLD, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of selected quarterly financial information (unaudited):

	<u>Royalty revenues</u>	<u>Operating income (loss)</u>	<u>Net income (loss) available to Royal Gold stockholders</u>	<u>Basic earnings per share</u>	<u>Diluted earnings per share</u>
(Amounts in thousands except per share data)					
<b>Fiscal year 2011 quarter-ended:</b>					
September 30	\$ 45,338	\$ 20,810	\$ 11,831	\$ 0.22	\$ 0.21
December 31	56,316	31,604	18,312	0.33	0.33
March 31	55,546	31,877	19,565	0.36	0.35
June 30	59,269	34,634	21,687	0.39	0.39
	<u>\$ 216,469</u>	<u>\$ 118,925</u>	<u>\$ 71,395</u>	<u>\$ 1.29</u>	<u>\$ 1.29</u>
<b>Fiscal year 2010 quarter-ended:</b>					
September 30	\$ 26,113	\$ 10,754	\$ 7,126	\$ 0.18	\$ 0.17
December 31	34,740	15,201	9,615	0.24	0.23
March 31	35,043	(1,231)	(5,754)	(0.13)	(0.13)
June 30	40,669	16,311	10,505	0.21	0.21
	<u>\$ 136,565</u>	<u>\$ 41,035</u>	<u>\$ 21,492</u>	<u>\$ 0.49</u>	<u>\$ 0.49</u>

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### ITEM 9A. CONTROLS AND PROCEDURES

#### (a) Evaluation of Disclosure Controls and Procedures

As of June 30, 2011, the Company's management, with the participation of the President and Chief Executive Officer and Chief Financial Officer and Treasurer of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, the Company's President and Chief Executive Officer and its Chief Financial Officer and Treasurer have concluded that, as of June 30, 2011, 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.

#### (b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed 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.

Management assessed the effectiveness of our internal control over financial reporting as of June 30, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on management's assessment and those criteria, management concluded that, as of June 30, 2011, our internal control over financial reporting is effective.

Our management, including our President and Chief Executive Officer and Chief Financial Officer and Treasurer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and all fraud. 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.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on our internal control over financial reporting as of June 30, 2011.

**(c) Changes in Internal Control over Financial Reporting**

There was no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) during our fourth fiscal quarter ended June 30, 2011, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**(d) Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders of Royal Gold, Inc.

We have audited Royal Gold, Inc.'s internal control over financial reporting as of June 30, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Royal Gold, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting (Item 9A(b)). Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Royal Gold, Inc. maintained, in all material respects, effective internal control over financial reporting as of June 30, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Royal Gold, Inc. as of June 30, 2011, and the related consolidated statements of Operations and Comprehensive Income, stockholders' equity, and cash flows for the year then ended, and our report dated August 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 18, 2011

**ITEM 9B. OTHER INFORMATION**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this item is included in the Company's Proxy Statement for its 2011 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2011, and is incorporated by reference in this Annual Report on Form 10-K.

The Company's Code of Business Conduct and Ethics within the meaning of Item 406 of Regulation S-K adopted by the SEC under the Exchange Act that applies to our principal executive officer and principal financial officer is available on the Company's website at [www.royalgold.com](http://www.royalgold.com) and in print without charge to any stockholder who requests a copy. Requests for copies should be directed to Royal Gold, Inc., Attention: Investor Relations, 1660 Wynkoop Street, Suite 1000, Denver, Colorado, 80202. The Company intends to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any amendment to, or a waiver from, a provision of the Company's Code of Business Conduct and Ethics by posting such information on the Company's website.

**ITEM 11. EXECUTIVE COMPENSATION**

The information required by this item is included in the Company's Proxy Statement for its 2011 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2011, and is incorporated by reference in this Annual Report on Form 10-K.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this item is included in the Company's Proxy Statement for its 2011 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2011, and is incorporated by reference in this Annual Report on Form 10-K.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information required by this item is included in the Company's Proxy Statement for its 2011 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2011, and is incorporated by reference in this Annual Report on Form 10-K.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this item is included in the Company's Proxy Statement for its 2011 Annual Stockholders Meeting to be filed with the SEC within 120 days after June 30, 2011, and is incorporated by reference in this Annual Report on Form 10-K.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

*(a) Financial Statements*

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*(b) Exhibits*

Reference is made to the Exhibit Index beginning on page 87 hereof.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15 (d) 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: August 18, 2011

By: /s/ TONY JENSEN

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Tony Jensen  
*President, Chief Executive Officer and Director*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: August 18, 2011

By: /s/ TONY JENSEN

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Tony Jensen  
*President, Chief Executive Officer and Director*

Date: August 18, 2011

By: /s/ STEFAN L. WENGER

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Stefan Wenger  
*Chief Financial Officer and Treasurer*

Date: August 18, 2011

By: /s/ STANLEY DEMPSEY

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Stanley Dempsey  
*Chairman*

Date: August 18, 2011

By: /s/ M. CRAIG HAASE

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M. Craig Haase  
*Director*

Date: August 18, 2011

By: /s/ WILLIAM M. HAYES

---

William M. Hayes  
*Director*

Date: August 18, 2011

By: /s/ S. ODEN HOWELL, JR.

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S. Oden Howell, Jr.  
*Director*

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Date: August 18, 2011

By: /s/ JAMES W. STUCKERT

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James W. Stuckert  
*Director*

Date: August 18, 2011

By: /s/ DONALD J. WORTH

---

Donald J. Worth  
*Director*

## Exhibit Index

Exhibit Number	Description
2.1	Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report of Form 8-K on January 22, 2010 and incorporated herein by reference)
3.1	Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to the Company's Quarterly Report on February 8, 2008 and incorporated herein by reference)
3.2	Amended and Restated Bylaws, as amended (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on November 23, 2009 and incorporated herein by reference)
3.3	Amended and Restated Certificate of Designations of Series A Junior Participating Preferred Stock of Royal Gold, Inc. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K on September 10, 2007 and incorporated herein by reference)
3.4	Certificate of Designations, Preferences and Rights of the Special Voting Preferred Stock of Royal Gold, Inc. (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on February 23, 2010 and incorporated herein by reference)
4.1	First Amended and Restated Rights Agreement dated September 10, 2007 between Royal Gold, Inc. and Computershare Trust Company, N.A. (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A on September 10, 2007 and incorporated herein by reference)
4.2	Stockholder Agreement dated April 3, 2009 by and among Royal Gold, Inc., Compañía Minera Carmen de Andacollo and Teck Cominco Limited (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 6, 2009 and incorporated herein by reference)
4.3	Amendment No. 1 to the Stockholder Agreement, dated January 12, 2010 (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K on January 15, 2010 and incorporated herein by reference)
4.4	Appendix I to Schedule B of the Amended and Restated Arrangement Agreement, dated January 15, 2010, among Royal Gold, Inc., RG Exchangeco Inc. (formerly, 7296355 Canada Ltd.) and International Royalty Corporation (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K on January 22, 2010 and incorporated herein by reference)
10.1**	Equity Incentive Plan (filed as part of the Company's proxy statement for its 1996 Annual Meeting of Stockholders on November 25, 1996 and incorporated herein by reference)
10.2	Exploration and Development Option Agreement between Placer Dome United States, Inc. and Royal Gold, Inc. dated effective July 1, 1998 (filed as Exhibit 10(v) to the Company's Annual Report on Form 10-K on September 28, 1998 and incorporated herein by reference)
10.3	Royalty Agreement between Royal Gold, Inc. and the Cortez Joint Venture dated April 1, 1999 (filed as part of Item 5 of the Company's Current Report on Form 8-K on April 12, 1999 and incorporated herein by reference)
10.4	Firm offer to purchase royalty interest of "Idaho Group" between Royal Gold, Inc. and Idaho Group dated July 22, 1999 (filed as Attachment A to the Company's Current Report on Form 8-K on September 2, 1999 and incorporated herein by reference)

Exhibit Number	Description
10.5**	Amendment to Equity Incentive Plan (filed as Appendix A to the Company's proxy statement on October 15, 1999 and incorporated herein by reference)
10.6	Assignment and Assumption Agreement, dated December 6, 2002 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on December 23, 2002 and incorporated herein by reference)
10.7	Royalty Assignment and Agreement, effective as of December 26, 2002, between High Desert Mineral Resources, Inc. and High Desert Gold Corporation (filed as Exhibit 99.4 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)
10.8	Royalty Assignment, Confirmation, Amendment, and Restatement of Royalty, and Agreement, dated as of November 30, 1995, among Barrick Bullfrog Inc., Barrick Goldstrike Mines Inc. and Royal Hal Co. (filed as Exhibit 99.5 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)
10.9	Amendment to Royalty Assignment, Confirmation, Amendment, and Restatement of Royalty, and Agreement, effective as of October 1, 2004, among Barrick Bullfrog Inc., Barrick Goldstrike Mines Inc. and Royal Hal Co. (filed as Exhibit 99.6 to the Company's Current Report on Form 8-K on September 22, 2005 and incorporated herein by reference)
10.10	Purchase Agreement, between Kennecott Minerals Company and Royal Gold, Inc., dated December 22, 2005 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on December 29, 2005 and incorporated herein by reference)
10.11**	Form of Amended and Restated Indemnification Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on February 22, 2010 and incorporated herein by reference)
10.12	Purchase and Sale Agreement for Peñasquito and Other Royalties among Minera Kennecott S.A. DE C.V., Kennecott Exploration Company and Royal Gold, Inc., dated December 28, 2006 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.13	Contract for Assignment of Rights Granted, by Minera Kennecott, S.A. de C.V. Represented in this Agreement by Mr. Dave F. Simpson, and Minera Peñasquito, S.A. de C.V., Represented in this Agreement by Attorney, Jose Maria Gallardo Tamayo (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.14	Assignment of Rights Agreement among Mario Ivan Hernández Alvarez, Royal Gold Chile Limitada and Royal Gold Inc., dated January 16, 2007 (filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q on February 9, 2007 and incorporated herein by reference)
10.15	Royalty Purchase and Sale Agreement dated July 30, 2008 by and between Royal Gold, Inc. and Barrick Gold Corporation (filed as Exhibit 10.44 to Royal Gold's Annual Report on Form 10-K/A filed on November 6, 2008 and incorporated herein by reference)
10.16**	Employment Agreement by and between Royal Gold, Inc. and Tony Jensen dated September 15, 2008 (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on September 19, 2008 and incorporated herein by reference)

<u>Exhibit Number</u>	<u>Description</u>
10.17**	Form of Employment Agreement by and between Royal Gold, Inc. and each of the following: Stanley Dempsey, Karen Gross, Stefan Wenger and Bruce Kirchhoff (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on September 19, 2008 and incorporated herein by reference)
10.18**	Form of Award Modification Agreement by and between Royal Gold, Inc. and each of the following: Stanley Dempsey, Tony Jensen, Karen Gross and Bruce Kirchhoff (filed as Exhibit 10.3 to Royal Gold's Current Report on Form 8-K filed on September 19, 2008 and incorporated herein by reference)
10.19**	2004 Omnibus Long-Term Incentive Plan, as amended (filed as Exhibit 10.1 to Royal Gold's Current Report on Form 8-K filed on November 5, 2010 and incorporated herein by reference)
10.20**	Form of Incentive Stock Option Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.2 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.21**	Form of Non-qualified Stock Option Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.3 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.22**	Form of Restricted Stock Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.4 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.23**	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.5 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.24**	Form of Stock Appreciation Rights Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (filed as Exhibit 10.6 to Royal Gold's Current Report on Form 8-K filed on November 7, 2008 and incorporated herein by reference)
10.25	Amended and Restated Master Agreement by and between Royal Gold, Inc. and Compañía Minera Teck Carmen de Andacollo, dated as of January 12, 2010, along with the related Form of Royalty Agreement attached thereto as Exhibit C (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on January 15, 2010 and incorporated herein by reference)
10.26	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 (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.27	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 (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.28	Pledge Agreement by Royal Gold, Inc. in favor of HSBC Bank USA, National Association dated February 1, 2011 (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference).

<u>Exhibit Number</u>	<u>Description</u>
10.29	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 (filed as Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.30	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 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.31	Amended and Restated Pledge Agreement by Royal Gold, Inc. in favor of HSBC Bank USA, National Association dated February 1, 2011 (filed as Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q on February 4, 2011 and incorporated herein by reference)
10.32	Support Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Callco Inc., and RG Exchangeco Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on February 23, 2010 and incorporated herein by reference)
10.33	Voting and Exchange Trust Agreement, dated as of February 22, 2010, among Royal Gold, Inc., RG Exchangeco Inc. and Computershare Trust Company of Canada (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on February 23, 2010 and incorporated herein by reference)
10.34	Labrador Option Agreement, dated May 18, 1993, between Diamond Fields Resources Inc. and Archean Resources Ltd., as amended (filed as Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q on May 7, 2010 and incorporated herein by reference)
10.35	Form of Assignment of Rights Agreement between Royal Gold, Inc. and certain individuals dated July 1, 2010 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on July 8, 2010 and incorporated herein by reference)
10.36	Robinson Property Trust Ancillary Agreement by and between Kennecott Holdings Corporation, Kennecott Rawhide Mining Company and Kennecott Nevada Copper Company and BHP Nevada Mining Company, dated September 12, 2003 (filed as Exhibit 10.60 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.37	Shares Purchase and Sale Agreement by Jaime Ugarte Lee and others to Compañía Minera Barrick Chile Limitada, dated as of March 23, 2001 (English Translation) (filed as Exhibit 10.61 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.38	Letter Agreement between Minefinders Corporation Ltd., Francis J.L. Guardia and John W. Perston, dated January 27, 1993 (filed as Exhibit 10.62 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.39	Mining Rights Purchase Agreement by and between Mr. Liébano Sáenz Ortiz and Compañía Minera Dolores, S.A. de C.V. dated October 13, 2006 (English Translation) (filed as Exhibit 10.63 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)

Exhibit Number	Description
10.40	Royalty Deed between St Barbara Mines Limited and Resource Capital Funds III L.P., dated March 29, 2005, as supplemented and amended by the Supplemental Deed between St Barbara Mines Limited and Resource Capital Funds III L.P., dated May 20, 2005 (filed as Exhibit 10.64 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.41	Net Smelter Return Royalty Agreement by and between Newmont Canada Limited and Barrick Gold Corporation, dated October 8, 2004 (filed as Exhibit 10.65 to the Company's Annual Report on Form 10-K on August 26, 2010 and incorporated herein by reference)
10.42	Royalty for Technical Expertise Agreement by and between Tenedoramex S. A. de C. V. and Kennecott Minerals Company, dated as of March 23, 2001 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on January 6, 2006 and incorporated herein by reference)
10.43	Form of Assignment of Rights Agreement between Royal Gold, Inc. and certain individuals dated July 1, 2010 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on July 8, 2010 and incorporated herein by reference)
10.44	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). 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.
10.45	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).
10.46	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).
10.47	Option Agreement between Seabridge Gold Inc. and RGLD Gold Canada, Inc. dated June 16, 2011 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on June 22, 2011 and incorporated herein by reference).
10.48	Subscription Agreement between Seabridge Gold Inc. and RGLD Gold Canada, Inc. dated June 16, 2011 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K on June 22, 2011 and incorporated herein by reference).
10.49*	Agreement for Transfer of Belahouro Project between BHP Minerals International Exploration Inc., BHP Minerals Ghana Inc., BHP Holdings (International) Inc., BHP Billiton World Exploration Inc, Resolute Limited and Resolute (West Africa) Limited, dated February 8, 2002.
10.50*	Net Smelter Royalty Agreement between Barrick Gold Corporation and McWatters Mining Inc., dated April 3, 2003.
10.51*	Agreement for Amendment and Restatement of Royalty for Technical Expertise between Minas de Oro Nacional S.A. de C.V. and RG Mexico, Inc. dated May 27, 2011.

<u>Exhibit Number</u>	<u>Description</u>
10.52*	Agreement between Rio Tinto Metals Limited and MK Gold Company, dated September 1, 1999.
10.53*	Net Smelter Return Royalty Agreement between Expatriate Resources Ltd. and Atna Resources Ltd., dated June 16, 2004, as modified by Partial Assignment of Royalty between Atna Resources Ltd, Equity Engineering Ltd. and Yukon Zinc Corporation, dated August 20, 2007.
10.54**	Employment Agreement by and between Royal Gold, Inc. and William M. Zisch.
21.1*	Royal Gold and Its Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
23.2*	Consent of Independent Registered Public Accounting Firm
31.1*	Certification of President and Chief Executive Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Written Statement of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Written Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following financial information from the annual report on Form 10-K of Royal Gold, Inc. for the year ended June 30, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations and Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Changes in Equity, and (v) Notes to the Consolidated Financial Statements.

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\* Filed herewith.

\*\* Identifies each management contract or compensation plan or arrangement.



(BLAKE DAWSON WALDRON)  
LAWYERS

**Agreement for Transfer  
of Belahouro Project**

**BHP Minerals International Exploration Inc., BHP Minerals Ghana Inc.,  
BHP Billiton World Exploration Inc., and BHP Holdings (International)  
Inc.**

**Resolute Limited**

**Resolute (West Africa) Limited**

Forrest Centre  
221 St George's Terrace  
Perth WA 6000  
Telephone: (08) 9366 8000  
Fax: (08) 9366 8111    **Ref: PGE:SSP:12741942**

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## AGREEMENT FOR TRANSFER OF BELAHOURO INTEREST

DATE 8 February 2002

### PARTIES

**BHP Minerals International Exploration Inc., BHP Minerals Ghana Inc., BHP Holdings (International) Inc.**, all having an office at Houston, United States of America, and **BHP Billiton World Exploration Inc. (formerly called BHP World Exploration Inc.)**, having an office at Vancouver, Canada (collectively referred to as “**BHP**”)

**Resolute Limited** (ABN 27 009 069 014) (“**Resolute**”)

**Resolute (West Africa) Limited** (“**RWAL**”)

### RECITAL

- A. This Agreement documents the terms upon which BHP agrees to transfer the Belahouro Interest to RWAL and RWAL agrees to accept the Belahouro Interest.
- B. Resolute guarantees RWAL’s obligations under this Agreement

### OPERATIVE PROVISIONS

#### 1. INTERPRETATION

##### 1.1 Definitions

In this Agreement, including the Recitals, unless the context otherwise requires:

“**Business Day**” means a day that is not a Saturday, Sunday or a public holiday.

“**Belahouro Interest**” means all right, title and interest of BHP in and to the Belahouro Project, including all information relating to that project and the benefit of all contracts and agreements relating to that project.

“**Belahouro Project**” means, subject to clause 7, the project described in Annexure 1.

“**Completion**” means completion in relation to the transfer of the Belahouro Interest as set out in clause 6.2.

“**Effective Date**” means, subject to satisfaction of the condition in clause 6.1, the date of this Agreement.

“**Parties**” means BHP, RWAL and Resolute and “**Party**” means one of the Parties.

“**Resolute Companies**” means Resolute and RWAL, collectively.

“**Royalty**” means the royalty described in clause 3 of this Agreement.

“**Salmon Project**” means the Salmon gold project in Ghana.

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## 1.2 **General**

In this Agreement, including the Recitals, unless the context otherwise requires:

- (a) references to any legislation or any section or provision thereof shall include any modification or re-enactment thereof or any legislative provision substituted therefor and all subordinate legislation and statutory instruments issued thereunder;
- (b) words denoting the singular number shall include the plural number and vice versa;
- (c) words denoting individuals shall include corporations and vice versa;
- (d) words denoting any gender shall include all genders;
- (e) headings are for convenience only and shall not affect interpretation;
- (f) references to Recitals, Clauses, Schedules and Annexures are references to recitals, clauses, schedules and annexures of or to this Agreement or to the denominated sub-clause, paragraph or sub-paragraph thereof; and
- (g) references to any Party to this Agreement, or any other document or arrangement, shall include its successors or permitted assigns.

## 2. **TRANSFER OF BELAHOURO INTEREST**

2.1 Upon and subject to the terms of this Agreement, and in consideration of the Royalty, BHP agrees to transfer to RWAL the Belahouro Interest with effect from the Effective Date.

2.2 The Belahouro Interest is transferred free and clear of interests of third parties, royalties, liens, or other encumbrances arising by, through or under BHP, except those to which the Parties have given their written consent.

## 3. **ROYALTY**

3.1 RWAL agrees to pay to BHP a royalty calculated by reference to Gross Sales received from the Belahouro Project after the Effective Date.

3.2 The royalty to which BHP is entitled under clause 3.1 is 2.5% of Gross Sales (as defined below).

3.3 “**Gross Sales**” means the total revenues, calculated in respect of Sale Agreements by multiplying the Metal Content by the Reference Price, from the sale of ore, minerals or other products extracted from the area covered by the Belahouro Project.

“**Metal Content**” means the contained metal or other product for each payable metal or other product as determined in accordance with the Sale Agreements and such determination shall be by a method of metal/product content determination generally used by the industry. No discounts, deductions or adjustments to the final determination shall be made.

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“ **Reference Prices** ” means market metal index prices averaged over the quotational period as defined in each Sale Agreement for each payable metal contained. In the event a Sale Agreement utilizes a quotational period of less than five Business Days the Reference Price shall be determined over five Business Days beginning on the same day as the Sale Agreement quotational period.

“ **Sale Agreements** ” means all sales agreements entered into by RWAL or its affiliates and if any sales agreement is not a bona fide arm’s length transaction such sales agreement will for royalty calculation purposes, be deemed adjusted to reasonable arm’s length terms.

3.4 All royalty payments to BHP will be paid in cash. Royalties will be paid within 10 Business Days of the end of each calendar quarter in which revenues are received by Resolute.

All royalty payments shall be accompanied by a statement giving sufficient details of calculations to enable BHP to verify the correctness of the payments.

3.5 Within 90 days after the end of RWAL’s fiscal year, RWAL will deliver to BHP an unaudited statement of royalties paid to BHP during the year and the calculation thereof. All year end statements will be deemed true and correct 3 months after presentation, unless within that period BHP delivers notice to RWAL specifying with particularity the grounds for each exception. BHP will be entitled at its expense to an annual independent audit of the statement by a certified public accountant of recognised standing reasonably acceptable to RWAL within 3 months after presentation of the related year-end statement.

#### 4. **BHP’S REPRESENTATIONS AND WARRANTIES**

BHP hereby represents and warrants to Resolute Companies that (subject to the interests, rights and obligations of Resolute Companies):

- (a) BHP is the sole beneficial owner of the Belahouro Interest;
- (b) to the best of BHP’s knowledge, information and belief, BHP’s title to the Belahouro Project is in good standing;
- (c) to the best of BHP’s knowledge, information and belief, there are no mortgages, pledges, liens, charges or encumbrances against or relating to the Belahouro Interest;
- (d) to the best of BHP’s knowledge, information and belief, no person, firm or corporation other than BHP now owns or possesses any rights to explore or prospect for minerals (including gold, silver and precious metals) on or to mine the Belahouro Project; and
- (e) BHP has no further interest in the Salmon Project.

Resolute Companies agree not to make any claim or demand in respect of an alleged breach by BHP of one or more of the above representations or warranties unless written notice of such claim or demand is given to BHP within 6 months of the Effective Date.

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**5. BHP'S CONTRACTS AND INFORMATION AND VEHICLES**

5.1 At or prior to Completion, BHP must deliver to RWAL all agreements, contracts, plans, maps, records and documents (if any) and all prospecting, geological, geophysical and technical information which may be in or which may hereafter (but prior to Completion) come into BHP's possession and relate in any way to the Belahouro Interest.

5.2 At or prior to Completion:

- (a) BHP shall deliver the vehicles described in Annexure 2 ("Vehicles") and all documents relating to their ownership and service histories to RWAL for the purpose of their sale or disposal; and
- (b) BHP shall deliver to RWAL effective written authority to sell or dispose of the Vehicles in such manner as RWAL sees fit.

BHP shall be under no obligation to maintain the Vehicles in good condition or the condition in which they are at the date of this Agreement.

5.3 BHP agrees that RWAL shall be entitled to the proceeds of the sale or disposal of the Vehicles.

5.4 RWAL agrees that, on and from the time of delivery of the Vehicles, it shall be responsible for all costs and expenses of operating, maintaining and disposing of the Vehicles and further agrees to indemnify BHP from all liabilities, obligations, claims and demands that may arise after delivery of the Vehicles in accordance with clause 5.2(a).

**6. CONSENTS AND COMPLETION**

6.1 This Agreement is conditional on receipt of all necessary governmental approvals and consents. The Parties must use their best continuing endeavours to secure those consents and approvals as soon as possible. To this end, RWAL shall prepare all necessary applications and pay all applicable fees.

6.2 Subject to clause 6.3, Completion shall occur as soon as possible after the condition in clause 6.1 is satisfied and the Parties must then do all things and sign all documents necessary to perfect that transfer.

6.3 If the condition in clause 6.1 is not satisfied within 6 months from the date of this Agreement, the Agreement will terminate immediately unless the Parties otherwise agree.

6.4 If the Agreement terminates in accordance with clause 6.3:

- (a) the Parties acknowledge that such termination will not affect their continuing obligations under clause 8; and
  - (b) that termination will not give rise to any liability on the part of a Party but each Party will remain liable for any antecedent breach.
-

7. **REDUCTION IN BELAHOURO PROJECT AREA**

- 7.1 To the extent that, prior to transfer of the Belahouro Interest, the area of the Belahouro Project is subject to mandatory reduction, BHP shall comply with all reasonable requests of RWAL (at RWAL's cost) to facilitate such reduction.
- 7.2 References in this Agreement to the area of the Belahouro Project shall be deemed to be references to the Belahouro Project as reduced in accordance with clause 7.1.

8. **CONFIDENTIALITY**

- 8.1 No announcement or communication relating to the negotiations of the Parties or the subject matter or terms of this Agreement (other than those required to be made by law or under relevant stock exchange listing requirements, or as are made to professional advisers on a confidential basis) shall be made or authorised by any Party without the prior written consent of the other Party, such consent not to be unreasonably withheld.
- 8.2 In relation to permitted announcements or communications required to be made by law, the announcing or communicating Party must give reasonable prior notice to the other Parties of the contents of the announcement or communication and must in good faith consider the views of the other Parties.

9. **GOVERNING LAW**

This Agreement shall, to the extent necessarily governed by the laws of the jurisdiction in which the Belahouro Project is situated in accordance with applicable principles governing conflict of laws, be governed by the laws of that jurisdiction, but shall otherwise be governed by, construed and take effect in accordance with the laws in force in the State of Western Australia from time to time. The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of the State of Western Australia and courts entitled to hear appeals therefrom.

10. **ASSIGNMENT**

- 10.1 RWAL may not assign or otherwise dispose of all or any part of its interest in the Belahouro Project unless it has first procured that the assignee or dispossesee has agreed in an enforceable manner reasonably acceptable to BHP to comply with and be bound by RWAL's obligations under this Agreement to the extent of the assignment or disposition.
- 10.2 If RWAL assigns or disposes of its interest in the Belahouro Project in accordance with clause 10.1:
- (a) RWAL will not be released from its obligations under this Agreement unless BHP agrees to such release, which agreement will not be unreasonably withheld; and
  - (b) Resolute will not be released from its obligations under this Agreement unless BHP agrees to such release, which agreement will not be unreasonably withheld.

11. **STAMP DUTY AND PARTY COSTS**

- 11.1 RWAL shall pay and will indemnify BHP in respect of any stamp duty (including fines and penalties) payable on this Agreement and in respect of all statutory costs relating to
-

the transfer of the Belahouro Interests to RWAL (other than taxation costs incurred by BHP).

- 11.2 Each Party will pay its own costs (including legal costs) of and incidental to the preparation and execution of this Agreement, and all documents it contemplates.
12. **FURTHER ASSURANCES**
- 12.1 Each Party shall, as a continuing obligation, expeditiously sign all such documents and do all such things as shall be necessary to give full effect to this Agreement and the transfers and transactions contemplated by it.
- 12.2 BHP must do all things necessary to secure the assignment or novation of contracts and agreements relating to the Belahouro Project to RWAL. To the extent that a particular contract has not been assigned or novated by the Effective Date, BHP will thereafter hold the benefit of that contract or agreement for and on behalf of RWAL until assignment or novation is possible.
13. **GUARANTEE**
- 13.1 Resolute guarantees to BHP the due and punctual performance, compliance and discharge by RWAL of each of RWAL's obligations under this Agreement including without limitation the obligation to pay the Royalty.
- 13.2 The guarantee is absolute and unconditional and the obligations of Resolute under clause 13.1 are not to be released, discharged, modified, impaired or affected in any manner whatsoever including without limitation the liquidation of RWAL or any arrangement or composition with its creditors or the appointment of a receiver or receiver and manager or any administrator or trustee. BHP may enforce this guarantee without the need to give notice to RWAL or to make any claim or institute any proceedings against RWAL or to join RWAL in any enforcement action.
14. **NOTICES**
- 14.1 A notice, consent, approval or other communication (each a "**Notice**") shall be signed by or on behalf of the Party giving it, addressed to whom it is to be given and:
- (a) delivered to that Party's address; or
  - (b) transmitted by facsimile to that Party's address.
- 14.2 A Notice given to a Party in accordance with this clause shall be treated as having been duly given and received:
- (a) if delivered to a Party's address, on the day of delivery if a Business Day, otherwise, on the next Business Day; or
  - (b) if transmitted by facsimile to a Party's address and a correct and complete transmission report is received, on the day of transmission, if a Business Day, otherwise on the next Business Day.
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- 14.3 For the purpose of this clause, the address set out below or another address of which that Party may from time to time give notice to the other Party:

**BHP:**

Attention: The Secretary, BHP Minerals International Exploration Inc.  
Address: 1360 Post Oak Blvd., Suite 150, Houston, TX 77056-3020, USA.  
Facsimile: 1 713 961 8507

Copy to:

Vice President Exploration, BHP Minerals  
Level 34, 600 Bourke Street, Melbourne, VIC. 3000  
Facsimile: 61 3 9609 3074

**Resolute Companies:**

Attention: The Company Secretary  
Address: 4<sup>th</sup> Floor, The BGC Centre, 28 The Esplanade, Perth, WA 6000  
Facsimile: 61 8 9322 7541

15. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement. There are not and shall not be any oral statements, representations, warranties, undertakings, indemnities or agreements among the Parties except as may be contained in this Agreement, and this Agreement may not be amended in any respect except by written instrument signed by each Party.

16. **COUNTERPARTS**

This Agreement may be executed by counterparts.

17. **ATTORNEYS**

Each person who executes this Agreement on behalf of a Party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

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**EXECUTED as an agreement.**

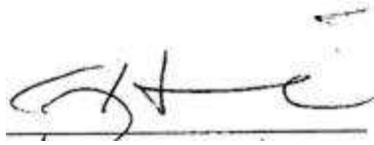
**EXECUTED by BHP Minerals International Exploration Inc:**



Signature of witness

AMY STEWART

Name of witness

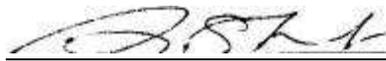


By

Gerard J. Healy  
Attorney-in-Fact

Name and Title

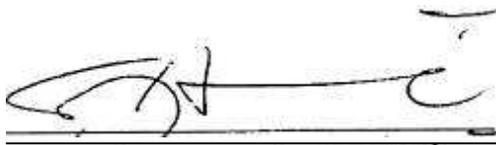
**EXECUTED by BHP Minerals Ghana Inc:**



Signature of witness

AMY STEWART

Name of witness

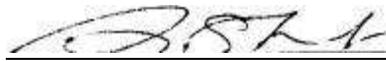


By

Gerard J. Healy  
Attorney-in-Fact

Name and Title

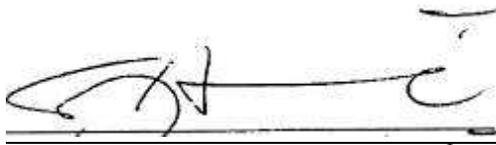
**EXECUTED by BHP Billiton World Exploration Inc:**



Signature of witness

AMY STEWART

Name of witness

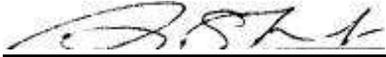


By

Gerard J. Healy  
Vice President

Name and Title

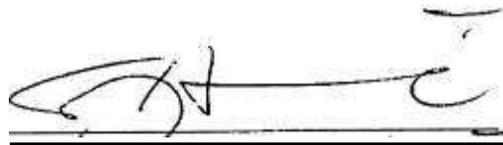
**EXECUTED by BHP Holdings (International) Inc:**



Signature of witness

AMY STEWART

Name of witness



By

Gerard J. Healy  
Attorney-in-Fact

Name and Title

**EXECUTED by Resolute Limited:**



Signature of witness

**GREG FITZGERALD**

Name of witness



Signature of director/secretary

**PETER SULLIVAN**

Name of director/secretary

**EXECUTED by Resolute (West Africa) Limited:**



Signature of witness

**GREG FITZGERALD**

Name of witness



Signature of director/secretary

**PETER SULLIVAN**

Name of director/secretary



**ANNEXURE 1**  
**BELAHOURO PROJECT**

**Country:** Burkina /Faso  
**Project:** Belahouro Project  
**License:** No. 98-127 /MEM/SG/DGMG/DG of 13th October 1998  
**Licensee:** BHP Minerals International Exploration Inc.  
**Project Area:** 1600 sq. km

The Project Area is particularly described by coordinates set forth below.

<b>POINTS</b>	<b>LONGITUDE</b>	<b>LATITUDE</b>
A	1° 29' 00" W	14° 31' 45" N
B	0° 55' 00" W	14° 31' 45" N
C	0° 55' 00" W	14° 17' 20" N
D	1° 29' 00" W	14° 17' 20" N

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**ANNEXURE 2**

**SCHEDULE OF VEHICLES**

VEHICLE REGISTRATION: 11H2291 AT  
11G5031 AT  
11K3180 AT  
11K3458 AT  
11L3348 AT  
11G5033 AT  
11G5032AT  
11K8556 AT  
11K5576 AT

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NET SMELTER ROYALTY AGREEMENT

THIS AGREEMENT made the 3rd day of April, 2003,

BETWEEN:

**BARRICK GOLD CORPORATION**, a corporation existing under the laws of the Province of Ontario,

(hereinafter referred to as the “**Holder**”),

— and —

**MCWATTERS MINING INC.**, a corporation existing under the laws of Quebec,

(hereinafter referred to as the “**Owner**”).

**WHEREAS** the Owner has entered into a purchase and sale agreement (the “Purchase Agreement”) dated February 21, 2003 with the Holder providing for the purchase by the Owner of the East Malartic Properties (as hereinafter defined) from the Holder on the terms set out in the Purchase Agreement;

**AND WHEREAS**, as part of the consideration for the purchase of the East Malartic Properties, the Owner has agreed to grant to the Holder a Royalty (as hereinafter defined) on all Products (as hereinafter defined) mined or otherwise recovered on or after the date hereof from the East Malartic Properties;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

**ARTICLE 1  
INTERPRETATION**

**1.1 Defined Terms.** For purposes of this Agreement (including the recitals and Schedules hereto), the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**affiliate**” has the meaning given to such term in the *Business Corporations Act* (Ontario), as in effect on the date hereof;

“**Average Gold Price**” during any period means the result obtained by dividing the sum of the Spot Price of Gold on each day during that period by the number of days that prices were posted during that period;

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**“Bullion Value”** in any quarter means the product of (i) the number of troy ounces of Gold Bullion refined from Product and returned or credited to the Owner or its affiliates by the applicable refinery or refineries during that quarter, multiplied by (ii) the Average Gold Price during that quarter;

**“Business Day”** means a day, other than a Saturday or a Sunday, on which banks are open for ordinary banking business in each of Toronto, Ontario; Montreal, Quebec; and London, England;

**“Commercial Production”** means the date upon which Product from any portion of the East Malartic Properties is first delivered to a purchaser on a commercial basis, it being agreed that deliveries of such Products resulting from pilot or test operations shall not be considered as deliveries on a commercial basis. The Owner shall deliver to the Holder notice indicating said date as soon as practicable after the occurrence thereof;

**“Dispute”** has the meaning set out in Section 3.1;

**“East Malartic Properties”** means the interests of the Holder in the mining claims described in Schedule “A” hereto and acquired by the Owner pursuant to the Purchase Agreement or any replacements, substitutions or modifications of any of said claims held by the Owner or any of its affiliates which may arise in the future covering the same area, together with all applications, surveys, easements, rights of way, rights, titles or interests of every kind and description which the Owner or its affiliates has rights with respect to, or otherwise owns or controls, relating to or acquired in connection with one or more of said claims;

**“Gold Bullion”** means gold refined from Products to a form that meets good delivery standards in the London Bullion Market, or a comparable terminal market;

**“Holder”** has the meaning set out in the first recital hereto;

**“Net Smelter Return”** in any quarter means the amount, if any, by which the Bullion Value in such quarter exceeds the sum of the Refining Costs and Taxes in such quarter (it being agreed that the foregoing shall control, notwithstanding any intervening transfer of any intermediate Product from the Owner to any affiliate. The Owner and the Holder acknowledge that the purpose of this clause is to ensure that the Net Smelter Return is determined in a timely manner for Gold Bullion mined and removed from the East Malartic Properties, regardless of whether an actual sale of such Gold Bullion is made by the Owner).

The Owner acknowledges and agrees that it shall not deduct the costs of mining, milling, leaching or any other on-site processing costs (other than Refining Costs) incurred by the Owner or its affiliates in the determination of the Net Smelter Return. If smelting or refining is carried out in facilities owned or controlled, in whole or in part, by the Owner or its affiliates, then the Refining Costs shall be the amount that the Owner would have incurred if such smelting or refining were carried out at facilities not owned or controlled by the Owner then offering comparable services for comparable products on prevailing terms;

**“Processor”** means, collectively, any Third Party smelter, refiner, processor, purchaser or other user of Products other than the Owner or its affiliates;

**“Product”** means ores mined from the East Malartic Properties and any concentrates or other materials or products derived therefrom as part of the operations relating to the East Malartic Properties and carried out hereunder, provided, however, that if any such ores, concentrates or other materials or products are subjected to further treatment as part of such operations, such ores, concentrates or other materials or products shall not be considered to be “Product” until after they have been so treated;

**“Purchase Agreement”** has the meaning set out in the first recital hereto;

**“quarter”** means a calendar quarter;

**“Refining Costs”** in any quarter means all costs and expenses of smelting and refining, including all costs of assaying, sampling, custom-smelting and refining, all independent representative and umpire charges, and the costs of transporting, handling and insuring the material from the East Malartic Properties to the refinery or smelter, as the case may be;

**“Royalty”** means the net smelter royalty granted by the Owner to the Holder, pursuant to Section 2.1;

**“Spot Price of Gold”** at any date means the price for refined gold in U.S. dollars as established pursuant to the London Bullion Brokers Association P.M. Gold Fix on that date, as quoted in the Wall Street Journal, Reuters or another reliable source selected by the Owner. If the London Bullion Brokers Association P.M. Gold Fix ceases to be published, the Spot Price of Gold as at any date shall be determined on such basis as may be agreed to in writing at that time by the Holder and the Owner or, failing such agreement, shall be the price of gold in U.S. dollars as quoted by and at the closing of the New York Commodity Exchange (COMEX) (or any successor thereto) on that date, as determined by the Owner;

**“Taxes”** shall mean all imposts, royalties, duties, assessments, ad valorem and other taxes (other than income and capital taxes) imposed upon or in connection with producing, transporting and selling Products, by any federal, state or local governmental entity or subdivision thereof;

**“Third Party”**, in relation to any party, means a person with whom such party deals at arm’s length (within the meaning of the *Income Tax Act* (Canada), as in effect on the date hereof); and

**“Trading Activities”** means any and all price hedging and price protection activities undertaken by the Owner or its affiliates with respect to any Products or currency exchanges, including any forward sale and/or purchase contracts, spot-deferred contracts, option contracts, speculative purchases and sales of forward, futures and option contracts, both on and off commodity exchanges.

**1.2 Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in United States dollars.

**1.3 Sections and Headings.** The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other portion

hereof and include any agreement or instrument supplemental or ancillary hereto. Unless otherwise specified, any reference herein to a Section or Schedule refer to the specified Section of or Schedule to this Agreement.

**1.4 Rules of Construction.** Unless the context otherwise requires, in this Agreement:

- (a) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neutral genders and vice versa;
- (b) the words “include”, “includes” and “including” mean “include”, “includes” or “including”, in each case, “without limitation”;
- (c) reference to any agreement, indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (d) if there is any conflict or inconsistency between the provisions contained in the body of this Agreement and those of any Schedule hereto, the provisions contained in the body of this Agreement shall prevail;
- (e) time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (f) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

**1.5 Accounting Principles.** Any reference in this Agreement to generally accepted accounting principles refers to generally accepted accounting principles that have been established in Canada, including those approved from time to time by the Canadian Institute of Chartered Accountants or any successor body thereto.

**1.6 Entire Agreement.** This Agreement, together with the other documents executed and delivered in connection herewith, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, including the letter of intent dated January 31, 2003 between the Holder and the Owner. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided or as provided in other documents executed and delivered by the parties in connection herewith.

**1.7 Time of Essence.** Time shall be of the essence of this Agreement.

**1.8 Applicable Law.** This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**1.9 Amendments and Waivers.** No amendment or waiver of any provision of this Agreement shall be binding on any party unless consented to in writing by that party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise provided.

**1.10 Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct. To the extent that any such provision is found to be invalid, illegal or unenforceable, the parties hereto shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

**1.11 Schedules.** The following Schedules are attached to and form part of this Agreement:

Schedule "A" — Description of East Malartic Properties

## **ARTICLE 2 NET SMELTER ROYALTY**

**2.1 Grant of Royalty.** On the terms and subject to the conditions of this Agreement, the Owner hereby grants, transfers, conveys and agrees to pay to the Holder a net smelter royalty (the "**Royalty**") at a variable rate (the "**Royalty Rate**") such that for Gold Bullion refined from Product where the Average Gold Price during any applicable quarter is:

- (a) \$350 or more, the Royalty Rate shall be 3% of the Net Smelter Return; or
- (b) less than \$350, the Royalty Rate shall be 2% of the Net Smelter Return.

**2.2 Calculation and Payment.**

- (a) Beginning on the date on which any portion of the East Malartic Properties comes into Commercial Production, the Royalty shall be calculated on a quarterly basis and the amount of the Royalty payable to the Holder in respect of any applicable quarter shall be equal to the product of the Net Smelter Return multiplied by the applicable Royalty Rate during such quarter.
- (b) The Royalty payment due to the Holder in respect of any quarter shall be paid to the Holder within 30 days after the end of such quarter by the delivery to the Holder of a certified cheque or bank draft in the appropriate amount made payable to or to the order of the Holder. All Royalty payments, including interest, if any, shall be made in United States dollars and will be made subject to withholding or deduction in respect of the Royalty for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any government having power and jurisdiction to tax and

for which a Processor or the Owner is obligated by law to withhold or deduct and remit to such taxing authority having such power and jurisdiction.

- (c) In the event that any Royalty payment required to be made to the Holder hereunder is not made when due, that payment shall bear interest at a rate equal to the Prime Rate plus 4.0%, compounded monthly on the last day of each month, until paid. For the purposes hereof, the term **“Prime Rate”** means the per annum rate quoted or announced from time to time by the principal office of the Royal Bank of Canada in Toronto as its reference rate of interest for United States dollar loans made in Canada. The rate of interest payable on such late payments will change simultaneously with changes in the Prime Rate from time to time.

**2.3 Buy Out Option.** The Holder hereby grants to the Owner the exclusive option (the **“Buy Out Option”**) to purchase one-half of the Holder’s right to be paid the Royalty, for an aggregate consideration of (i) \$1.5 Million at any time when the Royalty Rate for the preceding quarter was 3%, or (ii) \$1 Million at any time when the Royalty Rate for the preceding quarter was 2%, such that after the exercise of the Buy Out Option by the Owner, the Royalty Rate will be reduced by one-half, to (i) 1.5% where the Average Gold Price is \$350 or more, or (ii) 1% where the Average Gold Price is less than \$350, respectively. The Buy Out Option may be exercised by the Owner delivering a notice to the Holder at any time with the aforesaid payment as determined in this Section 2.3. Payment of the Buy Out Option shall only be made by certified cheque, bank draft or wire transfer payable to the Holder, or as the Holder may direct in writing. Upon the receipt of said payment by the Holder, one-half of the Royalty shall automatically and without action on the part of the Holder (except to acknowledge said exercise of the Buy Out Option if requested by the Owner) and the Owner immediately vest in the Owner and the quantum of the Royalty be reduced accordingly. The parties agree that notwithstanding the immediate and automatic reduction of the Royalty as provided in this Section 2.3, any Royalties accrued but not yet paid to the Holder prior to the exercise of the Buy Out Option shall be paid, as provided in this Agreement, at the Royalty Rate prevailing prior to the exercise.

**2.4 Request for Data.** If requested by the Holder at the time each Royalty payment is made, the Owner shall provide copies of all relevant data relating to the Royalty calculation (including all settlement sheets used in calculating the Net Smelter Return) to the Holder.

**2.5 Accounting Matters.**

- (a) All calculations and computations relating to the Royalty payments to be made to the Holder hereunder shall be made on the accrual method and shall be carried out on a consistent basis in accordance with generally accepted accounting principles to the extent that such principles are not inconsistent with the provisions of this Agreement. In the event of any inconsistency between such accounting principles and the provisions of this Agreement, this Agreement shall prevail.
- (b) Any Royalty payment made hereunder shall be considered final and in full satisfaction of all obligations of the Owner hereunder in respect of the Royalty payable for the quarter to which such payment relates unless within 24 months (the **“Review Period”**) after the receipt by the Holder of a quarterly payment, the

Holder provides a written notice of its objection (describing in detail the specific objection and its basis therefor) to the Owner. In the event that a Dispute (as herein defined) arises that cannot be resolved by the mutual agreement of the parties within 60 days after receipt of such notice of objection by the Owner, any party may elect to have the Dispute arbitrated in accordance with Section 3.1.

- (c) Upon not less than 30 Business Days' prior written request from the Holder, duly authorized representatives of the Holder's chartered accountants shall be entitled, at the Holder's cost and expense to inspect and audit, within the Review Period, such books of account, records and supporting materials related to the determination of the Royalty or otherwise confirming the rights and obligations of the Holder and the Owner hereunder. The Holder and the Owner agree to make such adjustments, if any, to Royalty payments previously made as may be required as a result of such audit. In the event that a Dispute arises regarding any adjustment to Royalty payments as provided in this Section 2.5(c) herein which cannot be resolved by the mutual agreement of the parties within 60 days, any party may elect to have the Dispute arbitrated in accordance with Section 3.1. The accounting firm selected by the Holder shall execute and deliver in favour of the Owner a confidentiality agreement that includes the confidentiality provisions of Section 3.3(a).
- (d) The Owner shall have the right to commingle any Products with ore, concentrates, minerals and other material mined and removed from other properties, provided, however, that the Owner shall calculate from representative samples the average grade thereof and other measures as are appropriate, and shall weigh (or calculate by volume) the material before commingling. In obtaining representative samples, calculating the average grade of the ore and average recovery percentages, the Owner may use any procedures accepted within the mining and metallurgical industry which it believes are suitable for the type of mining and processing activity being conducted and, in the absence of fraud, its choice of such procedure shall be final and binding on the Holder. In addition, comparable procedures may be used by the Owner to apportion among the commingled materials all penalty and other charges and deductions, if any, imposed by the smelter, refiner or purchaser of such material.
- (e) Any Trading Activities engaged in by the Owner or its affiliates in respect of Products, and the profits and losses generated thereby, shall not, in any manner, be taken into account in the calculation of Royalty payments due to the Holder, whether in connection with the determination of price, the date of sale or the date any Royalty payment is due. The Holder acknowledges that the Owner engaging in Trading Activities may result in the Owner realizing from time to time fewer or more dollars for Gold Bullion than does the Holder, as the Holder's Royalty payment is established by published prices. Similarly, the Holder shall not be obligated to share in any losses generated by any such Trading Activities with respect to Gold Bullion.

- (f) For the purpose of determining the amount of the Royalty payments required to be made to the Holder pursuant to Section 2.2, all receipts and disbursements in a non-United States currency will be converted into United States currency on the basis of the noon rate of exchange quoted by the United States Federal Reserve Bank on the last Business Day prior to the date of receipt or disbursement, as the case may be, or, failing such quotation, on the basis of the noon rate of exchange quoted by Bank of America or its successors on that Business Day.
- (g) The Owner shall have the right to mine, remove and sell small amounts of Product as is reasonably necessary for sampling, assaying, metallurgical testing and evaluation of the minerals potential of the East Malartic Properties. The Holder shall not be entitled to a Royalty in respect of such sales.

### ARTICLE 3 GENERAL MATTERS

**3.1 Cooperation and Dispute Resolution.** In the event of any dispute, claim, question or disagreement (each a “**Dispute**”) arising out of or relating to this Agreement, the parties shall use all reasonable endeavours to settle such Dispute. To this effect, they shall consult and negotiate with each other in good faith and attempt to reach a just and equitable solution to the Dispute within a period of 60 days from the matter in dispute being raised by a party. If the parties cannot resolve the Dispute within the 60 day period, a party may refer the Dispute to arbitration pursuant to the commercial arbitration rules of the American Arbitration Association. The arbitration shall be held in the City of Montreal and determined by a single arbitrator and, unless the parties agree to share the costs of the arbitration, the arbitrator shall determine what portion of the costs and expenses incurred in such proceeding shall be borne by each party participating in the arbitration. The award of the arbitrator shall be final and binding on each of the parties and shall not be subject to any appeal on any ground, including an error of law. The parties covenant that they shall conduct all aspects of such arbitration having regard at all times to expediting the final resolution of such arbitration.

**3.2 Records.** The Owner shall, from and after the date hereof, keep accurate records of the tonnage, volume of Products, analysis of Products, weight, moisture, assays of pay metal content and other records, as appropriate, related to the determination of the Net Smelter Return.

**3.3 Confidentiality.**

- (a) The Holder shall not, without the express written consent of the Owner, which consent may not be unreasonably withheld, disclose the contents of this Agreement or any non-public information received under this Agreement relating to the Owner or the East Malartic Properties (the “**Confidential Information**”) , other than to employees, agents or consultants of the Holder in respect of the administration or enforcement of its rights hereunder and who agree to be bound by the confidentiality provisions of this Agreement (the breach of which shall be deemed to be a breach by the Holder). In addition, the Holder shall not use any Confidential Information for its own use or benefit except for the purpose of administering or enforcing its rights under this Agreement.

- (b) The Holder may disclose Confidential Information to a prospective lender to whom the Holder may, in good faith, grant an interest in the Royalty payments as security for the Holder's *bona fide* obligations to such lender, but only if the Owner has been provided with a confidentiality agreement that includes the confidentiality provisions of Section 3.3(a), and that has been executed by such lender.
- (c) The Holder may disclose Confidential Information if such disclosure is required for compliance with applicable laws, rules, regulations or orders of any governmental agency or stock exchange having jurisdiction over the Holder or its affiliates; provided however, that the Holder shall give notice to Owner of such disclosure as far in advance of such disclosure as is reasonably practicable and ensure that only such information as is necessary to comply with the Holder's obligations is disclosed.

**3.4 Right to Inspect.** Upon not less than 30 days' notice to the Owner, the Holder or its authorized representatives may enter upon all surface and subsurface portions of the East Malartic Properties for the purpose of inspecting the East Malartic Properties, all improvements thereto and operations thereon, and may, subject to the obligations of confidentiality described in Section 3.3, inspect and copy all records and data pertaining to the determination of the Royalty, including such records and data which are maintained electronically. The Holder or its authorized representatives shall enter the East Malartic Properties at its own risk and may not unreasonably hinder operations on or pertaining to the East Malartic Properties. The Holder shall indemnify and save harmless the Owner and its affiliates (including direct and indirect parent companies) and their respective directors, officers, shareholders, employees, agents and attorneys, from and against any expenses, costs, penalties, fines, losses, liabilities (including, all amounts paid in settlement, all interest and penalties and all legal and other professional fees and disbursements) which may be suffered or incurred by any of them by reason of damage to property or injury to the Holder or any of its agents or representatives caused by the Holder's exercise of its rights herein.

**3.5 No Implied Covenants.** The parties agree that no implied covenants or duties relating to exploration, development, mining or the payment of production royalties or any other matters provided for herein shall affect any of their respective rights or obligations hereunder, and that the only covenants or duties which affect such rights and obligations shall be those expressly set forth and provided for in this Agreement.

**3.6 Change in Ownership of Right to Royalty.** No change or division in the ownership of the Royalty, however accomplished, shall enlarge the obligations or diminish the rights of the Owner or its affiliates. The Holder covenants and agrees that any change in ownership of the Royalty shall be accomplished in such a manner that the Owner and its affiliates shall be required to make payments and give notice to no more than one person, firm, corporation, or entity, and upon breach of this covenant, the Owner and its affiliates may retain all Royalty payments otherwise due until such breach has been cured. No change or division in the ownership of the Royalty or right to Royalty payments shall be binding on the Owner or its affiliates until the Holder shall have delivered to the Owner a certified copy of the instrument evidencing the change or division of such ownership.

**3.7 Lapse of Mining Claims.** If the Owner decides at any time after the date hereof to allow any mining claims comprising the East Malartic Properties to lapse or otherwise expire (the “Expiration Date”) for any reason, (i) it shall give notice of its intention to the Holder at least 90 days prior to the Expiration Date, and (ii) if the Holder requests the Owner to do so within 30 days before the Expiration Date, the Owner shall transfer such mining claims to the Holder for \$10.

**3.8 Property Right; Further Assurances; Registration of Interest.**

- (a) The Owner acknowledges and agrees that (i) the Royalty is a property right and creates an interest in each of the East Malartic Properties that runs with each of the East Malartic Properties and such interest shall be applicable to the Owner and its successors and any permitted assigns of any or all of the East Malartic Properties, and (ii) the Royalty shall attach to any amendments, relocations or conversions of any mining claims comprising any or all of the East Malartic Properties.
- (b) Each party shall execute all such further instruments and documents and do all such further actions as may be necessary to effectuate the documents and transactions contemplated in this Agreement, in each case at the cost and expense of the party requesting such further document or action, unless expressly indicated otherwise. The Holder may register or record against the title to any or all of the East Malartic Properties such form of notice, caution or other document (including, without limitation, a copy of this Agreement) as it considers appropriate to protect its right to receive the Royalty hereunder. Each of the parties hereto hereby consents to such registering or recording and agrees to co-operate with such party to accomplish the same.

**3.9 Successors and Assigns.**

- (a) This Agreement shall enure to the benefit of and shall be binding on and enforceable by the parties hereto and, where the context so permits, their respective successors and permitted assigns.
- (b) The Holder may assign, transfer or otherwise convey this Agreement or all or any of its rights in the Royalty to any of its respective affiliates without the prior written consent of the Owner.
- (c) In the event that the Holder desires to sell, transfer or assign all or any of its rights to the Royalty to a Third Party, the Holder shall notify the Owner of its desire to do so (a “**Notice of Intent to Sell**”) setting forth the terms and conditions upon which they are prepared to sell such interest. The Owner shall have a period of 45 days after receipt of a Notice of Intent to Sell in which to purchase the interest being offered on the terms and conditions specified in the Notice of Intent to Sell (“**Right of First Refusal**”) by delivering a notice of acceptance ( a “**Notice of Acceptance**” ) to the Holder, failing which the Holder shall have 180 days in which to sell the interest to a Third Party on terms and conditions no less

favourable to the Owner and no more favourable to the Third Party than the terms and conditions described in the Notice of Intent to Sell. Delivery of a Notice of Intent to Sell by the Holder and the delivery of a Notice of Acceptance by the Owner shall, in each instance, be irrevocable and shall be binding on the party delivering such notice. If no such sale to the Third Party occurs within such 180 day period, the foregoing provisions of this Section 3.9(c) shall again apply to any proposed sale of any interest by the Holder.

The parties hereto agree that the Right of First Refusal provided in this Section 3.9(c) if exercised by the Owner, is in addition to the Buy Out Option provided in Section 2.3 herein and does not have to be exercised in substitution of such option.

- (d) The Owner may assign, transfer or otherwise convey this Agreement or all or any of its rights or obligations hereunder in connection with any assignment or conveyance of the East Malartic Properties or any interest in it in any manner whatsoever without the prior written consent of the Holder; provided, however, that it shall be a condition of such assignment, transfer or conveyance that the transferee first execute and deliver to the other parties an instrument pursuant to which the transferee agrees to be bound by the terms hereof and by all of the liabilities and obligations of the transferor hereunder in the same manner and to the same extent as though the transferee was an original party hereto in the first instance.

**3.10 Notices.**

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

if to the Holder:  
Barrick Gold Corporation  
BCE Place, TD Canada Trust Tower  
161 Bay Street, Suite 3700, P.O. Box 212  
Toronto, Ontario  
M5J 2S1

Attention: Brad Doores  
Telecopier No.: (416) 861-9717

if to the Owner:  
McWatters Mining Inc.  
McWatters Mining Inc.  
1800, av. McGill College  
Bureau 2400  
Montreal, Quebec  
H3A 3J6

Attention: President  
Telecopier: 514-879-1787

- (b) Any such notice or other communication shall be deemed to have been given and received on the day on which it was personally delivered or transmitted by telecopier, receipt confirmed (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the fifth Business Day following the date of mailing; provided, however, that if at the time of mailing or within five Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by telecopier.
- (c) Any party may change its address for service at any time by giving notice to each of the other parties in accordance with this Section 3.10.

**3.11 English Language.** The parties hereby have expressly required that this Agreement and all deeds, documents and notices relating hereto be drafted in the English language. Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats documents ou avis qui y sont afférents soient rédigés en langue anglaise.

**3.12 Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the parties.

**BARRICK GOLD CORPORATION**

Per:



Name:

Title:

Per:



Name:

Title:

We have authority to bind the Corporation

MCWATTERS MINING INC.

Per:



Name:

Title:

Per:

Name:

Title:

We have authority to bind the Corporation

**SCHEDULE "A"**  
**DESCRIPTION OF EAST MALARTIC MILL, MINING PROPERTIES AND**  
**EXPLORATION PROPERTIES**

*(a) East Malartic Mill*

The East Malartic Mill as identified on the attached map consist of the following mining concessions and claims:

Project #	Claim #	Surveying date	Expiration date	Area (hec)	Township	Range	Lot	NTS	Ownership
619	CM291	1937-10-07	12/31/2003	394.00	FOURNIERE			32D/01	100% BARRICK GOLD
619	CM299	1938-05-11	12/31/2003	391.78	FOURNIERE			32D/01	100% BARRICK GOLD
619	3893751	6/17/1980	6/16/2003	17.00	FOURNIERE	8	41	32D/01	100% BARRICK GOLD
619	3893752	6/17/1980	6/16/2003	17.00	FOURNIERE	8	40	32D/01	100% BARRICK GOLD
619	3907411	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	38	32D/01	100% BARRICK GOLD; 15% NPI
619	3907412	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	39	32D/01	100% BARRICK GOLD; 15% NPI
619	3907413	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	40	32D/01	100% BARRICK GOLD; 15% NPI
619	3907414	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	41	32D/01	100% BARRICK GOLD; 15% NPI
619	3907421	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	42	32D/01	100% BARRICK GOLD; 15% NPI
619	3907422	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	43	32D/01	100% BARRICK GOLD; 15% NPI
619	3907423	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	44	32D/01	100% BARRICK GOLD; 15% NPI
619	3907424	1/29/1981	1/8/2005	20.00	FOURNIERE	8-S	45	32D/01	100% BARRICK GOLD; 15% NPI
619	3907431	1/29/1981	1/7/2005	20.00	FOURNIERE	8-S	46	32D/01	100% BARRICK GOLD; 15% NPI
619	3907432	1/29/1981	1/7/2005	17.00	FOURNIERE	8-N	46	32D/01	100% BARRICK GOLD; 15% NPI
619	3907433	1/29/1981	1/7/2005	17.00	FOURNIERE	8-N	45	32D/01	100% BARRICK GOLD; 15% NPI
619	3907434	1/29/1981	1/7/2005	17.00	FOURNIERE	8-N	44	32D/01	100% BARRICK GOLD; 15% NPI
619	3907441	1/29/1981	1/7/2005	18.00	FOURNIERE	8-N	39	32D/01	100% BARRICK GOLD; 15% NPI
619	3907442	1/29/1981	1/7/2005	18.00	FOURNIERE	8-N	38	32D/01	100% BARRICK GOLD; 15% NPI
619	3922781	6/17/1980	6/16/2003	17.00	FOURNIERE	8	43	32D/01	100% BARRICK GOLD
619	3922782	6/17/1980	6/16/2003	17.00	FOURNIERE	8	42	32D/01	100% BARRICK GOLD
619	3950781	10/25/1980	3/15/2005	15.50	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950782	10/25/1980	3/15/2005	12.60	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950783	10/25/1980	3/15/2005	10.10	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950784	10/25/1980	3/15/2005	13.50	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950785	10/25/1980	3/15/2005	8.50	FOURNIERE		NENO	32D/01	100% BARRICK

619	3950791	10/26/1980	3/15/2005	15.50	FOURNIERE		NENO	32D/01	GOLD 100% BARRICK
619	4087941	5/10/1982	4/20/2005	20.00	FOURNIERE	8-S	30	32D/01	GOLD 100% BARRICK

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619	4087942	5/10/1982	4/20/2005	20.00	FOURNIERE	8-S	31	32D/01	GOLD; 15% NPI 100% BARRICK GOLD; 15% NPI	
619	4087943	5/10/1982	4/20/2005	20.00	FOURNIERE	8-S	32	32D/01	100% BARRICK GOLD; 15% NPI	
619	4087944	5/10/1982	4/20/2005	20.00	FOURNIERE	8-S	33	32D/01	100% BARRICK GOLD; 15% NPI	
619	4087951	5/10/1982	4/21/2005	20.00	FOURNIERE	8-S	34	32D/01	100% BARRICK GOLD; 15% NPI	
619	4087952	5/10/1982	4/21/2005	20.00	FOURNIERE	8-S	35	32D/01	100% BARRICK GOLD; 15% NPI	
619	4087953	5/10/1982	4/21/2005	20.00	FOURNIERE	8-S	36	32D/01	100% BARRICK GOLD; 15% NPI	
619	4087954	5/10/1982	4/21/2005	20.00	FOURNIERE	8-S	37	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088151	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	26	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088152	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	27	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088153	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	28	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088154	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	29	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088161	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	30	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088162	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	31	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088163	5/10/1982	4/20/2005	20.00	FOURNIERE	8-N	32	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088164	5/10/1982	4/20/2005	22.00	FOURNIERE	8-N	33	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088171	5/10/1982	4/21/2005	24.00	FOURNIERE	8-N	34	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088172	5/10/1982	4/21/2005	22.00	FOURNIERE	8-N	35	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088173	5/10/1982	4/21/2005	17.00	FOURNIERE	8-N	36	32D/01	100% BARRICK GOLD; 15% NPI	
619	4088174	5/10/1982	4/21/2005	17.00	FOURNIERE	8-N	37	32D/01	100% BARRICK GOLD; 15% NPI	
619	4137521	11/26/1982	11/25/2004	20.00	FOURNIERE	08S	26	32D/01	100% BARRICK GOLD	
619	4137522	11/26/1982	11/25/2004	20.00	FOURNIERE	08S	27	32D/01	100% BARRICK GOLD	
619	4137523	11/26/1982	11/25/2004	20.00	FOURNIERE	08S	28	32D/01	100% BARRICK GOLD	
619	4137524	11/26/1982	11/25/2004	20.00	FOURNIERE	08S	29	32D/01	100% BARRICK GOLD	
619	C005621	7/12/1934	7/11/2003	53.00	FOURNIERE	10	48	32D/01	100% BARRICK GOLD	
619	C005622	7/12/1934	7/11/2003	38.00	FOURNIERE	10	44	32D/01	100% BARRICK GOLD	
619	C005631	7/12/1934	7/11/2003	40.00	FOURNIERE	10	42	32D/01	100% BARRICK GOLD	
619	C005632	7/12/1934	7/11/2003	30.00	FOURNIERE	10	40	32D/01	100% BARRICK GOLD	
619	C005641	10/7/1935	7/6/2003	30.00	FOURNIERE	8	39	32D/01	100% BARRICK GOLD	
619	C005642	10/7/1935	7/6/2003	19.00	FOURNIERE	8	35	32D/01	100% BARRICK GOLD	
619	C007971	10/7/1935	10/6/2003	28.10	FOURNIERE	8	NONE	32D/01	100% BARRICK GOLD	
619	C007972	10/7/1935	10/6/2003	27.10	FOURNIERE	8	NONE	32D/01	100% BARRICK GOLD	
				1943.68						

(b) *Mining Properties*

The Mining Properties as identified on the attached map consist of the following mining concessions and claims:

“Canadian Malartic”

<b>Project #</b>	<b>Claim #</b>	<b>Surveying date</b>	<b>Expiration date</b>	<b>Area (hec)</b>	<b>Township</b>	<b>Range</b>	<b>Lot</b>	<b>NTS</b>	<b>Ownership</b>
619	CM226	1928-03-14	12/31/2003	62.53	FOURNIERE		1/2 EST	32D/01	100% BARRICK GOLD
619	CM267	1934-05-09	12/31/2003	78.10	FOURNIERE			32D/01	100% BARRICK GOLD
619	3941621	10/23/1980	3/15/2005	14.10	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941622	10/23/1980	3/15/2005	13.70	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941623	10/23/1980	3/15/2005	13.00	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941624	10/23/1980	3/15/2005	15.40	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941625	10/23/1980	3/15/2005	15.50	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941631	10/22/1980	3/15/2005	12.40	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941632	10/22/1980	3/15/2005	10.30	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941633	10/22/1980	3/15/2005	10.90	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941634	10/22/1980	3/15/2005	17.60	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3941635	10/22/1980	3/15/2005	9.80	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950771	10/24/1980	3/15/2005	15.10	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950772	10/24/1980	3/15/2005	17.20	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950773	10/24/1980	3/15/2005	17.50	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950774	10/24/1980	3/15/2005	12.20	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
619	3950775	10/24/1980	3/15/2005	3.70	FOURNIERE		NENO	32D/01	100% BARRICK GOLD
				339.03					

“Barnat” and “Sladen”

<b>Project #</b>	<b>Claim #</b>	<b>Registry date</b>	<b>Expiration date</b>	<b>Area (hec)</b>	<b>Township</b>	<b>Range</b>	<b>Lot</b>	<b>NTS</b>	<b>Ownership</b>
619	CM281	1936-06-01	12/31/2003	71.22	FOURNIERE			32D/01	100% BARRICK GOLD
619	CM324	1942-02-20	12/31/2003	144.47	FOURNIERE			32D/01	100% BARRICK GOLD
				215.69					

(c) Exploration Properties

The Exploration Properties as identified on the attached map consist of the following mining claims:

“Amphi North”

Project #	Claim #	Surveying date	Expiration date	Area (hec)	Township	Range	Lot	NTS	Ownership
818	3681592	3/13/1978	2/22/2005	20.00	MALARTIC	3-S	4 1/2S	32D/01	100%LAC; 1%NSR BRW
818	3681593	3/13/1978	2/22/2005	20.00	MALARTIC	3-S	5 1/2S	32D/01	100%LAC; 1%NSR BRW
818	3692211	3/15/1978	2/27/2005	40.00	MALARTIC	2	6	32D/01	100%LAC; 1%NSR BRW
818	3698201	3/13/1978	2/22/2005	40.00	MALARTIC	2	4	32D/01	100%LAC; 1%NSR BRW
818	3698202	3/13/1978	2/22/2005	40.00	MALARTIC	2	5	32D/01	100%LAC; 1%NSR BRW
818	3698211	3/15/1978	2/21/2005	16.00	CADILLAC			32D/01	100%LAC; 1%NSR BRW
818	3698212	3/15/1978	2/21/2005	16.00	CADILLAC			32D/01	100%LAC; 1%NSR BRW
818	3698213	3/13/1978	2/21/2005	20.00	MALARTIC	3-S	2 1/2S	32D/01	100%LAC; 1%NSR BRW
818	3698214	3/13/1978	2/21/2005	40.00	MALARTIC	2	3	32D/01	100%LAC; 1%NSR BRW
818	3698231	3/13/1978	2/27/2005	20.00	MALARTIC	2-N	11 1/2N	32D/01	100%LAC; 1%NSR BRW
818	3698271	3/15/1978	2/27/2005	40.00	MALARTIC	2	8	32D/01	100%LAC; 1%NSR BRW
818	3698291	3/13/1978	2/22/2005	20.00	MALARTIC	3-S	3 1/2S	32D/01	100%LAC; 1%NSR BRW
818	3698292	3/13/1978	2/22/2005	20.00	MALARTIC	3-S	6 1/2S	32D/01	100%LAC; 1%NSR BRW
818	3705491	3/15/1978	2/27/2005	20.00	MALARTIC	2-N	10 1/2N	32D/01	100%LAC; 1%NSR BRW
818	3705511	3/15/1978	2/27/2005	20.00	MALARTIC	2-N	9 1/2N	32D/01	100%LAC; 1%NSR BRW
818	3705831	3/13/1978	2/21/2005	56.80	MALARTIC	3	1	32D/01	100%LAC; 1%NSR BRW
818	3705861	3/15/1978	2/27/2005	40.00	MALARTIC	2-N	7 1/2N	32D/01	100%LAC; 1%NSR BRW
				488.80					

“Malartic 2M-5M”

Project #	Claim #	Surveying date	Expiration date	Area (hec)	Township	Range	Lot	NTS	Ownership
713	3639602	1/13/1977	12/24/2004	40.00	MALARTIC	4	40	32D/01	100%LAC;1%NSR BRW
713	3639611	1/13/1977	12/24/2004	40.00	MALARTIC	4	41	32D/01	100%LAC;1%NSR BRW
713	3639612	1/13/1977	12/24/2004	40.00	MALARTIC	4	42	32D/01	100%LAC;1%NSR BRW.
713	3639621	1/13/1977	12/24/2004	40.00	MALARTIC	4	43	32D/01	100%LAC;1%NSR BRW
713	3639622	1/13/1977	12/24/2004	40.00	MALARTIC	4	44	32D/01	100%LAC;1%NSR BRW

713	3639631	1/13/1977	12/26/2004	40.00	MALARTIC	4	45	32D/01	100%LAC;1%NSR BRW
713	3639632	1/13/1977	12/26/2004	40.00	MALARTIC	4	46	32D/01	100%LAC;1%NSR BRW
713	3639641	1/13/1977	12/26/2004	40.00	MALARTIC	4	47	32D/01	100%LAC;1%NSR BRW
713	3639642	1/13/1977	12/26/2004	40.00	MALARTIC	4	48	32D/01	100%LAC;1%NSR BRW
713	3655591	7/15/1977	6/29/2003	40.00	MALARTIC	3	43	32D/01	100%LAC;1%NSR BRW
713	3655592	7/15/1977	6/29/2003	40.00	MALARTIC	3	50	32D/01	100%LAC;1%NSR BRW
713	3655601	7/15/1977	6/29/2003	40.00	MALARTIC	3	51	32D/01	100%LAC;1%NSR BRW
713	3655631	7/15/1977	6/29/2003	40.00	MALARTIC	3	46	32D/01	100%LAC;1%NSR BRW
713	3655632	7/15/1977	6/29/2003	40.00	MALARTIC	3	49	32D/01	100%LAC;1%NSR BRW
713	3665032	1/13/1977	12/20/2004	40.00	MALARTIC	2	37	32D/01	100%LAC;1%NSR BRW
713	3665371	1/13/1977	12/27/2004	40.00	MALARTIC	4	51	32D/01	100%LAC;1%NSR BRW
713	3665372	1/13/1977	12/27/2004	40.00	MALARTIC	4	52	32D/01	100%LAC;1%NSR BRW
713	3665381	1/13/1977	12/25/2004	40.00	MALARTIC	3	38	32D/01	100%LAC;1%NSR BRW
713	3665382	1/13/1977	12/25/2004	40.00	MALARTIC	3	39	32D/01	100%LAC;1%NSR BRW
713	3665391	1/13/1977	12/25/2004	40.00	MALARTIC	3	40	32D/01	100%LAC;1%NSR BRW
713	3665392	1/13/1977	12/25/2004	40.00	MALARTIC	3	41	32D/01	100%LAC;1%NSR BRW
713	3665401	1/13/1977	12/25/2004	40.00	MALARTIC	3	42	32D/01	100%LAC;1%NSR BRW
713	3679881	7/15/1977	6/29/2003	40.00	MALARTIC	3	45	32D/01	100%LAC;1%NSR BRW
713	3679882	7/15/1977	6/29/2003	40.00	MALARTIC	3	47	32D/01	100%LAC;1%NSR BRW
713	3679891	7/15/1977	6/29/2003	40.00	MALARTIC	3	44	32D/01	100%LAC;1%NSR BRW
713	3679892	7/15/1977	6/29/2003	40.00	MALARTIC	3	48	32D/01	100%LAC;1%NSR BRW
713	3680991	8/9/1977	7/23/2003	40.00	MALARTIC	4	33	32D/01	100%LAC;1%NSR BRW
713	3680992	8/9/1977	7/23/2003	20.00	MALARTIC	4-N	34 1/2N	32D/01	100%LAC;1%NSR BRW
713	3680993	8/9/1977	7/23/2003	20.00	MALARTIC	4-N	35 1/2N	32D/01	100%LAC;1%NSR BRW
713	3681011	8/9/1977	7/23/2003	20.00	MALARTIC	4	36 1/2N+	32D/01	100%LAC;1%NSR BRW
713	3681012	8/9/1977	7/23/2003	20.00	MALARTIC	4-N	37 1/2N	32D/01	100%LAC;1%NSR BRW
713	3681052	8/9/1977	7/23/2003	40.00	MALARTIC	4	30	32D/01	100% LAC; 1% NSR BRW
713	3681061	8/9/1977	7/23/2003	40.00	MALARTIC	4	31	32D/01	100%LAC;1%NSR BRW
713	3681062	8/9/1977	7/23/2003	40.00	MALARTIC	4	32	32D/01	100%LAC;1%NSR BRW
713	3681561	9/9/1977	8/23/2003	40.00	MALARTIC	2	40 + LAC	32D/01	100%LAC;1%NSR BRW
713	3681562	9/9/1977	8/23/2003	40.00	MALARTIC	2-S	41 1/2S	32D/01	100%LAC;1%NSR BRW
713	3681641	9/9/1977	8/23/2003	40.00	MALARTIC	2	38 + LIT	32D/01	100%LAC;1%NSR BRW
713	3681642	9/9/1977	8/23/2003	40.00	MALARTIC	2	39 + LIT	32D/01	100%LAC;1%NSR BRW
713	3698232	4/26/1978	4/8/2005	40.00	MALARTIC	3	34 + LAC	32D/01	100%LAC;1%NSR BRW
713	3698272	4/26/1978	4/8/2005	40.00	MALARTIC	3	32	32D/01	100%LAC;1%NSR BRW

713	3698702	4/26/1978	4/8/2005	40.00	MALARTIC	3	35 CL +	32D/01	100%LAC;1%NSR BRW
713	3705461	11/15/1977	10/27/2004	40.00	MALARTIC	4	38	32D/01	100%LAC;1%NSR BRW
713	3705462	11/15/1977	10/27/2004	40.00	MALARTIC	4	39	32D/01	100%LAC;1%NSR BRW
713	3705862	4/26/1978	4/8/2005	40.00	MALARTIC	3	33	32D/01	100%LAC;1%NSR BRW
713	4554231	3/2/1987	1/29/2005	40.00	MALARTIC	4	50	32D/01	100%LAC;1%NSR BRW
713	4554232	3/2/1987	1/29/2005	40.00	MALARTIC	4	49	32D/01	100%LAC;1%NSR BRW
713	5121648	12/10/1994	3/2/2005	40.00	MALARTIC	02	34	32D/01	100%LAC;1%NSR LAVOIE
713	5121649	12/10/1994	3/2/2005	40.00	MALARTIC	02	35	32D/01	100%LAC;1%NSR LAVOIE
713	5121650	12/10/1994	3/2/2005	40.00	MALARTIC	02	36	32D/01	100%LAC;1%NSR LAVOIE

1880.00

“Marban”

<u>Project #</u>	<u>Claim #</u>	<u>Surveying date</u>	<u>Expiration date</u>	<u>Area (hec)</u>	<u>Township</u>	<u>Range</u>	<u>Lot</u>	<u>NTS</u>	<u>Ownership</u>
821	0022313	4/24/1941	4/23/2005	25.20	DUBUISSON	10	4 A 8	32C/04	100% LAC PROP; OPTION AUR RESS.
821	0022314	4/24/1941	4/23/2005	50.40	DUBUISSON	10	4 A 13	32C/04	100% LAC PROP; OPTION AUR RESS.
821	0022334	4/24/1941	4/23/2005	50.40	DUBUISSON	10	4 A 13	32C/04	100% LAC PROP; OPTION AUR RESS.
821	0022335	4/24/1941	4/23/2005	25.20	DUBUISSON	10	9 A 13	32C/04	100% LAC PROP; OPTION AUR RESS.
821	0022351	4/24/1941	4/23/2005	50.40	DUBUISSON	10	4 A 13	32C/04	100% LAC PROP; OPTION AUR RESS.
821	0063091	8/18/1943	8/17/2003	19.50	DUBUISSON	10	20 A 23	32C/04	100% LAC PROP; OPTION AUR RESS.
821	1767661	10/4/1960	10/3/2003	3.80	FOURNIERE	10	59	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C001791	3/18/1936	3/17/2005	28.00	DUBUISSON	10	1	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C001792	3/18/1936	3/17/2005	50.40	DUBUISSON	10	2	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C002801	4/23/1936	4/22/2005	11.20	FOURNIERE	10	60	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002802	4/23/1936	4/22/2005	17.20	FOURNIERE	10	62	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002803	4/23/1936	4/22/2005	19.60	FOURNIERE	10	62	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002804	4/23/1936	4/22/2005	12.40	FOURNIERE	10	60	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002805	4/23/1936	4/22/2005	12.80	FOURNIERE	10	60	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002811	4/23/1936	4/22/2005	21.20	FOURNIERE	10	62	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002812	4/23/1936	4/22/2005	23.30	FOURNIERE	10	62	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002813	4/23/1936	4/22/2005	14.80	FOURNIERE	10	60	32D/01	100% LAC PROP; OPTION AUR RESS.
821	C002821	3/18/1936	3/17/2005	25.20	DUBUISSON	10-S	3,1/2 S	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C002822	3/18/1936	3/17/2005	25.20	DUBUISSON	10-N	3,1/2 N	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006401	7/16/1937	7/15/2003	17.40	DUBUISSON	10	4	32C/04	100% LAC PROP; OPTION AUR RESS.

821	C006402	7/16/1937	7/15/2003	16.40	DUBUISSON	10	20	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006403	7/16/1937	7/15/2003	21.60	DUBUISSON	10	11	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006411	8/29/1937	8/28/2003	15.40	DUBUISSON	10	11	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006412	8/29/1937	8/28/2003	15.20	DUBUISSON	10	14	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006421	8/20/1938	8/19/2003	35.60	DUBUISSON	10	16	32C/04	100% LAC PROP; OPTION AUR RESS.
821	C006422	8/20/1938	8/19/2003	35.20	DUBUISSON	10	17	32C/04	100% LAC PROP; OPTION AUR RESS.
821	CM474	1961/04/21	12/31/2003	31.55	DUBUISSON	10	8 A 10	32C/04	100% LAC PROP; OPTION AUR RESS.
821	CM512	1964/09/01	12/31/2003	24.52	DUBUISSON	10	13,14	32C/04	100% LAC PROP; OPTION AUR RESS.
821	CM513	1964/10/01	12/31/2003	14.77	DUBUISSON	10	8 A 10	32C/04	100% LAC PROP; OPTION AUR RESS.

713.8  
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“Radium”

Project #	Claim #	Surveying date	Expiration date	Area (hec)	Township	Range	Lot	NTS	Ownership
830	3263002	8/2/1972	8/1/2003	33.20	FOURNIERE	10	24	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3263011	8/2/1972	8/1/2003	38.00	FOURNIERE	10	22	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3263012	8/2/1972	8/1/2003	46.80	FOURNIERE	10	21	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3263051	8/3/1972	8/2/2003	48.40	FOURNIERE	10	20	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3263351	8/10/1972	8/9/2003	34.00	FOURNIERE	10	23	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3490151	9/9/1974	9/8/2003	48.40	FOURNIERE	10	19	32D/01	85% LAC PROP; 15% CURRIE - MILLS, 90JAB
830	3490181	9/2/1974	9/1/2003	48.40	FOURNIERE	10	18	32D/01	85% LAC PROP; 15% CURRIE-MILLS, 90JAB
830	5137128	9/17/1995	2/4/2004	23.97	FOURNIERE	09	30	32D/01	100% BARRICK GOLD
830	5137129	9/17/1995	2/4/2004	18.40	FOURNIERE	09	29	32D/01	100% BARRICK GOLD
830	5137130	9/17/1995	2/4/2004	19.20	FOURNIERE	09	28	32D/01	100% BARRICK GOLD
				358.7					

.7

“Reservoir”

Project #	Claim #	Surveying date	Expiration date	Area (hec)	Township	Range	Lot	NTS	Ownership
829	3887321	6/20/1980	6/19/2003	48.00	FOURNIERE	10	17	32D/01	100% LAC PROPERTIES
829	3887331	6/20/1980	6/19/2003	48.00	FOURNIERE	10	15	32D/01	100% LAC PROPERTIES
829	3924261	7/5/1980	7/4/2003	48.00	FOURNIERE	10	13	32D/01	100% LAC PROPERTIES
829	3924271	7/5/1980	7/4/2003	48.00	FOURNIERE	10	14	32D/01	100% LAC PROPERTIES
829	3924281	7/5/1980	7/4/2003	48.00	FOURNIERE	10	16	32D/01	100% LAC PROPERTIES
				240.0					
				0					

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**AGREEMENT FOR  
AMENDMENT AND RESTATEMENT  
OF  
ROYALTY FOR TECHNICAL EXPERTISE**

This AGREEMENT FOR AMENDMENT AND RESTATEMENT OF ROYALTY FOR TECHNICAL EXPERTISE (“this RTE Agreement”) effective as of the 27<sup>th</sup> day of May, 2011, is made and entered into by and among Minas de Oro Nacional S.A. de C.V. (“MON”), formerly known as O.N.C. de Mexico S.A. de C.V. (“ONCM”), and RG Mexico, Inc., a Delaware corporation (“Royal”).

Recitals

A. A Royalty for Technical Expertise Agreement dated March 23, 2001 (“Original RTE Agreement”) was executed and delivered by ONCM, granting to Minera San Augusto, S.A. de C.V. (“MSA”) a royalty for technical expertise equal to 2.0% of Net Smelter Returns on all ores, minerals, or other commercially valuable products (“Products”) mined from property within certain mineral exploitation concessions generally known as the Mulatos Project (“Property”) defined in more detail below (“Original RTE”).

B. The parties to the Original RTE Agreement intended that the Property was to be pledged as collateral for payment of the Original RTE, among other obligations.

C. Pursuant to an Assignment and Assumption Agreement dated March 23, 2001 between MSA, as assignor, and Kennecott Minerals Company (“KMC”) and Tenedoramex, S.A. de C.V. (“T-Mex”) as assignees (the “MSA Assignment”), KMC became the owner of a 30% interest in the Original RTE, T-Mex became the owner of a 70% interest in the Original RTE, and MSA ceased to own any interest in the Original RTE.

D. The Original RTE and the MSA Assignment were registered at number 74, pages 40 and 41, volume 13 of the Mining Acts, Contracts, and Agreements Book, at the Registry of Mines.

E. ONCM changed its name to MON and the name change was registered at number 137, page 69, volume XXXVII of the Mining Corporations Book, at the Registry of Mines.

F. On or near August 21, 2001, ONCM (now known as and referred to herein as “MON”), T-

**CONVENIO  
MODIFICATORIO Y DE REFORMULACIÓN  
DE  
REGALÍAS POR EXPERIENCIA TÉCNICA**

CONVENIO MODIFICATORIO Y DE REFORMULACIÓN DE REGALÍAS POR EXPERIENCIA TÉCNICA (el “Convenio RTE”) que entra en vigor el 27 de mayo de 2011, celebrado entre Minas de Oro Nacional S.A. de C.V. (“MON”), anteriormente conocido como O.N.C. de México S.A. de C.V. (“ONCM”), y RG México, Inc., sociedad de Delaware (“Royal”).

Declaraciones

A. ONCM celebró y entregó un Contrato de Regalía por Experiencia Técnica el 23 de marzo de 2001 (el “Contrato de RTE Original”), otorgándole a Minera San Augusto, S.A. de C.V. (“MSA”) una regalía por experiencia técnica equivalente a 2.0% de los Rendimientos Netos de Fundición sobre todas las menas, minerales y otros productos comercialmente valiosos (los “Productos”) que se extraen de las minas que se encuentran dentro de las concesiones de explotación mineras generalmente conocidas como el Proyecto de Mulatos (la “Propiedad”) que se define más a detalle a continuación (el “RTE Original”).

B. Las partes del Contrato de RTE Original desean que la Propiedad se otorgue en prenda como colateral del pago del RTE Original, entre otras obligaciones.

C. De acuerdo con el Contrato de Cesión y Aceptación de fecha 23 de marzo de 2001 celebrado entre MSA, como otorgante, y Kennecott Minerals Company (“KMC”) y Tenedoramex, S.A. de C.V. (“T-Mex”) como cesionarios (la “Cesión de MSA”), KMC se convertirá en el propietario de una participación del 30% en el RTE Original, T-Mex se convertirá en el propietario de una participación del 70% en el RTE Original, y MSA dejó de poseer participaciones en el RTE Original.

D. El RTE Original y la Cesión de MSA se registraron bajo el número 74, foja s 40 y 41, volumen 13 de las Leyes Mineras, Contratos y Libros de Acuerdos, en el Registro de Minas.

E. ONCM cambió su denominación a MON y el cambio de nombre se registró bajo el número 137, foja 69, volumen XXXVII del Libro de Sociedades Mineras, en el Registro de Minas.

F. El 21 de agosto de 2001 o aproximadamente esa fecha, ONCM (conocido en el

Mex and KMC amended the Original RTE Agreement to grant (a) a royalty for technical expertise of 2.0% of Net Smelter Returns on Products, other than Gold and Silver Products; and (b) a sliding scale royalty on Net Smelter Returns on Gold and Silver Products, in each case as those capitalized terms are defined herein, by executing a revised Royalty for Technical Expertise Agreement, dated as of March 23, 2001 (the "March 23, 2001 Amendment to RTE").

G. T-Mex assigned its interest in the Original RTE, as amended, to Placer Exploration Mexico Ltd. ("Placer Mexico") by Assignment Agreement dated June 10, 2003 (the "T-Mex Assignment").

H. KMC sold, assigned and conveyed all of KMC's interest in the Original RTE, as amended, to Royal Gold, Inc., a Delaware corporation, on December 28, 2005 (the "KMC Assignment").

I. The Original RTE Agreement, as amended by the March 23, 2001 Amendment to RTE, was further amended by a First Amendment to Royalty for Technical Expertise dated March 31, 2006, executed by MON, Placer Mexico and Royal Gold, Inc. (the Original RTE Agreement as amended by said amendments being referred to herein as the "Amended RTE Agreement," and the Original RTE as amended by the Amended RTE Agreement being referred to herein as the "Amended RTE").

J. Placer Mexico assigned its interest in the Amended RTE to Barrick Gold Corporation ("Barrick") by Royalty Conveyance dated March 31, 2008 (the "Placer Mexico Assignment"), which interest was further conveyed by Barrick to Royal by Royalty Assignment Agreement dated October 1, 2008 (the "Barrick Assignment").

K. Royal Gold, Inc. sold, assigned and conveyed all of its interest in the Amended RTE to Royal on October 22, 2008 (the "Royal Gold Assignment").

L. By virtue of the foregoing assignments, Royal owns on the date hereof a one hundred percent (100%) interest in and to the Amended RTE (herein now referred to as the "RTE").

M. The RTE continues in full force and effect as between MON and Royal, and is restated in its entirety as set forth in this RTE Agreement.

presente como "MON"), T-Mex y KMC modificaron el Contrato de RTE Original para otorgar (a) una regalía por experiencia técnica de 2.0% de los Rendimientos de Fundición Netos sobre los Productos, que no sean Productos de Oro y Plata; y (b) una regalía de escala sobre los Rendimientos de Fundición Netos de los Productos de Oro y Plata, en cada caso según esos términos con mayúscula inicial se definen en el presente, al celebrar un Contrato de Regalía por Experiencia Técnica revisado, de fecha 23 de marzo de 2001 (la "Modificación del 23 de Marzo de 2001 al RTE").

G. T-Mex cedió su participación en el RTE Original, y sus modificaciones, a Placer Exploration México Ltd. ("Placer México") mediante un Contrato de Cesión de fecha 10 de junio de 2003 (la "Cesión T-Mex").

H. KMC vendió, cedió y traspasó toda la participación de KMC en el RTE Original, y sus modificaciones, a Royal Gold, Inc., sociedad de Delaware, el 28 de diciembre de 2005 (la "Cesión KMC").

I. El Contrato de RTE de Original, modificado por la Modificación del 23 de Marzo de 2001 al RTE, fue modificado, además, por la Primera Modificación a la Regalía por Experiencia Técnica de fecha 31 de marzo de 2006, celebrada por MON, Placer México y Royal Gold, Inc. (el Contrato de RTE Original modificado por esas modificaciones en lo sucesivo el "Contrato de RTE Modificado", y el RTE Original, modificado por el Contrato de RTE Modificado denominado en el presente el "RTE Modificado").

J. Placer México cedió su participación en el RTE Modificado a Barrick Gold Corporation ("Barrick") a través de un Traspaso de Regalías de fecha 31 de marzo de 2008 (la "Cesión de Placer México"), cuya participación fue traspasada adicionalmente por Barrick a Royal mediante un Contrato de Cesión de Regalías de fecha 1 de octubre de 2008 (la "Cesión de Barrick").

K. Royal Gold, Inc. vendió, cedió y traspasó todas sus participaciones en el RTE Modificado a Royal el 22 de octubre de 2008 (la "Cesión de Royal Gold").

L. En virtud de las cesiones anteriores, Royal posee, a la fecha del presente una participación del 100% (cien por ciento) sobre el RTE Modificado (denominado en el presente como "RTE").

M. El RTE continúa en vigor y efecto entre MON y Royal, y se reexpresó en su totalidad de acuerdo con lo estipulado en este Contrato RTE.

N. The parties, by this instrument, desire to confirm, amend, restate and register the RTE, the assignments of the KMC interest in the RTE to Royal Gold, Inc. pursuant to the KMC Assignment and to Royal pursuant to the Royal Gold Assignment, and the assignments of the T-Mex interest in the RTE to Placer Mexico pursuant to the T-Mex Assignment, to Barrick pursuant to the Placer Mexico Assignment, and to Royal pursuant to the Barrick Assignment.

NOW THEREFORE, FOR Ten Dollars (\$10.00) now delivered each party unto the other and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I.  
Amendment

The Amended RTE Agreement is hereby amended and restated in its entirety as follows:

1.1 From the date of Commencement of Commercial Production until such time as the first 2,000,000 ounces of gold have been mined, processed and sold (or deemed sold) from the Property, MON shall pay Royal the RTE, equal to (in cumulative amount):

- (a) 2% of the Net Smelter Returns in respect of all Products mined and sold (or deemed sold) by MON from the Property; and
- (b) the applicable percentage based upon the Gold Price as published in *The Wall Street Journal* for the calendar quarter in which the royalty is payable of the Net Smelter Returns in respect of all Silver and Gold Products mined and sold (or deemed sold) by MON from the Property as follows:

N. Las partes, mediante este instrumento, desean confirmar, modificar, reformular y registrar el RTE, las cesiones de la participación de KMC en el RTE a Royal Gold, Inc. de acuerdo con la Cesión KMC y a Royal de acuerdo con la Cesión de Royal Gold, y las cesiones de la participación de T-Mex en el RTE a Placer México de acuerdo con la Cesión T-Mex, a Barrick de acuerdo con la Cesión de Placer México, y a Royal de acuerdo con la Cesión de Barrick.

AHORA POR LO TANTO, por la contraprestación de USD\$10.00 (diez dólares) que cada una de las partes se entrega como una contraprestación válida y onerosa, cuyo recibo y suficiencia se acusan en este acto, las partes convienen sujetarse al tenor de lo siguiente:

CLÁUSULA I.  
Modificación

El Contrato de RTE Modificado por este acto se modifica y reformula en su totalidad de la siguiente forma:

1.1 A partir de la fecha del Inicio de la Producción Comercial hasta la fecha en que las primeras 2,000,000 de onzas de oro se hayan extraído de la mina, procesado y vendido (o que se consideren vendidas) de la Propiedad, MON pagará a Royal el RTE, el equivalente a (en un monto acumulativo):

- (a) 2% de los Rendimientos de Fundición Netos respecto de los Productos extraídos de la mina y vendidos (o que se consideren vendidos) por MON de la Propiedad; y
- (b) el porcentaje aplicable con base en el Precio del Oro publicado en *The Wall Street Journal* para el trimestre calendario en el que se pague la regalía de los Rendimientos de Fundición Netos respecto de todos los Productos de Plata y Oro que se extraigan de la mina y se vendan (o que se consideren vendidos) por MON de la Propiedad de la siguiente forma:

<b>Gold Price Range</b>	<b>Net Smelter Return Royalty 100% Basis</b>	<b>Rango de Precio del Oro</b>	<b>Regalía de Rendimiento de Fundición Neto Sobre una Base del 100%</b>
US\$0.00/oz to US\$299.99/oz	1.0%	US\$0.00/oz a US\$299.99/oz	1.0%
US\$300.00/oz to US\$324.99/oz	1.5%	US\$300.00/oz a US\$324.99/oz	1.5%
US\$325.00/oz to US\$349.99/oz	2.0%	US\$325.00/oz a US\$349.99/oz	2.0%
US\$350.00/oz to US\$374.99/oz	3.0%	US\$350.00/oz a US\$374.99/oz	3.0%
US\$375.00/oz to US\$399.99/oz	4.0%	US\$375.00/oz a US\$399.99/oz	4.0%
US\$400.00/oz or higher	5.0%	US\$400.00/oz o mayor	5.0%

1.2 For the purposes of this RTE Agreement:

- (a) “ **Allowable Deductions** ” means the following costs incurred after the doré or concentrate stage:
- (i) all smelting and refining costs, sampling, assaying and treatment charges and penalties including, but not limited to, metal losses, penalties for impurities and charges for refining, selling and handling by the smelter, refinery or other purchaser (including price participation charges by smelters and/or refiners);
  - (ii) costs of handling, transporting, securing (security costs) and insuring such material from the Property or from a concentrator, whether situated on or off the Property, to the place of sale;
  - (iii) taxes based upon sales or production which cannot be recovered by MON, but not income taxes; and
  - (iv) marketing costs, including sales commissions, incurred in selling ore, concentrate and metal produced from the Property,

provided that if Products are deemed to have been sold, Allowable Deductions shall include amounts representing the

1.2 Para efectos de este Contrato de RTE:

- (a) “ **Deducciones Permisibles** ” significan los siguientes costos incurridos después de la etapa de dorado o concentrado:
- (i) todos los costos de fundición y refinamiento, muestreo, ensayos y cargos de tratamiento así como las penalizaciones incluyendo, de manera enunciativa mas no limitativa, pérdidas de metal, penalizaciones por impurezas y cargos por refinación, venta y manejo por parte del fundidor, la refinería u otro comprador (incluyendo los cargos de participación de precios por los fundidores y/o refinadores);
  - (ii) los costos de manejo, transporte, aseguramiento (costos de seguridad) y aseguramiento de ese material de la Propiedad o de un concentrador, sea ubicado dentro o fuera de la Propiedad, al lugar de venta;
  - (iii) los impuestos con base en las ventas o producción que no puedan ser recuperados por MON, pero que no sean impuestos sobre la renta; y
  - (iv) los costos de comercialización, incluyendo comisiones de venta, incurridos en la venta de menas, concentrados y metales producidos de la Propiedad,

en la inteligencia que si se considera que los Productos se han vendido, las Deducciones Permisibles incluirán los

items enumerated above to the extent that they would have been borne by MON had the Products actually been sold.

- (b) “ **Commencement of Commercial Production** ” means April 1, 2006.
- (c) “ **Final Settlement Date** ” means the date on which refined gold or silver is available to MON.
- (d) “ **Gold and Silver Products** ” means ores, minerals, or other commercially valuable products containing gold or silver mined from the Property, provided that where such products contain a combination of gold or silver and other commercially valuable metals or minerals, Gold and Silver Products shall be deemed to comprise only that fraction of such products as represents the proportionate commercial value of the gold and silver contained in such products, with the remaining fraction of such products deemed to be Products (as such term is defined herein).
- (e) “ **Gold Price** ” means the price per ounce equal to the average London Bullion Market Association afternoon gold price fix as published in *The Wall Street Journal* for the calendar quarter in which the royalty is payable.
- (f) “ **Net Smelter Returns** ” means:
  - (i) in the case of gold or silver processed by a refinery, an amount equal to the number of ounces credited to MON by the refinery on the Final Settlement Date multiplied by the Gold Price in the case of ounces of gold credited to MON, or the Silver Price in the case of ounces of silver credited to MON, less Allowable Deductions; and
  - (ii) in all other cases, the amount received by MON from the buyer of the Products (or, if such Products are deemed to be sold, an amount

montos que representen las partidas enumeradas anteriormente en la medida que habrían sido sufragadas por MON si los Productos se hubieran vendido realmente.

- (b) “ **Inicio de la Producción Comercial** ” significa el 1 de abril de 2006.
- (c) “ **Fecha de Acuerdo Final** ” significa la fecha en la que el oro o la plata refinada esté disponible para MON.
- (d) “ **Productos de Oro y Plata** ” significan menas, minerales u otros productos comercialmente valiosos que contengan oro o plata extraídos de la mina de la Propiedad, en la inteligencia que esos productos contengan una combinación de oro o plata y otros metales o minerales comercialmente valiosos, se considerará que los Productos de Oro y Plata abarcan únicamente esa fracción de esos productos que represente el valor comercial proporcional del oro y la plata incluidos en esos productos, y la fracción restante de esos productos se considerará Productos (según ese término se define en el presente).
- (e) “ **Precio del Oro** ” significa el precio por onza equivalente al precio del oro de medio día de London Bullion Market Association establecido como se publica en el *The Wall Street Journal* para el trimestre calendario en el que se paga la regalía.
- (f) “ **Rendimientos de Fundición Netos** ” significa:
  - (i) en el caso del oro o la plata procesada por una refinería, un monto equivalente al número de onzas acreditado a MON por parte de la refinería en la Fecha de Acuerdo Final multiplicado por el Precio del Oro en el caso de las onzas de oro acreditadas a MON, o el Precio de la Plata en el caso de las onzas de plata acreditadas a MON, menos las Deducciones Permisibles; y
  - (ii) en todos los demás casos, el monto recibido por MON del comprador de los Productos (o, si los Productos se consideran

equal to the market value thereof f.o.b. the plant producing the same (which amount shall be deemed to have been received by MON)), less Allowable Deductions.

- (g) “ **Original Asset Purchase Agreement** ” means the Asset Purchase Agreement dated as of December 21, 2000 between and among MSA, ONCM, and National Gold Corporation (as amended by the Amendment to Asset Purchase Agreement dated March 23, 2001 and the Second Amendment Agreement dated August 21, 2001).
- (h) “ **Products** ” means ores, minerals, or other commercially valuable products, except any fraction thereof comprising or deemed to comprise Gold and Silver Products, mined from the Property.
- (i) “ **Property** ” means the property covered by the mining concessions listed in Exhibit A to this RTE Agreement, which is incorporated by reference, and including renewals and restaking of the area encompassed by those mining concessions.
- (j) “ **RTE** ” means the royalty for technical expertise as a result of MSA providing geological and technical information on the Mulatos Project to ONCM, now MON, created by the Original RTE Agreement, as amended by the Amended RTE Agreement, and as restated in this RTE Agreement.
- (k) “ **Silver Price** ” means the price per ounce equal to the average London Bullion Market Association daily silver price fix as published in *The Wall Street Journal* for the calendar quarter in which the royalty is payable.

1.3 For the purposes of determining Net Smelter Returns, all receipts and disbursements in currency other than United States currency shall be converted into United States currency on the day of receipt or disbursement, as the case may be.

vendidos, un monto equivalente a su valor de mercado franco a bordo (f.o.b), la planta que lo produce (monto que se considerará recibido por MON)), menos las Deducciones Permisibles.

- (g) “ **Contrato de Compra de Activos Original** ” significa el Contrato de Compra de Activos de fecha 21 de diciembre de 2000 entre MSA, ONCM y National Gold Corporation (modificado por la Modificación al Contrato de Compra de Activos de fecha 23 de marzo de 2001 y el Segundo Convenio Modificatorio de fecha 21 de agosto de 2001).
- (h) “ **Productos** ” significa menas, minerales u otros productos comercialmente valiosos, excepto cualquier fracción del mismo que abarca o se considera que abarca los Productos de Oro y Plata, que se obtienen de la mina de la Propiedad.
- (i) “ **Propiedad** ” significa la propiedad cubierta por las concesiones mineras mencionadas en el Anexo A de este Contrato de RTE, incorporado por referencia, y que incluye las renovaciones y relevamiento del área que abarca esas concesiones mineras.
- (j) “ **RTE** ” significa la regalía por experiencia técnica como resultado de que MSA proporciona información geológica y técnica sobre el Proyecto de Mulatos a ONCM, actualmente MON, creado por el Contrato de RTE Original, y modificado por el Convenio Modificatorio de RTE, y reformulado en este Convenio de RTE.
- (k) “ **Precio de la Plata** ” significa el precio por onza equivalente al precio diario de la plata promedio de London Bullion Market Association publicado en *The Wall Street Journal* para el trimestre calendario en el que se paga la regalía.

1.3 Para determinar los Rendimientos de Fundición Netos, todas las entradas y desembolsos en una moneda distinta a los dólares de los Estados Unidos se convertirán a dólares de los Estados Unidos el día que se reciban o desembolsen, según sea el caso.

1.4 Net Smelter Returns shall be calculated by MON at the end of each calendar quarter in which Gold and Silver Products and Products from the Property are sold or deemed to be sold. Quarterly calculations of Net Smelter Returns, together with payment of the applicable RTE in United States currency, or in kind if requested by Royal before the end of the applicable quarter, and calculated using the same basis of valuation and with all additional costs for payment in kind being borne by Royal, and copies of all net smelter receipts, shall be delivered to Royal within forty-five (45) days after the end of the applicable quarter.

1.5 Royal, at its sole election and expense, shall have the right to perform audits, whether by Royal or through any authorized representative of Royal, of MON's accounts relating to the RTE. Any such audit shall be for a reasonable length of time during regular business hours, at a mutually convenient time, upon at least ten (10) business days' prior written notice by Royal. Each payment of the RTE made in any calendar year shall be considered final and binding on MON and, absent fraud or misrepresentation, shall not be subject to subsequent modification by MON unless Royal gives written notice describing and setting forth a specific objection to the calculation thereof on or before March 31<sup>st</sup> of the calendar year following the calendar year which was the subject of the audit. Such objection shall specify the basis for the objection in reasonable detail. MON shall account for any deficit in payments within ten (10) business days following completion of such audit.

1.6 MON may, but shall not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Property and neither the profits nor the losses from such transactions shall be taken into account in calculating Net Smelter Returns.

1.7 None of the provisions of this RTE Agreement shall give Royal any right to management of the Property or any mine established thereupon, nor shall the provisions be interpreted to do so, in particular, but without limiting the generality of the preceding statement, MON will plan, manage, control, conduct and supervise mining and processing operations and any decision relating to the type, dimensions and location of the mine, its facilities, pits and service and ancillary establishments, as well as any decision pertaining to the rate of work, production processes,

1.4 Los Rendimientos de Fundición Netos serán calculados por MON al final de cada trimestre calendario en el que los Productos de Oro y Plata y los Productos de la Propiedad se vendan o se consideren vendidos. Los cálculos trimestrales de los Rendimientos de Fundición Netos, junto con el pago del RTE aplicable en moneda de Estados Unidos, o en especie si así lo solicita Royal antes del final del trimestre correspondiente, y calculados utilizando la misma base de valuación y con todos los costos adicionales de pago en especie serán realizados por Royal, y se le entregará a éste copia de todos los recibos de fundición netos en un periodo de 45 (cuarenta y cinco) días después del final del trimestre correspondiente.

1.5 Royal, a su discreción y a su costo y gasto, tendrá derecho a realizar auditorías, sea por Royal o a través de cualquier representante autorizado de éste, de la contabilidad de MON relacionada con el RTE. Esa auditoría será por un periodo razonable en horas hábiles normales a la hora mutuamente conveniente con notificación escrita de al menos 10 (diez) días de antelación por parte de Royal. Cada uno de los pagos de RTE realizados en cualquier año calendario se considerarán definitivos y vinculatorios para MON y, si no existe un fraude o declaración falsa, no estarán sujetos a una modificación adicional por parte de MON a menos que Royal envíe notificación escrita que describa y estipule una objeción específica a su cálculo en o antes del 31 de marzo del año calendario después del año calendario en el que fue sujeto de auditoría. Esa objeción especificará la base de la objeción en detalle razonable. MON justificará cualquier déficit de pagos en un periodo de 10 (diez) días hábiles después de la terminación de esa auditoría.

1.6 MON podrá dedicarse, mas no tendrá la obligación de dedicarse a operaciones de protección (compensación) de precios u operaciones especulativas como contratos de futuros y opciones de bienes de consumo, a su exclusiva discreción, que cubran la totalidad o parte de la producción de la Propiedad y ni las utilidades ni las pérdidas de esas operaciones se tomarán en cuenta al calcular los Rendimientos de Fundición Netos.

1.7 Ninguna de las disposiciones de este Convenio de RTE darán a Royal el derecho a administrar la Propiedad o cualquier mina establecida sobre la misma, ni las disposiciones se interpretarán que lo hacen, en específico, pero sin limitar la generalidad de la declaración anterior, MON planeará, administrará, controlará, conducirá y supervisará las operaciones mineras y de procesamiento y cualquier decisión relacionada con el tipo, las dimensiones y la ubicación de la mina, sus instalaciones, fosas y establecimiento de servicios y secundarios, así como toda decisión

expansion of the mine and to temporary or final stoppage of commercial exploitation and mining operations on the Property, provided that MON shall conduct all operations on the Property in a good and workmanlike manner and in accordance with accepted mining practice.

1.8 The parties acknowledge that MON is not obligated to maintain in good standing, renew or otherwise retain any interest in the Property, or application or reapplication therefor, and that MON may, in its sole discretion, without penalty, relinquish, drop, abandon or allow to lapse any or all of the Property, or the applications or reapplications therefor, without further obligation to Royal except as set forth in the Original Asset Purchase Agreement and except as otherwise provided by the provisions of this RTE Agreement.

1.9 Notwithstanding the provisions of Section 1.8 of this RTE Agreement, if MON relinquishes, drops, abandons, allows any portion of the Property to lapse, and subsequently reacquires a direct or indirect beneficial interest with respect to such portion of the Property, then such portion of the Property will once again be subject to the obligation to pay the RTE.

1.10 Until payment of the RTE in full MON shall not transfer all or any interest in the Property unless the proposed transferee agrees with Royal in advance of such transfer and in writing to be bound by the terms and conditions of this RTE Agreement.

1.11 From and after the date of execution of this RTE Agreement, MON shall deliver to Royal the following data and information relating to operations conducted on or for the benefit of the Property:

(a) Within twenty (20) calendar days following the end of each calendar month, the Monthly Summary of Operating Statistics in the form, and containing the information presented in the form, of Exhibit B to this RTE Agreement;

(b) The annual reserve and resource estimate for the Property as and when finalized by MON's management; and

(c) MON's life of mine plan prepared on an annual basis relating to the Property as and when finalized by MON's management.

inherente al ritmo de trabajo, procesos de producción, expansión de la mina y al paro temporal o final de la explotación comercial y las operaciones mineras sobre la Propiedad, en la inteligencia que MON llevará a cabo todas las operaciones sobre la Propiedad de forma adecuada y profesional y de conformidad con la práctica minera aceptada.

1.8 Las partes reconocen que MON no se verá obligado a mantener en buenas condiciones, a renovar ni conservar ninguna participación en la Propiedad, o en la aplicación o reaplicación de la misma, y que MON, a su exclusiva discreción, podrá sin penalización, renunciar, dejar, abandonar o permitir que pase cualquier parte de la Propiedad o la totalidad de la Propiedad, o las aplicaciones o reaplicaciones de la misma, sin mayor obligación frente a Royal que no sea la que se estipula en el Contrato de Compra de Activos Original y excepto por lo que se estipula de otra forma en las disposiciones de este Contrato de RTE.

1.9 No obstante las disposiciones de la Sección 1.8 de este Contrato de RTE, en caso de que MON renuncie, deje, abandone, permita que transcurra cualquier parte de la Propiedad, y posteriormente vuelva a adquirir una participación usufructuaria directa o indirecta respecto a esa parte de la Propiedad, entonces esa parte de la Propiedad nuevamente estará sujeta a la obligación de pagar la RTE.

1.10 Hasta que se pague la RTE en su totalidad MON no transferirá la totalidad o parte de la participación en la Propiedad a menos que el beneficiario de la transferencia propuesto convenga con Royal antes de esa transferencia y por escrito sujetarse a los términos y condiciones de este Contrato de RTE.

1.11 A partir de y después de la fecha de celebración de este Contrato de RTE, MON entregará a Royal los siguientes datos e información relacionados con las operaciones realizadas sobre la Propiedad o para beneficio de ésta:

(a) En un periodo de 20 (veinte) días calendario después del final de cada mes calendario, el Resumen Mensual de Estadísticas de Operación en la forma, y con la información presentada como Anexo B de este Contrato de RTE;

(b) El estimado de reserva y recursos anuales para la Propiedad cuando lo finalice la administración de MON; y

(c) La duración del plan minero de MON elaborado anualmente con relación a la Propiedad cuando lo termine la administración de MON.

Royal, on behalf of itself and its affiliated entities (for purposes of this Section 1.11, "Royal"), agrees to treat as confidential and refrain from disclosing to third parties all data and information disclosed by MON to Royal pursuant to this Section 1.11 which is confidential or proprietary to MON and its affiliates (for purposes of this Section 1.11, "MON"). Nothing set forth in the previous sentence shall impair Royal's right to use or disclose any data or information which:

(w) at the time of disclosure to Royal is generally available to the public or thereafter becomes generally available to the public through no act of Royal;

(x) Royal can show was in its possession prior to disclosure to it and was not acquired, directly or indirectly, from MON or any other source bound by a confidentiality agreement with MON;

(y) Royal can show was received by it after the time of disclosure to Royal from a third party who did not acquire it from MON under an obligation of confidence and that, without breach of any obligation, Royal is free to disclose it to others; or

(z) is required to be disclosed by applicable law, the rules of any stock exchange, or by the order of any judicial or regulatory authority having jurisdiction over the matter.

1.12 Royal or its authorized agent or representative, on not less than seven days' notice to MON, may enter upon all surface and subsurface portions of the Property under the direction and control of MON for the purpose of inspecting the Property, all improvements thereto and operations thereon, provided that Royal and its authorized agents and representatives shall enter the Property at their own risk and expense and may not unreasonably hinder operations on or pertaining to the Property.

1.13 Subject as hereinafter provided, MON shall indemnify and save Royal harmless from any loss, cost or liability incurred in its capacity as owner of the RTE (including, without limitation, reasonable attorneys' fees) as a result of a claim by a third party and arising from any failure by MON at all times to comply with all applicable federal, provincial and local laws, statutes, rules, regulations, permits, ordinances, certificates, licenses and other regulatory requirements, policies and guidelines relating to MON's operations and activities on or with respect to the Property; provided, however, MON shall have the right to contest any of the same.

Royal, en representación de sí mismo y de sus filiales (para efectos de esta Sección 1.11, "Royal"), se obliga a tratar como confidencial y abstenerse de divulgar a terceros todos los datos e información divulgados por MON a Royal de acuerdo con esta Sección 1.11 que será confidencial o patrimonial para MON y sus filiales (para efectos de esta Sección 1.11, "MON"). Nada contenido en la oración anterior afectará el derecho de Royal de usar o divulgar cualquier dato o información que:

(w) al momento de que se divulgue a Royal esté disponible al público en general o posteriormente llegue a estar disponible para el público en general sin acto alguno de Royal;

(x) Royal puede mostrar que se encontraba en su posesión antes de que se le divulgara y no fue adquirida, directa o indirectamente, de MON ni ninguna otra fuente obligada por un acuerdo de confidencialidad con MON;

(y) Royal puede demostrar que la recibió por divulgación de un tercero que no la adquirió de MON bajo ninguna obligación de confidencialidad y que, sin violar ninguna obligación, Royal estará en libertad de divulgarla a otros; o

(z) la ley aplicable, las reglas de cualquier bolsa de valores o alguna otra ley de alguna autoridad judicial o reglamentaria competente sobre el asunto requiere que se divulgue.

1.12 Royal o su agente o representante autorizado, mediante notificación con no menos de siete días de antelación a MON, podrá entrar a toda la superficie y parte de la superficie de la Propiedad bajo la dirección y el control de MON para inspeccionar la Propiedad, todas sus mejoras y operaciones, en la inteligencia que Royal y sus agentes y representantes autorizados entren a la Propiedad bajo su propio riesgo y a su costo y gasto y no podrán afectar de forma irrazonable las operaciones en la Propiedad o que inherentes a ésta.

1.13 Sujeto a lo estipulado más adelante, MON indemnizará y mantendrá a Royal en paz y a salvo de cualquier pérdida, costo o responsabilidad incurrida en su carácter de propietario de RTE (incluyendo, de manera enunciativa mas no limitativa, los honorarios legales razonables) como resultado de una reclamación por parte de un tercero y que surjan de la omisión de MON en todo momento de cumplir con las leyes, reglas, reglamentos, permisos, ordenamientos, certificados, licencias y otros requisitos reglamentarios, políticas y lineamientos federales, de provincia y locales con relación a las operaciones y actividades de MON sobre o respecto a la Propiedad; en la inteligencia, sin embargo, que MON tendrá derecho a

1.14 Before minerals from the Property are commingled with minerals from other properties:

- (a) The minerals from the Property shall be measured and sampled in accordance with sound mining and metallurgical practices for moisture, metal, and other appropriate content;
- (b) Representative samples of the minerals shall be taken and retained by MON together with the results of assays (including penalty substances) and other appropriate analysis of the samples to determine metal and other relevant content of and penalty substances in the minerals, which samples and results will be produced at the request of Royal; and
- (c) The amount of the RTE due and payable to Royal from minerals produced from the Property commingled with minerals from other properties shall be determined.

Following the expiration of the period for objection described in Section 1.5 of this RTE Agreement, and absent timely objection by Royal, MON may dispose of the samples and results required to be kept by this Section.

1.15 Time shall be of the essence hereof.

1.16 In order to guarantee the compliance with and timely payment when due of the RTE and each and all the obligations under this RTE Agreement, simultaneously with the execution hereof MON shall execute and deliver to Royal a first charge non-possessory commercial pledge against the Property in first rank and degree, and shall take all actions required thereunder.

1.17 This RTE Agreement and Royal's interest in the RTE is assignable by Royal in whole or in part without the consent of MON.

1.18 The exchange rate applicable to the conversion of any amounts denominated in the lawful currency of Mexico to U.S. Dollars under this RTE Agreement shall be the exchange rate reported in the Diario Oficial de la Federación on the date of the conversion or on the next day on which the Diario Oficial de la Federación is published if the conversion must be done pursuant to this Agreement on a day on which the Diario Oficial de la Federación was not published.

impugnar cualquiera de los anteriores.

1.14 Antes de que los minerales de la Propiedad se mezclen con minerales de otras propiedades:

- (a) Los minerales de la Propiedad se medirán y se les sacará una muestra de acuerdo con las sanas prácticas mineras y metalúrgicas para ver su grado de humedad, metal y otro contenido correspondiente;
- (b) MON tomará y conservará las muestras representativas de los minerales junto con los resultados de las pruebas (incluyendo sustancias de penalización) y otros análisis adecuados de las muestras para determinar el contenido de metal y otro contenido relevante de cualquier sustancia de penalización en los minerales, muestras y resultados que se presentarán a solicitud de Royal; y
- (c) Se determinará el monto de RTE adeudado y pagadero a Royal de los minerales obtenidos de la Propiedad, mezclados con los minerales de otras propiedades.

Después del vencimiento del periodo de objeción descrito en la Sección 1.5 de este Contrato de RTE, y si no existe una objeción oportuna por parte de Royal, MON podrá enajenar las muestras y resultados cuya conservación es requerida por esta Sección.

1.15 El tiempo será esencial.

1.16 Para garantizar el cumplimiento y pago oportuno al vencimiento del RTE y cada una de las obligaciones de este Contrato de RTE, simultáneamente con su celebración MON celebrará y entregará a Royal la prenda comercial sin transmisión de posesión de primer cargo contra la Propiedad en primer rango y grado, y tomará todas las medidas requeridas para ello.

1.17 Este Convenio de RTE y la participación de Royal en el RTE podrán ser cedidos por Royal en su totalidad o en parte sin consentimiento de MON.

1.18 El tipo de cambio aplicable a la conversión de cualquier monto denominado en la moneda de curso legal de México a dólares de los Estados Unidos de acuerdo con este Convenio de RTE será el tipo de cambio reportado en el Diario Oficial de la Federación en la fecha de conversión o el siguiente día en el que el Diario Oficial de la Federación se publique si la conversión debe realizarse de acuerdo con este Contrato en un día en el que no se publicó el Diario

1.19 Without regard to principles of conflicts of law, this RTE Agreement is made under and shall be interpreted and enforced in accordance with the laws of the State of Colorado applicable to contracts made and to be performed entirely within such state and the laws of the United States of America, except that, to the extent that the law of the jurisdiction in which the real property is located (or which is otherwise applicable to the real property) necessarily governs with respect to procedural and substantive matters relating to the creation and enforcement of the interests created herein, the law of such other jurisdiction shall apply.

ARTICLE II.  
Attributes of RTE

2.1 In view of the execution of this RTE Agreement, MON shall create a non-possessory commercial pledge (in first rank and degree) to run with the Property, and any voluntary or involuntary assignment by MON of any part of the Property or interest therein shall be subject to the said pledge and to the RTE, and this shall also be provided in the pledge agreement.

2.2 Royal shall be entitled to assign or encumber all or any part of its interest in the RTE without the consent of MON.

2.3 This RTE Agreement is executed by the parties for the purposes of acknowledging the assignments of the RTE described herein, the amendment and restatement of the RTE as set forth herein, the registration of the RTE, and to give notice to third parties of the current ownership and essential terms of the RTE. Promptly upon Royal's request, the parties hereto shall sign and ratify before a Notary Public and deliver to Royal a Spanish version hereof for registration in Mexico, if such registration is or becomes available. The Spanish version shall also contain the requisite provisions and formalities to accomplish such registration, and to perfect under Mexican law all of the covenants contained herein. MON and T-Mex shall sign and ratify the Spanish version hereof before a Mexican Notary Public. In the event of any conflict between the English and Spanish version of any provision of this RTE Agreement, the provision of the English version shall control.

1.19 Sin considerar los principios de conflictos de ley, este Convenio de RTE se realiza y será interpretado y aplicado de acuerdo con las leyes del Estado de Colorado aplicable a los contratos realizados y a ser realizados en su totalidad dentro de ese estado y las leyes de los Estados Unidos de América, excepto que, en la medida que la ley de la jurisdicción en la que se ubique el bien inmueble (o que de otra forma aplique al bien inmueble) rija necesariamente con respecto a los asuntos procesales y sustantivos por la creación y aplicación de las participaciones aquí creadas, aplicará la ley de esa otra jurisdicción.

CLÁUSULA II.  
Atributos de RTE

2.1 En vistas de la celebración de este Contrato de RTE, MON creará una prenda comercial sin transmisión de posesión (en primer rango y grado) sobre la Propiedad, y cualquier cesión voluntaria o involuntaria de MON de alguna parte de la Propiedad o sus participaciones estará sujeta a esa prenda y al RTE, y ésta también se estipulará en el contrato de prenda.

2.2 Royal tendrá derecho a ceder o afectar la totalidad o parte de sus participaciones en el RTE sin consentimiento de MON.

2.3 Este Convenio de RTE será celebrado por las partes para reconocer las cesiones de RTE aquí descritas, la modificación y reformulación de RTE de acuerdo a lo estipulado en el presente, el registro de RTE y para enviar notificación a terceros de los términos de propiedad y términos esenciales actuales de RTE. Oportunamente a solicitud de Royal, las partes por este acto firman y ratifican ante Notario Público y entregan a Royal una versión en español del presente para su registro en México, si ese registro está o llega a estar disponible. La versión en español también incluirá las disposiciones y trámites necesarios para lograr ese registro y perfeccionar todos los pactos aquí contenidos de acuerdo con la ley mexicana. MON y T-Mex firmarán y ratificarán la versión en español del presente ante Notario Público mexicano. En caso de cualquier conflicto entre la versión en inglés y en español, de cualquier disposición de este Convenio de RTE, regirá lo dispuesto en la versión en inglés.

EXECUTED on the day and year first referenced above.

CELEBRADO el día y año que se mencionan en el proemio.

MON:

MON:

MINAS DE ORO NACIONAL S.A. de C.V. ,  
formerly known as O.N.C. de Mexico S.A. de C.V.

MINAS DE ORO NACIONAL S.A. de C.V. ,  
anteriormente conocida como O.N.C. de México S.A. de C.V.

By: /s/ Manley Guarducci  
Name: Manley Guarducci  
Title: Director General

Por: /s/ Manley Guarducci  
Nombre: Manley Guarducci  
Cargo: Director General

Royal:

Royal:

RG MEXICO, INC.

RG MÉXICO, INC.

By: /s/ Tony A. Jensen  
Name: Tony A. Jensen  
Title: President

Por: /s/ Tony A. Jensen  
Nombre: Tony A. Jensen  
Cargo: Presidente

COUNTY OF DENVER            ) ss.  
  )

CONDADO DE DENVER            ) Declaración Jurada  
  )

This instrument was acknowledged before me on the 27<sup>th</sup> day of May, 2011, by Tony A. Jensen as President of RG Mexico, Inc., a Delaware corporation.

Este instrumento fue reconocido ante mí el 27th de May de 2011, por Tony A. Jensen como Presidente de RG México, Inc., sociedad de Delaware.

[SEAL]

[SELLO]

My commission expires: \_\_\_\_\_

Mi nombramiento vence el: \_\_\_\_\_

/s/ Karen Passavanti Gross  
Notary Public

/s/ Karen Passavanti Gross  
Notario Público

EXHIBIT A  
TO AGREEMENT FOR  
AMENDMENT AND RESTATEMENT  
OF  
ROYALTY FOR TECHNICAL EXPERTISE

MULATOS PROJECT MINING CONCESSIONS  
SUBJECT TO ROYALTY FOR TECHNICAL EXPERTISE

	<b>LOT</b>	<b>HOLDER</b>	<b>SURFACE (Hectares)</b>	<b>TITLE</b>	<b>TYPE OF CONCESSION</b>	<b>TERM</b>	<b>LOCATION</b>
1	Nuevo Mulatos	MON	30.0000	180600	Exploitation	July 12, 2037	Sahuaripa, Sonora
2	San Miguel 1	MON	16.7056	191139	Exploitation	April 28, 2041	Sahuaripa, Sonora
3	Cristina	MON	290.0000	191271	Exploitation	December 18, 2041	Sahuaripa, Sonora
4	Carolina	MON	347.0000	191272	Exploitation	December 18, 2041	Sahuaripa, Sonora
5	Bety	MON	453.7237	191273	Exploitation	December 18, 2041	Sahuaripa, Sonora
6	San Miguel 2	MON	20.2516	195438	Exploitation	September 13, 2042	Sahuaripa, Sonora
7	La Central No.1	MON	81.2560	196108	Exploitation	September 22, 2042	Sahuaripa, Sonora
8	El Víctor de Mulatos	MON	18.0000	196110	Exploitation	September 22, 2042	Sahuaripa, Sonora
9	La Central	MON	96.0000	196111	Exploitation	September 22, 2042	Sahuaripa, Sonora
10	San Carlos	MON	9.0000	196112	Exploitation	September 22, 2042	Sahuaripa, Sonora
11	Salamandra Fracción 1	MON	8,072.6559	212185	Exploitation	August 29, 2046	Sahuaripa, Sonora
12	Salamandra Fracción 2	MON	1,161.5005	212186	Exploitation	August 29, 2046	Sahuaripa, Sonora
13	Salamandra Fracción 3	MON	604.0000	212187	Exploitation	August 29, 2046	Sahuaripa, Sonora
14	Tequila	MON	18.7440	206724	Exploitation	March 11, 2048	Sahuaripa, Sonora
15	Mirtha	MON	470.3190	206755	Exploitation	March 11, 2048	Sahuaripa, Sonora
16	El Jaspe	MON	78.0000	209714	Exploitation	August 2, 2049	Sahuaripa, Sonora
17	San Lorenzo	MON	60.0000	210493	Exploitation	October 7, 2049	Sahuaripa, Sonora
18	San Lorenzo	MON	15.6160	211573	Exploitation	June 15, 2050	Sahuaripa, Sonora
19	El Marrano	MON	434.0000	217518	Exploitation	July 15, 2052	Sahuaripa, Sonora
20	Capulín 2	MON	12.0084	217556	Exploitation	July 15, 2052	Sahuaripa, Sonora
21	Alejandra	MON	405.6606	217765	Exploitation	August 12, 2052	Sahuaripa, Sonora

22	El Carricito	MON	2,176.2872	222880	Exploitation	September 13, 2054	Yecora, Sonora
23	El Carricito 2	MON	100.0000	212507	Exploitation	October 30, 2006	Yecora, Sonora
24	Cerro Pelón	MON	500.0000	213670	Exploitation	June 7, 2007	Sahuaripa, Sonora
25	Cerro Pelón 2	MON	500.0000	214866	Exploitation	December 3, 2007	Sahuaripa, Sonora
26	Los Compadres	MON	10.0000	218820, replacement for 201674	Exploitation	January 20, 2009	Sahuaripa, Sonora
27	Continuación de Virgencita	MON	100.0000	190634	Exploitation	April 28, 2041	Sahuaripa, Sonora

ANEXO A  
DEL CONVENIO  
MODIFICATORIO Y DE REFORMULACIÓN  
DE  
REGALÍAS POR EXPERIENCIA TÉCNICA

CONCESIONES MINERAS DEL PROYECTO MULATOS  
SUJETAS A REGALÍAS POR EXPERIENCIA TÉCNICA

	<b>LOTE</b>	<b>TENEDOR</b>	<b>SUPERFICIE (Hectáreas)</b>	<b>TÍTULO</b>	<b>TIPO DE CONCESIÓN</b>	<b>VIGENCIA</b>	<b>UBICACIÓN</b>
1	Nuevo Mulatos	MON	30.0000	180600	Explotación	12 de julio de 2037	Sahuaripa, Sonora
2	San Miguel 1	MON	16.7056	191139	Explotación	28 de abril de 2041	Sahuaripa, Sonora
3	Cristina	MON	290.0000	191271	Explotación	18 de diciembre de 2041	Sahuaripa, Sonora
4	Carolina	MON	347.0000	191272	Explotación	18 de diciembre de 2041	Sahuaripa, Sonora
5	Bety	MON	453.7237	191273	Explotación	18 de diciembre de 2041	Sahuaripa, Sonora
6	San Miguel 2	MON	20.2516	195438	Explotación	13 de septiembre de 2042	Sahuaripa, Sonora
7	La Central No.1	MON	81.2560	196108	Explotación	22 de septiembre de 2042	Sahuaripa, Sonora
8	El Víctor de Mulatos	MON	18.0000	196110	Explotación	22 de septiembre de 2042	Sahuaripa, Sonora
9	La Central	MON	96.0000	196111	Explotación	22 de septiembre de 2042	Sahuaripa, Sonora
10	San Carlos	MON	9.0000	196112	Explotación	22 de septiembre de 2042	Sahuaripa, Sonora
11	Salamandra Fracción 1	MON	8,072.6559	212185	Explotación	29 de agosto de 2046	Sahuaripa, Sonora
12	Salamandra Fracción 2	MON	1,161.5005	212186	Explotación	29 de agosto de 2046	Sahuaripa, Sonora
13	Salamandra Fracción 3	MON	604.0000	212187	Explotación	29 de agosto de 2046	Sahuaripa, Sonora
14	Tequila	MON	18.7440	206724	Explotación	11 de marzo de 2048	Sahuaripa, Sonora
15	Mirtha	MON	470.3190	206755	Explotación	11 de marzo de 2048	Sahuaripa, Sonora

16	El Jaspe	MON	78.0000	209714	Explotación	2 de agosto de 2049	Sahuaripa, Sonora
17	San Lorenzo	MON	60.0000	210493	Explotación	7 de octubre de 2049	Sahuaripa, Sonora
18	San Lorenzo	MON	15.6160	211573	Explotación	15 de junio de 2050	Sahuaripa, Sonora
19	El Marrano	MON	434.0000	217518	Explotación	15 de julio de 2052	Sahuaripa, Sonora
20	Capulín 2	MON	12.0084	217556	Explotación	15 de julio de 2052	Sahuaripa, Sonora
21	Alejandra	MON	405.6606	217765	Explotación	12 de agosto de 2052	Sahuaripa, Sonora
22	El Carricito	MON	2,176.2872	222880	Explotación	13 de septiembre de 2054	Yecora, Sonora
23	El Carricito 2	MON	100.0000	212507	Explotación	30 de octubre de 2006	Yecora, Sonora
24	Cerro Pelón	MON	500.0000	213670	Explotación	7 de junio de 2007	Sahuaripa, Sonora
25	Cerro Pelón 2	MON	500.0000	214866	Explotación	3 de diciembre de 2007	Sahuaripa, Sonora
26	Los Compadres	MON	10.0000	218820, reemplazo de 201674	Explotación	20 de enero de 2009	Sahuaripa, Sonora
27	Continuación de Virgencita	MON	100.0000	190634	Explotación	28 de abril de 2041	Sahuaripa, Sonora

EXHIBIT B  
TO AGREEMENT FOR  
AMENDMENT AND RESTATEMENT  
OF  
ROYALTY FOR TECHNICAL EXPERTISE

ANEXO B  
DEL CONVENIO  
MODIFICATORIO Y DE REFORMULACIÓN  
DE  
REGALÍAS POR EXPERIENCIA TÉCNICA

FORM OF MONTHLY SUMMARY OF OPERATING STATISTICS

FORMATO DE RESUMEN MENSUAL DE ESTADÍSTICAS DE  
OPERACIÓN

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Dated 1 September 1999

**RIO TINTO METALS LIMITED**

- and -

**MK GOLD COMPANY**

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**AGREEMENT**

for the sale and purchase of  
all of the issued shares and venture loans  
of RioMin Exploraciones SA

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Rio Tinto plc  
Legal Department  
6 St James's Square  
London SW1Y 4LD

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**THIS AGREEMENT** is made on 1 September, 1999

**BETWEEN:-**

- (1) **RIO TINTO METALS LIMITED** (No. 147115) whose registered office is at 6, St James's Square, London, England (the "Vendor"); and
- (2) **MK GOLD COMPANY** of 60 East South Temple, Salt Lake City, Utah 84111 (the "Purchaser").

**RECITALS:**

- (A) By a transfer deed executed before a notary on 31 December 1998, the Vendor acquired the Shares in the Company from Rio Tinto International Holdings Limited. Furthermore, by a transfer deed executed before a Spanish notary on 25 February 1999, the Vendor acquired the Venture Loans (defined below) from Rio Tinto International Holdings Limited;
- (B) The Company is a wholly owned subsidiary of Rio Tinto Metals Limited and is the legal and beneficial owner of the Investigation Permits (defined below);
- (C) The Purchaser and the Vendor now wish to enter into this agreement to record the terms upon which the Purchaser is to acquire the Shares, and the Venture Loans, from the Vendor.

**THE PARTIES AGREE AS FOLLOWS:-**

**1. INTERPRETATION**

- 1.1 In this agreement the following words and expressions and abbreviations have the following meanings, unless the context otherwise requires:-

**"Accounts"** means the audited financial statements of the Company, comprising the balance sheet and profit and loss account of the Company together with the directors' report and auditors certificate, as at and for the financial period ended on the Accounts Date;

**"Accounts Date"** means 31 December 1998;

**"Business Day"** means a day (excluding Saturdays and Sundays) on which banks generally are open in London, Seville and Salt Lake City for the transaction of normal banking business;

**"Company"** means RioMin Exploraciones S.A., a Spanish corporation whose registered office is located at Ronda de la Exposicion, 39, Seville (Spain) incorporated for an indefinite period by a deed executed by the Notary Public Mr José-Maria Alvarez Vega, of Madrid, on 19 January 1983. The articles of association currently in force were signed before the Notary Public Ms. Maria Isabel Gabarro Miquel, of Barcelona, on 16 November 1998, with protocol number 3596. The Company is listed in the Companies Register of Seville,

**“Completion”** means the completion of the sale and purchase of the Shares and the Venture Loans in accordance with clause 4;

**“Completion Date”** means the date of execution of this Sale and Purchase Agreement;

**“Confidential Information”** means all information relating to the affairs and activities of the Company including all Technical Data which is not publicly known;

**“Data Room”** means the files of documents relating to the Company and its activities as the same are more particularly described in the Index to the Data Room Documents in agreed terms;

**“Disclosure Letter”** means the letter of today’s date together with the attachments thereto addressed by the Vendor to the Purchaser disclosing exceptions to the Warranties;

**“Encumbrance”** means any mortgage, charge (fixed or floating), pledge, lien, hypothecation, trust, right of set off or other third party right or interest (legal or equitable) including any right of pre-emption, assignment by way of security, reservation of title or any other security interest of any kind however created or arising or any other agreement or arrangement (including a sale and repurchase arrangement) having similar effect;

**“Feasibility Study”** means the report prepared by the Company (together with all supporting documentation and information hereto) on the feasibility of developing a mine and processing facilities at Las Cruces;

**“Investigation Permits”** means the investigation permit (number 7532) granted to the Company on 14 October 1992 by Servicio de Industria, Energiay Minas as renewed for further terms of 3 years on 15 September 1995 and 25 November 1998 together with the surrounding four investigation permits registered with numbers 7531, 7533, 7625 and 7626 (collectively referred to as Faraloes II, Faraloes I, Faraloes III, Vear and Olivares);

**“Material Agreements”** means all existing agreements to which the Company is a party and which are material to the Company’s activities as currently carried on true and complete copies of which are in the Data Room and referred to in the Index to the Data Room Documents in agreed terms;

**“Properties”** means the properties described in schedule 2 or any part or parts thereof and **“Property”** shall mean any one of them;

**“Purchaser’s Group”** means the Purchaser, its holding companies and the subsidiaries from time to time of such holding companies, all of them and each of them as the context admits;

**“Related Person”** means in relation to any party its holding companies and the subsidiaries from time to time of such holding companies, all of them and each of them as the context admits;

**“Shares”** means all of the issued shares in the capital of the Company namely 191,500 registered shares, fully paid up with a nominal value of 3254 pesetas each numbers 1 to 191, 500, both included;

**“Tax” or “tax”** means any tax, and any duty, contribution, impost, withholding, levy or charge in the nature of tax, whether domestic or foreign, and any fine, penalty, surcharge or interest connected therewith and includes corporation tax, advance corporation tax, income tax (including income tax required to be deducted or withheld from or accounted for in respect of any payment), national insurance and social security contributions, capital gains tax, inheritance tax, value added tax, customs exercise and import duties, stamp duty, stamp duty reserve tax, insurance premium tax, air passenger duty, rates and water rates, land fill tax, petroleum revenue tax, advance petroleum revenue tax, gas levy and any other payment whatsoever which any person is or may be or become bound to make to any person and which is or purports to be in the nature of taxation;

**“Technical Data”** means all plans, results, geological data, drawings, specifications, operating procedures and other technical data and information of whatever kind in each case owned by the Company including, but without limitation, the Feasibility Study, financial analysis and interpretation of the geological and metallurgical data in respect of the land the subject of the Investigation Permits;

**“Vendor’s Group”** means the Vendor, its holding companies and the subsidiaries, excluding the Company, from time to time of such holding companies, all of them and each of them as the context admits;

**“Venture Loans”** means the loans granted to the Company amounting, in aggregate to 5,390,776,662 pesetas pursuant to the assignment of a credit and venture loan agreement entered into on 25 February 1999, before the notary Mr Francisco Palop Tordera;

**“Warranties”** means the warranties set out in schedule 1.

1.2 In this agreement unless otherwise specified, reference to:-

- (a) **“subsidiary” or “holding company”** in respect of the Company it shall be construed in accordance with article 4 of the Ley del Mercado de Valores (Stock Exchange Act) and article 42 of the Código de Comercio (Mercantile Code) and in respect of the Vendor, the Vendor’s Group, the Purchaser or the Purchaser’s Group, the law of the place of incorporation of the relevant entity;
- (b) a document in the **“agreed terms”** is a reference to that document in the form approved and for the purposes of identification signed by or on behalf of each party;

- (c) a **“party”** means a party to this agreement and includes its assignees (if any) and/or the successors in title to substantially the whole of its undertaking;
- (d) a **“person”** includes any person, individual, company, firm, corporation, government, state or agency of a state or any undertaking (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- (e) **“clauses”**, **“paragraphs”** or **“schedules”** are to clauses and paragraphs of and schedules to this agreement;
- (f) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- (g) any reference to US\$ is to the currency of the United States of America.

1.3 The schedules form part of the operative provisions of this agreement and references to this agreement shall, unless the context otherwise requires, include references to the schedules.

## 2. **SALE AND PURCHASE**

2.1 Upon the terms of this agreement, the Vendor as legal and beneficial owner shall sell and the Purchaser shall purchase all the Shares and the Venture Loans with effect from Completion free from any Encumbrance together with all accrued benefits and rights attached thereto.

2.2 The aggregate consideration for such sale and purchase shall be the total sum of \_\_\_\_\_ to be satisfied in cash on Completion of which US\$ \_\_\_\_\_ shall be the consideration payable for the Shares and US\$ \_\_\_\_\_ shall be the consideration payable for the Venture Loans.

2.3 In addition to the consideration referred to in clause 2.2 the Purchaser shall pay to the Vendor a royalty in accordance with the provisions of Schedule 3 (“Royalty”).

## 3. **CONDITIONS**

Completion is conditional upon fulfilment in all respects by the Purchaser of its obligation to pay the Consideration.

## 4. **COMPLETION**

4.1 Completion shall take place at the Company’s offices on the Completion Date.

4.2 On Completion the Vendor shall deliver to or, if the Purchaser shall so agree, make available to the Purchaser:-

- (a) transfers in the agreed form relating to all the Shares and the Venture Loans duly executed in favour of the Purchaser before a Notary Public;

- (b) the original of the transfer deed executed on 31 December 1998 before Spanish Notary Public Maria-Isabel Gabarro Miquel pursuant to which the Vendor acquired the Shares together with the original of transfer deed executed on 25 February 1999 pursuant to which the Vendor acquired the Venture Loans and any reports or documents lodged with any relevant Spanish foreign investment authority concerning the Venture Loans;
  - (c) resignations in the agreed terms duly executed as deeds of Mr John MacLean and Mr Daniel Roca from their offices as director or secretary of the Company containing a confirmation that they have no claims (whether statutory, contractual or otherwise) against the Company for compensation for loss of office or unpaid emoluments;
  - (d) the Company's Memorandum and articles of association, Register of Minutes of meetings of shareholders and directors, Register of agreements with sole shareholder, Shareholders Register, Companies House Certificate and cheque books of the Company;
  - (e) the documents evidencing the Venture Loans, including any cancelled Loans, the Investigation Permits and all Material Agreements;
  - (f) the Technical Data and the contents of the Data Room;
  - (g) the Disclosure Letter duly signed for and on behalf of the Vendor; and
- 4.3 At or prior to Completion (and prior to the taking effect of the resignations of the directors referred to in clause 4.2(c) above) the Vendor shall procure the passing of board and/or shareholder resolutions (as the case may be) in the agreed terms of the Company approving the sale of the Shares and the Venture Loans:-
- (a) sanctioning for registration of the transfers in respect of the Shares;
  - (b) appointing Messrs. G. Frank Joklik, Donald L Babinchak and John C Farmer to be the directors and Mr Charles Coward, to be secretary of the Company;
  - (c) revoking all mandates to bankers (other than any existing mandates in favour of Mr Mike Doyle, Mr Gobain Ovejero Zappino or any other employee of the Company) and giving authority in favour of the directors appointed under clause 4.3(b) above or such other persons as the Purchaser may nominate to operate the bank accounts thereof; and
  - (d) revoking all powers of attorney other than such powers granted to existing employees of the Company.
- 4.4 Upon compliance by the Vendor with the provisions of clauses 4.2 and 4.3 the Purchaser shall provide for the transfer by CHAPS  
of to

the Account of Rio Tinto Finance plc at Chase Manhattan Bank , New York, ABA No. 021000021, SWIFT CHASUS33, Account No. 910-2-772986.

- 4.5 If in any respect the obligations of the Vendor (or Purchaser) are not complied with on Completion the party not in default may:-
- (a) defer Completion to a date not more than 28 days after Completion (and so that the provisions of this clause 4, apart from this clause 4.5(a), shall apply to Completion as so deferred); or
  - (b) proceed to Completion so far as practicable (without prejudice to its rights hereunder); or
  - (c) terminate this agreement without prejudice to the rights and liabilities which accrued prior to termination which shall continue to subsist,

by means of a notice to that effect in writing served on the other.

## 5. **WARRANTIES**

5.1 The Vendor warrants with the Purchaser in the terms of the Warranties as at the Completion Date.

5.2 Each of the Warranties shall be construed as a separate Warranty and (save as expressly provided to the contrary) shall not be limited by the terms of any of the other Warranties.

5.3 Save in the case of fraud or fraudulent concealment by the Vendor, the Vendor shall be under no liability in respect of any claim under the Warranties and any such claim shall be wholly barred and unenforceable unless written notice of such claim setting out full details of the relevant claim (including the grounds on which such claim is based and the amount claimed to be payable in respect thereof) shall have been served upon the Vendor by the Purchaser:-

- (a) in the case of a claim under the Warranties (other than the Warranties relating to Tax) by not later than 5.00 pm on the date which is 12 months after the date hereof; and
- (b) in the case of a claim under the Warranties relating to Tax by not later than 5.00 pm on the fourth anniversary of the date hereof

and the liability of the Vendor for any claim specified in such notice shall absolutely determine and cease unless the amount payable in respect of the relevant claim has been agreed by the Vendor within six months of the date of such written notice, or

- (i) if legal proceedings have not been instituted in respect of such claim by the due service of process on the Vendor within 3 months of the date of such written notice; or

- (ii) in the event that the Vendor shall make in respect thereof a request pursuant to clause 5.12(a)(ii), if legal proceedings have not been instituted by the Purchaser in respect of such claim by the due service of process on the Vendor within three months of the date on which pursuant to clause 5.12(a)(ii) judgement is given by a court of competent jurisdiction in respect of such proceedings as shall have been instituted by the Purchaser pursuant to such request or the date settlement is reached in such third party proceedings with the consent of the Vendor or on which the Vendor and the Purchaser agree that proceedings or other action against the third party shall be abandoned.

For the purpose of this clause 5.3 legal proceedings shall not be deemed to have been commenced unless they shall have been properly issued and validly served upon the Vendor.

5.4 Save in the case of fraud or fraudulent concealment the Vendor shall be under no liability in respect of any claim under the Warranties:-

- (a) where the liability of the Vendor in respect of that claim would (but for this paragraph) have been less than US\$25,000;
- (b) unless and until and only to the extent that the liability in respect of that claim (not being a claim for which liability is excluded under sub-clause 5.4(a) above) when aggregated with the liability of the Vendor in respect of all other claims shall exceed US\$300,000.

5.5 Save in the case of fraud or fraudulent concealment the aggregate liability of the Vendor in respect of all claims under this Agreement shall not in any circumstances exceed

5.6 The Vendor shall be under no liability whatsoever in respect of any claim under the Warranties if the facts or circumstances giving rise thereto are fully and fairly disclosed in the Disclosure Letter, any of the documents contained in the Data Room or provided for or stated to be exceptions under the terms of this agreement or are otherwise known to the Purchaser at the date hereof.

5.7 No liability (whether in contract, tort or otherwise) shall attach to the Vendor in respect of any claim under the Warranties to the extent that:-

- (a) the claim or the events giving rise to the claim would not have arisen but for an act, omission or transaction of the Purchaser or which would not have arisen but for any claim, election or surrender or disclaimer made or omitted to be made or notice or consent given or omitted to be given by the Purchaser under the provisions of any statutes relating to Tax;
- (b) the claim is based upon a liability which is contingent only, unless and until such contingent liability becomes an actual liability or until the same is finally adjudicated;

- (c) provision or reserve in respect of the matter giving rise to the claim shall have been made in the Accounts or to the extent that the matter giving rise to the claim shall have been noted in the Accounts;
- (d) the claim occurs wholly or partly out of or the amount thereof is increased as a result of:-
  - (i) any change in the accounting principles or practices of the Purchaser introduced or having effect after the date of this agreement unless the same is introduced to bring the accounting principles and practices into line with generally accepted accounting principles and practices in Spain in relation to a business of the type carried on by the Company;  
or
  - (ii) any increase in the rates of taxation made after the date hereof; or
  - (iii) any change in law or regulation or in its interpretation or administration by the Spanish courts, by the Spanish taxation authorities or by any other fiscal, monetary or regulatory authority (whether or not having the force of law);
- (e) the loss or damage giving rise to the claim is recoverable by the Purchaser under any policy of insurance or would have been so recoverable but for any change in the terms of insurance since the date of this agreement; or
- (f) the claim relates to a claim or liability for taxation and would not have arisen but for any winding-up or cessation after Completion of any business or trade carried on by the Company or the Purchaser.

5.8 The Purchaser shall promptly:-

- (a) inform the Vendor in writing of any fact, matter, event or circumstance which comes to its notice whereby it appears that the Vendor is or may be liable to make any payment in respect of any claim under the Warranties or whereby it appears the Purchaser's Group shall become or may become entitled to recover from some other person a sum which is referable to a payment already made by the Vendor in respect of such a claim; and
- (b) thereafter keep the Vendors fully informed of all developments in relation thereto; and
- (c) provide all such information and documentation (no matter how it is recorded or stored) as the Vendor shall request in connection therewith and also in connection with any proceedings instituted by or against the Purchaser's Group under clause 5.12 and which information or documentation is not the subject to legal professional privilege or

confidential information created or brought into existence by the Purchaser's Group since Completion.

- 5.9 The only remedies available to the Purchaser in respect of this agreement together with any other documents referred to in this agreement (the "Transaction Documents") are damages for breach of contract (subject to the limitations set out in this agreement) and, for the avoidance of doubt, it does not have any right to rescind or terminate any Transaction Documents either for breach of contract or for negligent or innocent misrepresentation or otherwise.
- 5.10 The Purchaser hereby represents and warrants that it has no knowledge of any fact which might lead to claims against the Vendor under the Warranties.
- 5.11 The Purchaser's Group will take or procure the taking of all such steps and action as are necessary or as the Vendor may reasonably require in order to mitigate any claim under the Warranties and the Purchaser's Group shall act in accordance with such request subject to the Company and the Purchaser being indemnified and adequately secured to the reasonable satisfaction of the Purchaser by the Vendor against all reasonable costs and expenses which may properly be incurred by reason of such action, including reasonable legal costs and expenses on a full indemnity basis. Nothing in this agreement shall or shall be deemed to relieve the Purchaser of any common law or other duty to mitigate any loss or damage incurred by it.
- 5.12 (a) This clause shall apply in circumstances where:-
- (i) any claim is made against the Purchaser which may give rise to a claim by the Purchaser against the Vendor under the Warranties; or
  - (ii) the Purchaser is or may be entitled to make any recovery from some other person any sum in respect of any facts or circumstances by reference to which the Purchaser has or may have a claim against the Vendor under the Warranties; or
  - (iii) the Vendor shall have paid to the Purchaser an amount in respect of a claim under the Warranties and subsequent to the making of such payment the Purchaser becomes or shall become entitled to recover from some other person a sum which is referable to that payment.
- (b) The Purchaser shall and, where appropriate, the Company shall:-
- (i) (prior to taking any action against the Vendor under the Warranties in the case of clause 5.12(a)(i) and clause 5.12(a)(ii) and subject to the Company and the Purchaser being indemnified and adequately secured to the reasonable satisfaction of the Purchaser by the Vendor against all reasonable costs and expenses which may properly be incurred

by reason of such action) promptly and diligently take all such action (including reasonable legal costs and expenses on a full indemnity basis) as the Vendor may reasonably request including the institution of proceedings and the instruction of professional advisers approved by the Vendor (such approval not to be unreasonably withheld) to act on behalf of the Company and the Purchaser (as the case may be) to avoid, dispute, resist, compromise, defend or appeal against any such claim against the Purchaser as is referred to in clause 5.12(a)(i) or to make such recovery by the Purchaser as is referred to in clause 5.12(a)(ii) or clause 5.12(a)(iii), as the case may be, in accordance with the instructions of the Vendor to the intent that such action shall be delegated entirely to the Vendor provided that at all times the Purchaser and the Company shall continue to be indemnified and secured to the reasonable satisfaction of the Purchaser provided that, however, either:

- (A) the Purchaser and/or the Company (as the case may be) must consent in writing to the terms and conditions of any settlement or compromise of any claim or dispute; or
- (B)
  - (1) the Purchaser and/or the Company (as the case may be) must receive a full release, signed by all other parties to the dispute or claim, releasing the Purchaser and/or the Company (as the case may be) from all claims and liability arising out of the claim or dispute; and
  - (2) the settlement or compromise of the claim or dispute must not hinder or impair the ability of the Purchaser and/or the Company (as the case may be) to carry on its or their business or businesses.
- (ii) so long as the Vendor shall have given adequate security therefor not settle or compromise any liability or claim to which such action is referable without the prior written consent of the Vendor which consent shall not be unreasonably withheld or delayed; or
- (iii) in the case of clause 5.12(a)(iii) only, promptly repay to the Vendor an amount equal to the amount so recovered or, if lower, the amount paid by the Vendor to the Purchaser.

5.13 The Vendor hereby agrees to indemnify and keep indemnified the Purchaser against any loss, liability, cost or expense (including, without limitation, environmental and rehabilitation liabilities) it may incur as a direct result of any act or omission of the Vendor and/or the Company prior to Completion in relation to any investigation permits (other than the Investigation Permits) held from time to time by the Company.

## 6. CONFIDENTIAL INFORMATION

6.1 The Vendor shall:-

- (a) not and shall procure that no other member of the Vendor's Group or any director, officer or employee or adviser or agent of the Vendor's Group shall use or disclose to any person Confidential Information; and
- (b) use all reasonable endeavours to prevent the use or disclosure of Confidential Information by any person other than by members of the Purchaser's Group.

6.2 Clause 6.1 does not apply to:-

- (a) disclosure of Confidential Information to or at the written request of the Purchaser;
- (b) use or disclosure of Confidential Information required to be disclosed by law or the London Stock Exchange;
- (c) disclosure of Confidential Information to professional advisers for the purpose of advising the Vendor; or
- (d) Confidential Information which becomes generally known other than by the Vendor's breach of clause 6.1.

## 7. ANNOUNCEMENTS

7.1 No party shall disclose the making of this agreement nor its terms (except those matters set out in the press release in the agreed terms) and each party shall procure that each of its Related Persons shall not make any such disclosure without the prior consent of the other party unless disclosure is:-

- (a) to its professional advisers; or
- (b) required by law or the rules of the London Stock Exchange or other regulatory body and disclosure shall then only be made by that party:-
  - (i) after it has taken all such steps as may be reasonable in the circumstances to agree the contents of such announcement

with the other party before making such announcement and provided that any such announcement shall be made only after notice to the other party/parties; and

- (ii) to the person or persons and in the manner required by law or the London Stock Exchange or as otherwise agreed between the parties

provided that this clause 7.1 does not apply to announcements, communications or circulars made or sent by the Purchaser after Completion to customers, clients or suppliers of any Group Company to the extent that it informs them of the Purchaser's acquisition of the Shares or to any announcements containing only information which has become generally available.

7.2 The restrictions contained in clause 7.1 shall apply without limit of time and whether or not this agreement is terminated.

## 8. COSTS

Unless expressly otherwise provided in this agreement each of the parties shall bear its own legal, accountancy and other costs, charges and expenses connected with the sale and purchase of the Shares. All Notaries' costs and any taxes payable as a result of the implementation of anything contemplated hereunder shall be paid in accordance with the appropriate Spanish laws.

## 9. EFFECT OF COMPLETION

9.1 The terms of this agreement (insofar as not performed at Completion and subject as specifically otherwise provided in this agreement) shall continue in force after and notwithstanding Completion.

9.2 The remedies of the Purchaser in respect of any breach of any of the Warranties shall continue to subsist notwithstanding Completion.

## 10. FURTHER ASSURANCES

10.1 Following Completion the Vendor shall from time to time forthwith upon request from the Purchaser at the Vendor's expense do or procure the doing of all acts and/or execute or procure the execution of all such documents in a form reasonably satisfactory to the Purchaser for the purpose of vesting in the Purchaser the full legal and beneficial title to the Shares and the Venture Loans and otherwise giving the Purchaser the full benefit of this agreement.

10.2 Without prejudice to the generality of clause 10.1, the Vendor shall for a reasonable period of time after Completion provide the Purchaser with reasonable access during normal business hours to those employees of the Vendor's Group who have worked on the Las Cruces Project. The Purchaser undertakes to reimburse the Vendor, or the relevant member of the Vendor's Group, immediately upon production of a invoice, in respect of any costs and expenses incurred as a result of the Vendor complying with its obligations hereunder. For the avoidance of any doubt nothing herein shall oblige the Vendor to comply with its obligations contained in this clause to the extent that such compliance would have a material adverse effect on or would otherwise substantially interfere in the ongoing business and affairs of the Vendor or any other member of the Vendor's Group.

## 11. ENTIRE AGREEMENT

Each party on behalf of itself and as agent for each of its Related Persons acknowledges and agrees with the other party (each such party acting on behalf of itself and as agent for each of its Related Persons) that:-

- (a) this agreement together with any other documents referred to in this agreement (together the **“Transaction Documents”**) constitute the entire and only agreement between the parties and their respective Related Persons relating to the subject matter of the Transaction Documents;
- (b) neither it nor any of its Related Persons have been induced to enter into any Transaction Document in reliance upon, nor have they been given, any warranty, representation, statement, assurance, covenant, agreement, undertaking, indemnity or commitment of any nature whatsoever other than as are expressly set out in the Transaction Documents and, to the extent that any of them have been, it (acting on behalf of itself and as agent on behalf of each of its Related Persons) unconditionally and irrevocably waives any claims, rights or remedies which any of them might otherwise have had in relation thereto;

PROVIDED THAT the provisions of this clause 11 shall not exclude any liability which any of the parties or, where appropriate, their Related Persons would otherwise have to any other party or, where appropriate, to any other party’s Related Persons or any right which any of them may have to rescind this agreement in respect of any statements made fraudulently by any of them prior to the execution of this agreement or any rights which any of them may have in respect of fraudulent concealment by any of them.

## 12. VARIATIONS

This agreement may be varied only by a document signed by each of the Vendor and the Purchaser.

## 13. WAIVER

- 13.1 A waiver of any term, provision or condition of, or consent granted under, this agreement shall be effective only if given in writing and signed by the waiving or consenting party and then only in the instance and for the purpose for which it is given.
- 13.2 No failure or delay on the part of any party in exercising any right, power or privilege under this agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 13.3 No breach of any provision of this agreement shall be waived or discharged except with the express written consent of the Vendor and the Purchaser.

13.4 The rights and remedies herein provided are cumulative with and not exclusive of any rights or remedies provided by law.

#### 14. **NOTICES**

14.1 Any notice, demand or other communication given or made under or in connection with the matters contemplated by this agreement shall be in writing and shall be delivered personally or sent by fax or prepaid first class post (air mail if posted to or from a place outside the United Kingdom):-

*In the case of the Purchaser*

to:-

Fax: 801 297 6940  
Attention: G. Frank Joklik

*In the case of the Vendor to:-*

Fax: 0171 930 3249  
Attention: John MacLean

and shall be deemed to have been duly given or made as follows:-

- (a) if personally delivered, upon delivery at the address of the relevant party;
- (b) if sent by first class post, two Business Days after the date of posting;
- (c) if sent by air mail, five Business Days after the date of posting; and
- (d) if sent by fax, when despatched;

provided that if, in accordance with the above provisions, any such notice, demand or other communication would otherwise be deemed to be given or made outside 9.00 a.m. - 5.00 p.m. on a Business Day such notice, demand or other communication shall be deemed to be given or made at 9.00 a.m. on the next Business Day.

14.2 A party may notify the other party to this agreement of a change to its name, relevant addressee, address or fax number for the purposes of clause 14.1 provided that such notification shall only be effective on:-

- (a) the date specified in the notification as the date on which the change is to take place; or
- (b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

#### 15. **COUNTERPARTS**

This agreement may be executed in any number of counterparts which together shall constitute one agreement. Any party may enter into this

agreement by executing a counterpart and this agreement shall not take effect until it has been executed by all parties.

16. **GOVERNING LAW AND JURISDICTION**

- 16.1 This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.
- 16.2 Each of the parties to this agreement irrevocably agrees that the courts of England shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and/or to settle any disputes, which may arise out of or in connection with this agreement (respectively, **“Proceedings”** and **“Disputes”**) and, for these purposes, each party irrevocably submits to the jurisdiction of the English Courts.
- 16.3 Without prejudice to any other permitted mode of service the parties agree that service of any writ, notice or other document (**“Documents”**) for the purpose of any Proceedings begun in England shall be duly served upon it if delivered personally or sent by registered post, in the case of:-

- (a) the Vendor to Rio Tinto Metals Limited (marked for the attention of John MacLean); and
- (b) the Purchaser to MK Gold Company, 60 East South Temple, Salt Lake City, Utah 84111 (marked for the attention of G. Frank Joklik)

or such other person and address in England and/or Wales as the Vendor shall notify the Purchaser in writing or vice versa from time to time.

**IN WITNESS** whereof this agreement has been executed on the date first above written.

## **SCHEDULE 1**

### **The Warranties**

For the purposes of this Schedule 1, where a warranty is qualified by the words “so far as the Vendor is aware” and/or “so far as the Company is aware” then the Vendor and/or the Company (as appropriate) shall only be deemed to be aware of those facts within the actual knowledge of either John MacLean, Mike Doyle, Mark Sawyer or Gobain Ovejero Zappino and no other employee, adviser, consultant or officer of the Company or any other member of the Rio Tinto Group. Furthermore it is hereby agreed that the Vendor, the Company and such named individuals shall be under no obligation whatsoever to make any enquiries, outside of information actually obtained in the course of performance of their duties, as to the accuracy of the warranties so qualified.

#### **1. VENDOR’S CAPACITY**

##### **1.1 Authorisations**

The Vendor has obtained all corporate authorisations and all other applicable governmental, statutory, regulatory or other consents, licences, waivers or exemptions required to empower it to enter into and to perform its obligations under this agreement.

##### **1.2 Proper Execution**

The Vendor’s obligations under this agreement are enforceable in accordance with their terms.

##### **1.3 Third Party Rights**

The Vendor is able to sell and transfer the Shares and the Venture Loans to the Purchaser without the consent of any person and free of any pre-emptive rights or rights of first refusal.

##### **1.4 Vendor’s Disclosure Letter accurate**

The information in the Disclosure Letter is accurate in all material respects.

#### **2. THE SHARES AND SUBSIDIARIES**

##### **2.1 The Shares**

- (a) The Vendor is the only legal and beneficial owner of the Shares.
- (b) The Company has not allotted any shares other than the Shares and the Shares are fully paid or credited as fully paid.
- (c) There is no Encumbrance in relation to any of the Shares.

- (d) Other than this agreement, there is no agreement, arrangement or obligation requiring the creation, allotment, issue, sale, transfer, redemption or repayment of, or the grant to a person of the right (conditional or not) to require the allotment, issue, sale, transfer, redemption or repayment of, a share in the capital of the Company (including an option or right of pre-emption or conversion).

## 2.2 **Venture Loans**

- (a) The Vendor is the only legal and beneficial owner of the Venture Loans.
- (b) The Company has no debts which individually are in excess of US\$20,000 (other than trade debts, amounts owed to employees incurred by the Company in the ordinary course of the Company's activities or the Venture Loans).
- (c) There is no Encumbrance in relation to any of the Venture Loans.

## 2.3 **Subsidiaries**

- (a) The Company does not have any subsidiaries.

## 3. **ACCOUNTS**

### 3.1 **General**

The Accounts have been prepared and audited in accordance with the standards, principles and practices specified on the face of the Accounts applied on a consistent basis and subject thereto in accordance with the law and applicable standards, principles and practices generally accepted in Spain consistently applied.

### 3.2 **Changes since Accounts Date**

Since the Accounts Date:-

- (a) the Company has not contractually committed to make capital expenditure which is outstanding for fixed assets exceeding in total US\$10,000, or contractually committed to incur, a commitment or connected commitments involving capital expenditure which is outstanding for fixed assets exceeding in total US\$5,000;
- (b) the Company has not disposed of any of its assets with a book value of more than US\$5,000;
- (c) the Company has not incurred any material liabilities in aggregate (other than liabilities incurred in the ordinary course of the Company's activities) in excess of US\$10,000.

- (d) no dividends, bonus issues or other distributions or repayments of loans (including Venture Loans) have been declared, made or paid by the Company.

#### 4. **ASSETS**

4.1 The principal assets of the Company are its right, title and interest in the Properties, the investigation Permits, the Technical Data and associated exploration expenditure (“Sale Assets”).

##### 4.2 **Title**

- (a) There are no Encumbrances, nor has the Company agreed to create any Encumbrances, over the Sale Assets or any part of its undertaking or assets and each asset used by the Company (tangible or intangible) is:-
  - (i) legally and beneficially owned by the Company;
  - (ii) where capable of possession, in the possession of the Company;
  - (iii) used solely by the Company; and
  - (iv) fully paid for or otherwise provided for in the Accounts.

##### 4.3 **Intellectual Property Rights**

Details of all intellectual property or know-how owned by third parties (including members of the Vendor’s Group) which were used by the Company in preparing the Feasibility Study are contained in the Data Room.

#### 5. **CONTRACTUAL MATTERS**

##### 5.1 **Material Agreements**

- (a) Copies of all agreements and contracts to which the Company is a party or otherwise bound which are material to the activities undertaken by the Company are contained in the Data Room (“Material Agreements”) and referred to in the Index of Data Room Documents in the agreed terms.
- (b) Each Material Agreement constitutes a valid and binding obligation of the Company and:
  - (i) is within the ordinary course of ordinary activities of the Company;
  - (ii) is at arm’s length; and

(iii) is not with the Vendor or any member of the Vendor's Group.

**5.2 No Restrictive Covenants**

The Company is not a party to any Material Agreement which prevents it from engaging in mining or exploration operations.

**5.3 Change of Control**

The Company is not a party to any Material Agreement (including, for the purposes of this warranty, the Investigation Permits) under which any party is entitled or likely, as a result of a change in ownership of the Shares:

- (a) to terminate the agreement; or
- (b) to require the adoption of terms which are less favourable to the Company than the current terms.

**5.4 No Default**

The Company, so far as it is aware is not, and has received no written notice that it is in default or would be in default, but for the requirements of notice or lapse of time, or both under any Material Agreement. So far as the Company is aware, no other party to a Material Agreement is in default, or would be in default but for the requirement of notice or lapse of time, or both, under any Material Agreement.

**6. INVESTIGATION PERMITS**

6.1 Copies of all the Company's current permits, authorisations and consents including, without limitation, the Investigation Permits which in each case are material and relevant to its current activities are contained in the Data Room (collectively referred to as the "Permits").

6.2 The Company has received no written notice that any of the Permits are not in full force and effect. So far as the Company is aware, each Permit is in full force and effect.

**6.3 No Breach**

The Company has received no written notice that it is in breach of, or default under, any of the Permits. So far as the Company is aware, the Company is not in breach of, or default under, any of the Permits.

**6.4 No Notices**

The Company has not received written notice from any third party (including any government agency) in respect of any Permit and, so far as the Vendor is aware no proposal has been made:

- (a) in respect of the compulsory acquisition or resumption of any part of the lands the subject of the Investigation Permits (“the Land”); and
- (b) requiring expenditure to be made or in respect of the Land in excess of US\$10,000.

## 6.5 **Royalties**

So far as the Vendor is aware, none of the land nor any mineral or metal production from the Land is or will be subject to any royalty, production payment or similar right save as or arising under the laws of Spain or this agreement.

## 7. **LIABILITIES**

### 7.1 **Guarantees and Indemnities**

The Company is not a party to any guarantee, indemnity or other agreement (including letters of comfort) to secure or incur a financial or other obligation with respect to another person’s obligation.

## 8. **LITIGATION AND COMPLIANCE WITH LAW**

### 8.1 **Litigation**

- (a) The Company has not during the six years ending on the date of this agreement been involved, in a civil, criminal or arbitration proceeding in any jurisdiction and, so far as the Vendor is aware no such proceedings are pending or threatened by or against the Company.
- (b) There is no outstanding judgement, order, decree, arbitral award or decision of a court, tribunal, arbitrator or governmental agency in any jurisdiction against the Company.
- (c) So far as the Vendor is aware, the Company is not the subject of any investigation by any governmental agency.

### 8.2 **Corporation Existence**

The Company:

- (a) is a company organised and existing in accordance with the laws of Spain; and
- (b) has the power to own its assets and carry on its business as it is now being conducted.

### 8.3 **Compliance with Constituent Documents**

So far as the Vendor is aware, the business affairs of the Company have been conducted in accordance with its constitution.

## 9. **EMPLOYEES**

### 9.1 **Particulars of Offers**

The Data Room contains the names and date of commencement of employment of every employee of the Company.

### 9.2 **Remuneration and Benefits**

The particulars of all employees contained in the Data Room show all remuneration and other benefits:-

- (a) actually provided; and
- (b) which the Company is bound to provide (whether now or in the future)

to each employee of the Company and are true and complete in all material respects and include particulars of and details of participation in all profit sharing, incentive, bonus, commission, share option, medical, permanent health insurance, directors' and officers' insurance, travel, car, redundancy and other benefit schemes, arrangements and understandings (the "**Schemes**") operated for all or any employees or former employees of the Company or their dependants whether legally binding on the **Company** or not.

## 10. **PROPERTIES**

### **All Property**

The Properties comprise all the freehold and leasehold land owned, used or occupied by the Company.

## 11. **TAXATION**

### 11.1 **Payment of Tax**

The Company has paid all Tax required to be paid by it as at the date of this Agreement.

### 11.2 **Provision in Accounts**

Adequate provision has been made in the Accounts for any Tax which Vendor or the Company is aware is payable or may become payable but which is unpaid.

### 11.3 **Withholding Tax**

Any obligation on the Company under any Tax Law to withhold amounts at source including but not limited to withholding Tax, PAYE, Tax, value added tax and royalties has been complied with.

### 11.4 **Documents stamped**

Any Duty payable in any Tax Law in relation to any transaction or agreement to which either the Company is or has been a party to or by which the Company derives, or has derived a substantial benefit, has been paid.

### 11.5 **Records**

So far as the Vendor is aware the Company has maintained proper and adequate records to enable it to comply with its obligations to:

- (a) prepare and submit any information, notices, computations, returns and payments required in respect of any Tax Law;
- (b) prepare any accounts necessary for the compliance of any Tax Law; and
- (c) retain necessary records as required by any Tax Law.

### 11.6 **Returns submitted**

The Company has submitted any necessary information, notices, computations and returns to the relevant government agency in respect of any Tax or any duty relating to its businesses and activities.

### 11.7 **No disputes**

There are no disputes with any government agency in respect of any Tax or duty.

## 12. **SOLVENCY**

### 12.1 **No liquidation or winding-up**

The Company has not gone into liquidation or passed a winding-up resolution nor received a notice under any applicable law which will result in the Company being wound up or otherwise being put into liquidation.

### 12.2 **No petition**

No petition or other process for winding-up has been presented or threatened against the Company .

### 12.3 **No writ of execution**

No writ of execution has been issued and served on the Company.

### 12.4 **No receiver**

No receiver or receiver and manager of any part of the undertaking or assets of the Company has been appointed.

## 13. **POWERS OF ATTORNEY**

All current powers of attorney given by the Company and which are currently in force are contained in the Data Room.

## 14. **SHAREHOLDINGS AND MEMBERSHIPS**

### 14.1 **Shareholdings**

The Company is not the holder or the beneficial owner of any shares or other capital or securities convertible into shares or other capital in any other company.

### 14.2 **Memberships**

The Company is not a member of any joint venture, partnership or unincorporated association (other than a recognised trade association).

14.3 **Restrictive trade practices**

The Company is not a party to any agreement, contract, arrangement or understanding whether legally enforceable or not which is in breach of any restrictive trade practices legislation and has not engaged in any conduct or practice in breach of that legislation.

SCHEDULE 2

Properties

<u>Identification</u>	<u>Address</u>	<u>Annual Rent (ptas) No V.A.T.</u>	<u>Amount of notice required to terminate</u>	<u>Term</u>
Cartuja Office	Americo Vespucio, 39 Isla Cartuja 41092 Sevilla	10.800.696	3 months	31/12/99
Core shed	Industrial state Navexpo, 35B y 36 Ctra.Santiponce-Camas KM 4.100 Valenciana de la Concep. Sevilla	4.183.776	3 months	31/03/00
Gerena office	Avda. 1° de Mayo, 6 Gerena – Sevilla	900.00	1 month	Each month
Gerena House	Urb. Zarzalejos C/Paloma Torcaz 59 Gerena – Sevilla	1.560.000	1 month	24/10/99

### SCHEDULE 3

#### **Royalty**

1. A Royalty of **1.5%** (one and a half per cent) of “**Sales Revenue**” shall be paid by Purchaser to Vendor in respect of all sales realised in any calendar month in which the “**Trigger Price**” is exceeded. For the purposes of this Schedule, the “Trigger Price” is exceeded when the official monthly average LME Cash Settlement price for Grade A copper is equivalent to or greater than **\$0.80** per pound of copper.

2. “**Sales Revenue**” shall mean:-

(A) in the case of sales of copper metal, whichever is the higher of:

- either**
- (1) the invoiced volume of metal sold in any month multiplied by the actual official monthly average LME Cash Settlement price for Grade A copper for that relevant month; or
  - (2) the invoiced volume of metal sold in any month multiplied by the actual price realised by the Purchaser (including any premium),

for all metal produced by the Purchaser from ore mined from the land which is the subject of the Investigation Permits (“the Permit Land”)

(B) in the case of sales of copper produced from the Permit Land which is sold in any form which is partly or not wholly processed, “Sales Revenue” shall mean whichever is the higher of:

- either**
- (1) the actual final invoice value for the volume of partly processed copper sold in the relevant month. (For these purposes, final invoice value shall mean the full value of the cargo as adjusted for final weight, assays and prices); or
  - (2) the value for the volume of partly processed copper sold which would have been invoiced if the copper price used in calculating the relevant amount was the actual official monthly LME Cash Settlement price for Grade A copper for the month in which the final invoice is settled,

for all partly processed copper produced by the Purchaser and mined from the land which is the subject of the Permit Land.

In calculating the Sales Revenue for the purposes of paragraphs 2(A) and (B) above the Purchaser may deduct the following costs and expenditures:

- (a) freight, transportation and insurance costs of copper metal from the treatment plant and/or refinery to the point of sale;
- (b) the amount of any royalties payable to the Spanish government and any other royalty payable in respect of ore mined, or copper metal produced from the Permit Land;
- (c) sales commissions and other sales representation costs in connection with the sales of copper metal incurred on an arms-length basis in the ordinary course of business by the Purchaser,

but such costs and expenditures shall not include operating costs (including without limitation mining, operating, refining, financing and related costs, and administration costs).

In addition, in calculating the Sales Revenue for the purposes of paragraph 2(B) above the Purchaser may deduct smelting and refining charges or such other deductions which are directly related to the further processing of the product into cathode copper.

3. The Purchaser must maintain proper records of:

- (a) tonnes of ore mined;
- (b) information or returns regarding the payment of royalties, taxes or other payments to the Spanish government in respect of mining on the Permit Land;
- (c) all other information necessary to determine "Sales Revenue" and to allow Royalty to be calculated; and
- (d) all amounts paid by the Purchaser to the Vendor under paragraph 4 below,

together called the "Purchaser's Records".

4. On each occasion the Purchaser is obliged to provide a statement under paragraph 5, and within 12 months thereafter, the Vendor may at its own expense:

- (a) upon reasonable notice to the Purchaser request and have access during the Company's normal business hours at premises maintained by the Company in Spain to inspect the Purchaser's Records;
- (b) require an audit of the Purchaser's Records to be performed by an auditor nominated by the Vendor. Any such audit of the Purchaser's records shall be conducted in accordance with accounting principles generally applied in Spain;

(c) if such an audit discloses a discrepancy between the amount paid by the Purchaser pursuant to paragraph 5 and the amount which should have been paid pursuant to that paragraph, then if there has been an underpayment by the Purchaser, the Purchaser must pay the underpayment immediately, and if there has been an overpayment, then the overpayment may be set off by the Purchaser against any further amounts payable to the Vendor pursuant to paragraph 5.

5. Within 21 (twenty one) days of the end of any applicable calendar month in which the “Trigger Price” has been exceeded, the Purchaser will send to the Vendor a statement summarising:

(a) the quantity of copper metal (expressed in lbs) produced during the calendar month in which the “Trigger Price” is effective from ore mined from the Permit Land;

(b) the Purchaser’s calculation of “Sales Revenue” for the respective calendar month; and

(c) the quantity of copper (metal and concentrate) sold during the relevant month.

The Purchaser shall at the same time pay the Vendor the relevant Royalty in US dollars by telegraphic transfer to a bank to be nominated by Vendor.

Executed by Mr M R Sawyer, duly appointed  
attorney, for and on behalf of  
**RIO TINTO METALS LIMITED**

)   
)  
)

Attorney

Executed by G. Frank Joklik  
for and on behalf of  
**MK GOLD COMPANY**

)   
)  
)

Director

## ASSIGNMENT, NOVATION AND RELEASE AGREEMENT

This Assignment, Novation and Release Agreement (this “Assignment and Novation”) is made and entered into as of August 9, 2005 by and between Rio Tinto Metals Limited, a company incorporated under the laws of England (“Rio Tinto”), having a mailing address at 6, St. James’s Square, London SW1Y 4LD, England, Attention: Company Secretary; MK Resources Company formerly known as MK Gold Company, a Delaware corporation (“MK Resources”), having a mailing address at 60 East South Temple, Salt Lake City, Utah 84111, Attention: Chief Financial Officer; and Cobre Las Cruces S.A. (formerly known as RioMin Exploraciones SA), incorporated under the laws of Spain (“CLC”), having a mailing address at Avendia Primero de Mayo, N° 46, 41860, Gerena, Spain.

## BACKGROUND

- A. Rio Tinto and MK Resources are parties to that certain Agreement for the sale and purchase of all of the issued shares and venture loans of CLC (then known as RioMin Exploraciones SA) (the “RioMin Purchase Agreement”) pursuant to which MK Resources purchased all of the outstanding shares of CLC. CLC owns the Las Cruces copper mining project in southern Spain.
- B. Pursuant to Section 2.3 and Schedule 3 of the RioMin Purchase Agreement, MK Resources agreed to pay Rio Tinto a 1.5% royalty on any copper sales from the Las Cruces project at a price equal to or exceeding \$0.80 per pound (the “Royalty Obligations”).
- C. On May 2, 2005, MK Resources and Leucadia National Corporation, which owns 72.1% of MK Resources’s outstanding common stock (“Leucadia”), entered into a Share Purchase Agreement dated May 2, 2005 (the “Share Purchase Agreement”) with Inmet Mining Corporation (“Inmet”) to sell to Inmet 70% of the outstanding common stock of MK Gold Exploration B.V., incorporated under the laws of the Netherlands, which currently owns all the outstanding shares of CLC.
- D. The parties to this Assignment and Novation desire to assign the Royalty Obligations to CLC and release MK Resources from the Royalty Obligations.

## TERMS

NOW, THEREFORE, in consideration of the sum of one dollar (receipt of which is hereby acknowledged), the parties agree as follows:

1. Assignment. Effective as of the date of this Assignment (the “Effective Date”). MK Resources hereby assigns, transfers, and conveys to CLC all of MK Resources’ rights and obligations under or in respect of the Royalty Obligations of the RioMin Purchase Agreement.
  2. Assumption. Effective as of the Effective Date, CLC hereby accepts the assignment set forth in Section 1 above and assumes and agrees to pay, perform, undertake and fully discharge all of the obligations and duties of and pertaining to the Royalty Obligations of the RioMin Purchase Agreement.
-

3. Release of MK Resources. Rio Tinto hereby releases MK Resources from all its obligations under the Royalty Obligations and will look solely to CLC for the fulfillment of those obligations.

4. Other Terms Unchanged. Except as specifically modified by this Assignment and Novation, the RioMin Purchase Agreement shall be unchanged and remain in full force pursuant to its terms.

5. Miscellaneous Provisions.

(a) Rio Tinto's Costs. MK Resources and CLC shall be jointly and severally liable for all out-of-pocket costs and expenses reasonably incurred by Rio Tinto in preserving its rights under the RioMin Purchase Agreement in respect of the Royalty Obligations following the assignment and novation the subject of this Assignment and Novation, but only to the extent such costs and expenses are incurred because of or as a result of or arising out of the assignment and novation of the Royalty Obligations to CLC and will pay an amount equal to such costs and expenses upon demand made by Rio Tinto accompanied by reasonable particulars of the costs and expenses in question.

(b) Stamp Duties etc. Any and all stamp duty or similar taxes, free or duties payable in respect of this Assignment and Novation shall be for the account of MK Resources and CLC, and Rio Tinto shall have no liability of any kind for any such duty(ies), taxes or fees.

(c) Entire Agreement; Amendment. This Assignment and Novation, together with the RioMin Purchase Agreement (as modified by this Assignment and Novation), constitutes the entire agreement between the parties relative to the subject matter hereof. Any prior negotiations, correspondence, or understandings relative to the subject matter hereof shall be deemed to be merged into this Assignment and Novation and shall be of no further force or effect. This Assignment and Novation may not be amended or modified except in writing executed by all the parties hereto.

(d) Additional Documents. The parties shall execute all instruments, deeds and documents and take all actions as may be reasonably required to effectuate this Assignment and Novation but the costs of or related to any such execution or action shall be for the sole account of MK Resources and CLC jointly and severally.

(e) Severability. Any term or provision of this Assignment and Novation that is held invalid or unenforceable shall be severed from this Assignment and Novation and the remaining terms and provisions shall survive and constitute the entire agreement of the parties.

(f) Successors. This Assignment and Novation shall be binding upon and inure to the benefit of the parties and their successors.

(g) Governing Law. This Assignment and Novation shall be governed and construed in accordance with the laws of England.

(h) Counterparts. This Assignment and Novation may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute a single agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Assignment and Novation as of the date first above written.

RIO TINTO METALS LIMITED

/s/ [ILLEGIBLE]

Name: [ILLEGIBLE]

Title: Director

MK RESOURCES COMPANY

Name:

Title:

COBRE LAS CRUCES S.A.

Name:

Title:

SIGNATURE PAGE TO ASSIGNMENT, NOVATION AND RELEASE AGREEMENT FOR RIO TINTO ROYALTY

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**NET SMELTER RETURN ROYALTY AGREEMENT**

**THIS AGREEMENT** made as of the 16th day of June, 2004.

**BETWEEN:**

**EXPATRIATE RESOURCES LTD.**, having an office at Suite 701,  
475 Howe Street, Vancouver, British Columbia, V6C 2B3

("Expatriate")

OF THE FIRST PART

**AND:**

**ATNA RESOURCES LTD.**, having an office at Suite 510, 510 Burrard  
Street, Vancouver, British Columbia, V6C 3A8

("Atna")

OF THE SECOND PART

**WHEREAS:**

- (A) Atna and Expatriate entered an Asset Sale Agreement made as of May 31, 2004 (the "**Sale Agreement**");
- (B) Pursuant to the Sale Agreement Expatriate is to grant to Atna a net smelter return interest in and to production of silver and gold from the Mineral Properties described in the Sale Agreement, which properties are more particularly described in Schedule 1 hereto;
- (C) The Sale Agreement provides for the execution of a net smelter return royalty agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that for and in consideration of the completion of the transactions contemplated by the Sale Agreement, the mutual and covenants in this Agreement and the Sale Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each of the parties), the parties agree as follows:

- 1. Each capitalized term used in this Agreement which is not defined herein will have the meanings ascribed thereto in the Sale Agreement.
  - 2. Atna reserves and Expatriate hereby grants to Atna a royalty (the "**Royalty**") in perpetuity equal to a percentage of Net Smelter Returns (as hereinafter defined) for each Payment Period, as defined below, as follows:
    - (a) 4.0% of Net Smelter Returns when the price received in the Payment Period by Expatriate pursuant to all of its marketing or sales agreements for silver is from U.S. \$5.00 to \$7.50 per ounce; and
-

- (b) 10% of Net Smelter Returns when the price received in the Payment Period by Expatriate pursuant to any of its marketing or sales agreements for silver is greater than U.S. \$7.50 per ounce.

No Royalty is payable for a Payment Period if the price received in the Payment Period by Expatriate pursuant to all of its marketing or sales agreements for silver is less than U.S. \$5.00 per ounce. If Expatriate is selling silver ores or concentrates or silver in any form other than refined silver, for the purposes of this section 1 it shall be deemed to receive the price for the silver contained in the ore or concentrate or other product that it is being credited with for the purpose of calculating the sale proceeds payable to it by the purchaser.

3. **“Net Smelter Returns”** will mean the net proceeds from silver and gold, whether as a refined metal, ore, concentrate, dore or any other form (the **“Precious Metals”**) produced from the Mineral Properties or from tailings or waste from the Mineral Properties. It will be based on the revenue earned by Expatriate from the sale to any mint, smelter, refinery or other purchaser of Precious Metals or proceeds received from an insurer in respect of Precious Metals contained in any ores and/or concentrates from the Mineral Properties, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payments:

- (a) smelting and refining charges;
- (b) penalties, smelter assay costs and umpire assay costs;
- (c) cost of freight and handling of ores, metals or concentrates from the Mineral Properties to any mint, smelter, refinery, or other purchaser if not sold f.o.b. the mine;
- (d) marketing costs, not to exceed 2% of the net proceeds from silver and gold less the aggregate of the costs under subsections 3(a), 3(b), 3(c), 3(e) and 3(f);
- (e) costs of insurance in respect of the transportation of the Precious Metals to the smelter or other processing facility; and
- (f) customs duties, severance tax, prior existing royalties as described in Schedule 2 hereto, Ad valorem or mineral taxes or the like and export and import taxes or tariffs payable in respect of Precious Metals but not income taxes.

4. The Royalty will be calculated and paid on a quarterly basis (each quarter being a **“Payment Period”**) within 45 days after the end of each calendar quarter in respect of Net Smelter Returns earned during the quarter.

5. The Royalty will be payable as follows:

- (a) each payment of Royalty will be accompanied by an unaudited statement indicating the calculation of the Royalty in reasonable detail, and Atna will receive, on or before March 31 of each calendar year, a summary statement ( **“Yearly Statement”** ) of the calculation of the Royalty for the last completed calendar year that has been audited by a firm of chartered accountants in Canada, together with copies of such production information as will be required to adequately document the calculation of the Royalty;

(b) Atna will have 45 days from the time of receipt of the Yearly Statement to question the accuracy thereof in writing and, failing such objection, the Yearly Statement will be deemed to be correct and unimpeachable thereafter;

(c) if the Yearly Statement is questioned by Atna, and if such questions cannot be resolved between Atna and Expatriate, Atna will have 180 days from the time of receipt of the Yearly Statement to have such audited by an accounting firm of its choice, initially at its expense;

(d) the audited results obtained under subsection 5(c) will be final and determinative of the calculation of the Royalty for the audited period and will be binding on the parties and any overpayment of Royalty will be deducted from future payments of Royalty and any underpayment of Royalty will be paid by Expatriate forthwith;

(e) the costs of the audit under subsection 5(c) will be borne by Atna if the Annual Statement overstated the Royalty or understated the Royalty payable by not more than 1% and will be borne by Expatriate if such statement understated the Royalty payable by greater than 1%. If Expatriate is obligated to pay for the audit, it will forthwith reimburse Atna for the audit costs which it has paid; and

(f) Atna will be entitled, on reasonable written notice and during normal business hours, to examine such books and records as are reasonably necessary to verify the payment of the Royalty to it from time to time, provided however, that such examination will not unreasonably interfere with or hinder Expatriate's operations or procedures and further provided that Expatriate will not be obligated to disclose any proprietary methods or processes. Expatriate will have the right to make access to its books and records conditional on execution by the examining party of a written agreement providing that all information received will be held in confidence and used solely for the purposes of verification of the payment of the Royalty.

6. Expatriate will dispose of Precious Metals only by way of sale to arm's length parties on commercially reasonable terms and at the best prices attainable. Any smelting, refining or further processing of Precious Metals shall be by an arm's length third party on commercially reasonable terms.

7. The Royalty creates a direct real property interest in the Mineral Properties and the Precious Metals in favour of Atna, provided such interest shall be satisfied in respect of any particular Precious Metals by the payment to Atna of the Royalty in respect thereof. The Royalty shall continue in perpetuity, it being the intent of the parties hereto that the Royalty will constitute a covenant running with the Mineral Properties and the Precious Metals and all successions thereof. If any right, power or interest of either party pertaining to the Royalty would violate the rule against perpetuities, then such right, power or interest will terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement. Atna will have the right from time to time to register or record notice of the Royalty against title to the Mineral Properties or elsewhere, and Expatriate will cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of Atna hereunder.

8. The right to receive a percentage of Net Smelter Returns as and when due will not be deemed to constitute Atna the partner, agent or legal representative of Expatriate.

9. Expatriate will be entitled to:

- (a) make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, metal and products produced from the Mineral Properties acting reasonably and in accordance with good mining and engineering practices; and
- (b) make all decisions concerning temporary or long-term cessation of operations.

10. Commingling of ores in the processing facilities constructed for ores from the Mineral Properties will be permitted and all ores treated in such facilities will be considered to be metallurgically similar as to recovery of metals, treatment charges and penalties charged by the refiner. Where there is commingling, the Royalty will be based solely on tonnage and grade of ores sent to the processing facilities from the Mineral Properties. Before commingling, Expatriate will ensure that the Precious Metals from the Mineral Properties and ores from other properties are measured and sampled in accordance with sound practices for metal content and grade and other appropriate parameters and the portion of total smelter payments that is attributable to Net Smelter Returns hereunder will be determined on a pro rata basis with reference to such metal content and grade.

11. For the purposes of determining Net Smelter Returns, all receipts and disbursements in a currency other than Canadian will be converted into Canadian currency on the day of receipt or disbursement, as the case may be using the noon Bank of Canada rate.

12. Expatriate may, but will not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Mineral Properties and, except in the case where Precious Metals are actually delivered and a sale is actually consumed under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions will be taken into account in calculating Net Smelter Returns or any interest therein.

13. In addition to Atna's right to inspect records under subsection 5(f), upon not less than five days' written notice to Expatriate, Atna, or its authorized agents or representatives, may, under the direction and control of Expatriate, enter in and upon the mine and all surface and subsurface portions of the Mineral Properties for the purpose of inspecting same, all operations thereon, and all production records and data pertaining to all production activities and operations on or with respect thereto, including without limitation, records and data that are electronically maintained.

14. Subject to any limitations caused by concentrate or other product sales agreements entered into by Expatriate, Atna may elect, upon written notice to Expatriate given 60 days prior to the commencement of any Payment Period, to receive its Royalty in-kind by having deposited in an account or accounts opened by Expatriate for Atna an amount of refined Precious Metals which is equivalent to the cash value of the Royalty payable, taking into account the deductions described in section 3. In determining the amount of refined Precious Metals to be deposited to any such account and the amount of the deductions under section 3 applicable in the case of any deposit, Expatriate shall value gold and silver using the London final gold fixing and the Handy and Harman Silver Price, in United States dollars, both as published by Metals Week, a publication of McGraw, Hill of New York, or such other recognized source of metal price quotations as may be agreed by Expatriate and Atna, as quoted on the Business Day preceding the date of each deposit.

15. Expatriate will indemnify and save Atna and its parent and affiliated companies harmless from any loss, cost or liability including, without limitation, reasonable legal fees arising from a claim against Atna in respect of any failure by Expatriate to at all times comply with all applicable present or future federal, provincial, territorial and local laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies and guidelines relating to Expatriate or

the Mineral Properties or operations thereon; provided, however, Expatriate will have the right to contest any of the same if such contest does not jeopardize the Mineral Properties or Atna's rights thereto or under this Agreement.

16. Expatriate will indemnify and save Atna harmless from any loss, cost or liability (including, without limitation, reasonably legal fees) arising from a claim against Atna in respect of:

- (a) any failure by Expatriate to timely and fully perform all abandonment, restoration, remediation and reclamation required by all governmental authorities pertaining or related to the operations or activities of Expatriate on or with respect to the Mineral Properties;
- (b) Expatriate causing, suffering, or permitting any condition or activity at, on or in the vicinity of the Mineral Properties which constitutes a nuisance; or
- (c) any failure by Expatriate which results in a violation of or liability under any present or future applicable federal, territorial, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies or guidelines.

17. Expatriate will purchase or otherwise arrange at its own expense and will keep in force at all times insurance (including, without limitation, comprehensive general public liability insurance) against claims for bodily injury or death or property damage arising out of or resulting from activities or operations on or with respect to the Mineral Properties and in respect of loss, theft or destruction of Precious Metals, in such amounts as will, in Expatriate's reasonable opinion, adequately protect Expatriate, Atna, the Royalty, the Mineral Properties and the operations thereon from any and all claims, liabilities and damages which may arise and as will adequately protect Expatriate and Atna from loss, theft and destruction of Precious Metals.

18. Any payments not made when due hereunder will bear interest at an annual rate equal to the Prime Rate plus 1% calculated and compounded monthly from the due date to the date of payment. For the purposes hereof "Prime Rate" means at any particular time the annual rate of interest announced from time to time by the Canadian Imperial Bank of Commerce, main branch, Vancouver, British Columbia as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.

19. This Agreement will be construed and governed by the laws enforced in the Province of British Columbia and the courts of such province will have exclusive jurisdiction to hear and determine all disputes arising hereunder. This section 19 will not be construed to affect the rights of a party to enforce a judgment or award outside of British Columbia, including the right to record or enforce a judgment or award in the jurisdiction in which any of the property the subject hereof is situated.

20. Each of the parties hereby covenants and agrees that at any time and from time to time, upon the request of the other party it will, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the better carrying out and performance of all of the terms of this Agreement.

21. Any notice required or permitted to be given or delivery required to be made to any party may be effectively given or delivered if it is delivered personally or by facsimile transmission to

(a) In the case of Atna,  
  
#510-510 Burrard Street  
Vancouver, British Columbia  
V6C 3A8  
  
Attention: David Watkins  
Fax: (604) 684-8887

(b) in the case of Expatriate,  
Suite 701  
  
475 Howe Street  
Vancouver, British Columbia  
V6C 2B3  
  
Attention: Harlan Meade  
Fax: (604) 682-5404

or to such other address as the party entitled to or receiving such notice may notify the other party as provided for herein.

A notice will be deemed to have been received by the addressee on the first Business Day occurring after the date of delivery or transmission provided that such is a Business Day, and if not, on the second Business Day occurring after the date of delivery or transmission.

22. This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. Nothing herein express or implied is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

23. This Agreement may be executed in any number of counterparts with the same effect as if all parties to this Agreement had signed the same document and all counterparts will be construed together and will constitute one and the same instrument.

24. This Agreement together with the Sale Agreement constitutes the entire agreement between the parties and supersedes all prior letters of intent, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied with respect to the subject matter of this Agreement.

25. No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

**IN WITNESS WHEREOF** the parties hereto have duly executed this Agreement on the date first above written.

**EXPATRIATE RESOURCES LTD.**

By: /s/ [ILLEGIBLE] \_\_\_\_\_

**ATNA RESOURCES LTD.**

By: /s/ [ILLEGIBLE] \_\_\_\_\_

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**SCHEDULE 1**

**MINERAL PROPERTIES**

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EXPATRIATE RESOURCES LTD.  
 #701 - 475 Howe Street  
 Vancouver BC Canada  
 V6C-2B3

Dear Sir/Madam:

We are able to confirm the status of the following claim(s):

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	NTS#s	
ARCH 1 - 2	YB89663 - YB89664	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
ARCH 3 - 4	YB89665 - YB89666	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
ARCH 5 - 6	YB89667 - YB89668	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
ARCH 7 - 8	YB89669 - YB89670	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
ARCH 9 - 10	YB89671 - YB89672	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	P
CAP 1	YB87468	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT I - 10	YB45954 - YB45963	2015/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 11 - 12	YB51608 - YB51609	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 13 - 20	YB45966 - YB45973	2015/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 23 - 36	YB51534 - YB51547	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 37 - 70	YB51548 - YB51581	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 71 - 80	YB51582 - YB51591	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 83 - 86	YB51592 - YB51595	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 87 - 94	YB51596 - YB51603	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 95 - 148	YB58651 - YB58704	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 149 - 170	YB58705 - YB58726	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 171 - 174	YB58727 - YB58730	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 180	YB59982	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 181 - 188	YB59983 - YB59990	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 189 - 214	YB59991 - YB60016	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT215 - 216	YB87460 - YB87461	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 217 - 222	YB60946 - YB60951	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 223 - 226	YB60952 - YB60955	2013/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 227 - 231	YB60956 - YB60960	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 233 - 308	YB61006 - YB61081	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 309 - 332	YB61082 - YB61105	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 333 - 358	YB61106 - YB61131	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 359 - 382	YB61132 - YB61155	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	

Total claims selected : 677

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- F - Indicates Full Quartz fraction (25+ acres)
- P - Indicates Partial Quartz fraction (<25 acres)
- D - Indicates Placer Discovery
- C - Indicates Placer Codiscovery
- B - Indicates Placer Fraction

## EXPATRIATE RESOURCES LTD.

#701 - 475 Howe Street

Vancouver BC Canada

V6C-2B3

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS#'s</u>	
FOOT 383 - 390	YB61156 - YB61163	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 391 - 468	YB61164 - YB61241	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 549 - 550	YB61314 - YB61315	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 575	YB61756	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 579 - 581	YB61760 - YB61762	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 582 - 584	YB61763 - YB61765	2010/03/20	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 585 - 586	YB61766 - YB61767	2010/03/07	EXPATRIATE.RESOURCES LTD.	100.00	105G08	
FOOT 605 - 607	YB70737 - YB70739	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT A 11 - 12	YB71274 - YB71275	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	P
FOOT FRA 603	YB70735	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FYD 67 - 83	YB62248 - YB62264	2005/03/21	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 1 - 12	YB86778 - YB86789	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 13 - 18	YB86790 - YB86795	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
JILL 19 - 22	YB86796 - YB86799	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 23 - 24	YB86800 - YB86801	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
JILL 25 - 28	YB87470 - YB87473	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09,	F
JILL 29 - 32	YB87474 - YB87477	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G08 105G08	
JILL 36	YB87481	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 37 - 38	YB87482 - YB87483	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
JILL 39	YB87484	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 40 - 41	YB87485 - YB87486	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
KINK 3	YA69009	2018/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
KNOT I - 4	YB89415 - YB89418	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09	P
KNOT 5 - 6	YB89419 - YB89420	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
LIN1	YB87469	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
PAK 1 - 20	YB45974 - YB45993	2007/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 21 - 36	YB51516 - YB51531	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 37 - 60	YB58617 - YB58640	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 63 - 64	YB58643 - YB58644	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	

Total claims selected : 677

## Left column indicator legend:

R - Indicates the claim is on one or more pending renewal(s).

P - Indicates the claim is pending.

## Right column indicator legend:

L- indicates the Quartz Lease.

F - Indicates Full Quartz fraction (25+ acres)

P - Indicates Partial Quartz fraction (&lt;25 acres)

D - Indicates Placer Discovery

C - Indicates Placer Codiscovery

B - Indicates Placer Fraction

EXPATRIATE RESOURCES LTD.  
 #701 - 475 Howe Street  
 Vancouver BC Canada  
 V6C-2B3

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS#'s</u>
PAK 67 - 70	YB58647 - YB58650	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07
ROPE 75 - 78	YB69160 - YB69163	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 97 - 100	YB69182 - YB69185	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 114 - 118	YB69199 - YB69203	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 131 - 134	YB69216 - YB69219	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 536 - 540	YB70719 - YB70723	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 550 - 551	YB70843 - YB70844	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 552 - 553	YB70845 - YB70846	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09 F
TOE 1 - 6	YB56214 - YB56219	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 7	YB56220	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 8	YB56221	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 9 - 10	YB56222 - YB56223	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 11 - 16	YB56224 - YB56229	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08

Total claims selected : 677

Left column indicator legend:

R - Indicates the claim is on one or more pending renewal(s).  
 P - Indicates the claim is pending.

Right column indicator legend:

L- Indicates the Quartz Lease.  
 F - Indicates Full Quartz fraction (25+ acres)  
 P - Indicates Partial Quartz fraction (<25 acres)  
 D - Indicates Placer Discovery  
 C - Indicates Placer Codiscovery  
 B - Indicates Placer Fraction

Vancouver BC Canada  
V6C-2B3

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS#'s</u>
TOE 17 - 36	YB59962 - YB59981	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08

There is no provision in either the Quartz Mining Act or the Placer Mining Act for a Mining Recorder to interpret his/her records to the public. Where information regarding the status of a mineral claim is to be used for title opinions or quasi-legal purposes, we recommend that certified true copies of documents be obtained. All books of record and documents filed are open for public inspection, free of charge, during office hours. An enquirer may employ someone to search the records, or obtain abstracts of record at a cost of \$1.00 for the first entry and \$.10 for each additional entry.

If you have any questions, please do not hesitate to contact this office.  
Yours truly,

Patti McLeod  
Mining Recorder  
Watson Lake Mining District  
P.O. Box 269  
Watson Lake YT Canada  
Y0A-1C0  
Ph:(867) 536-7366  
fax: (867) 536-7842

Total claims selected: 677

Left column indicator legend:

R - Indicates the claim is on one or more pending renewal(s).  
P - Indicates the claim is pending.

Right column indicator legend:

L- Indicates the Quartz. Lease.  
F- Indicates Full Quartz fraction (25+ acres)  
P - Indicates Partial Quartz fraction (<25 acres)  
D - Indicates Placer Discovery  
C - Indicates Placer Codiscovery  
B - Indicates Placer Fraction

## **SCHEDULE 2**

### **PRIOR EXISTING ROYALTIES**

1. A 0.5% net smelter return royalty payable to Equity Engineering Ltd. ("Equity") in respect of production from the Foot 1-20, Foot 23-80, Foot 83-94 and Pak 1-36 mineral claims, as described in an agreement between Equity and Atna dated as at March 24, 1995.
  2. A 1% net smelter return royalty payable to Nordac Resources Ltd., now called Strategic Metals Corporation, ("Nordac") in respect of production from the Kink 3 mineral claim, as described in an agreement dated January 5, 1995 between Nordac and Atna.
  3. A 0.5% net smelter return royalty payable to Uwe Schmidt ("Schmidt") in respect of production from the Toe 1-16 mineral claims, as described in a letter dated December 8, 1994 from Schmidt to Atna.
-

**PARTIAL ASSIGNMENT OF ROYALTY**

THIS Agreement dated the 20<sup>th</sup> day of August, 2007 is made

BETWEEN:

**ATNA RESOURCES LTD.,**  
a British Columbia corporation

(hereinafter called "Atna")

OF THE FIRST PART,

AND:

**EQUITY ENGINEERING LTD. ,**  
a British Columbia corporation

(hereinafter called "Equity")

OF THE SECOND PART,

AND:

**YUKON ZINC CORPORATION,**  
a British Columbia corporation

(hereinafter called "Yukon")

OF THE THIRD PART.

WHEREAS pursuant to the terms of a Settlement Agreement between Atna and Equity dated the same date as this Agreement, Atna has agreed to make a partial assignment to Equity of the Royalty payable by Yukon to Atna pursuant to the Royalty Agreement (as those terms are defined below).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the covenants and agreements hereinafter set forth and other good and valuable consideration, (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

**1. DEFINITIONS**

In this Agreement the following words and phrases shall have the following meanings;

- 1.1. **"Mineral Properties"** has the meaning assigned to it in the Royalty Agreement.
  - 1.2. **"Royalty"** has the meaning assigned to it in the Royalty Agreement.
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1.3. **“Royalty Agreement”** means the Net Smelter Return Royalty Agreement made as of June 16 , 2004 between Yukon (then named Expatriate Resources Ltd.) and Atna,

**2. PARTIAL ASSIGNMENT OF ROYALTY**

2.1. Atna hereby assigns, transfers and conveys to Equity a 5.55% interest, in the Royalty, retaining for itself the remaining 94.45% interest. Equity hereby accepts such assignment, transfer and conveyance.

2.2. Yukon acknowledges the foregoing assignment, transfer and conveyance and agrees that:

- (a) the 5.55% interest in the Royalty held by Equity and the 94.45% interest in the Royalty held by Atna shall be independent, separate and distinct each from the other as if in the first instance they had been granted by Yukon separately to Atna and Equity, respectively;
- (b) with respect to the 94.45% interest in the Royalty held by Atna, Atna shall continue to have all of the rights and Yukon shall continue to have all of the obligations provided in the Royalty Agreement and the Royalty Agreement continues in full force and effect, mutatis mutandis; and
- (c) with respect to the 5.55% interest in the Royalty held by Equity, Equity shall have the same rights and Yukon shall have all the same obligations as Atna and Yukon have respectively under the terms of the Royalty Agreement as if Equity and Yukon had in the first instance entered into an agreement the same as the Royalty Agreement, mutatis mutandis, save and except for Equity relinquishing its right to:
  - (i) take delivery of the metal in kind as referenced in Section 14 of the Royalty Agreement; and
  - (ii) audit the yearly statement of the Royalty as referenced in Sections 5(c), 5(d) and 5(e) of the Royalty Agreement. If however Atna should exercise its right to conduct an audit of the Royalty then Atna shall promptly provide Equity with the results of the audit and Yukon shall promptly pay Equity its share of any payment due as a result of the audit.

**3. REPRESENTATIONS AND WARRANTIES**

3.1. Equity represents and warrants to Atna and Yukon that this Agreement has been duly and validly authorized, executed and delivered by Equity and constitutes a legal, valid, binding and enforceable obligation of Equity.

3.2. Atna represents and warrants to Equity and Yukon that:

- (a) this Agreement has been duly and validly authorized, executed and delivered by Atna and constitutes a legal, valid, binding and enforceable obligation of Atna; and
-

(b) Atna has not previously assigned the Royalty Agreement or any of its rights thereunder including the Royalty.

3.3. Yukon represents to Atna and Equity that:

(a) Yukon changed its name from Expatriate Resources Ltd. on December 16, 2004; and

(b) this Agreement has been duly and validly authorized, executed and delivered by Yukon and constitutes a legal, valid, binding and enforceable obligation of Yukon.

3.4. Equity acknowledges and agrees that the assignment, transfer and conveyance by Atna of an interest in the Royalty is “as is, where is” without any representation or warranty except as expressly provided in Section 3.2 and that all implied representations and warranties are hereby excluded. Without limiting the generality of the foregoing, no representation or warranty is given with respect to the validity of the Royalty Agreement; Yukon’s title to the Mineral Properties, if any; Yukon’s right or ability to mine and produce minerals from the Mineral Properties; the likelihood that minerals can or will be removed from the Mineral Properties in commercially saleable quantities; the condition of the Mineral Properties; or the existence of contaminants on the Mineral Properties or environmental or other liabilities associated with the Mineral Properties.

3.5. Yukon acknowledges Equity’s right to be paid the 0.5% net smelter returns royalty in respect of production from the Foot 1-20, Foot 23-80, Foot 83-94 and Pak 1-36 mineral claims and any mineral claims acquired by Atna or Yukon within the boundary formed by intersecting lines parallel to and two (2) kilometers from the boundaries of such claims, which royalty was created by the Exploration Agreement dated March 24, 1995 between Atna and Equity, was previously referenced in the Option Agreement dated January 3, 1995 between Atna, Yukon, Equity and Uwe Schmidt and was assumed by Yukon from Atna pursuant to an Assumption Agreement dated June 16, 2004 between Yukon and Atna.

#### **4. RIGHT OF FIRST REFUSAL**

4.1. Equity agrees with Yukon that it will not sell, assign, transfer, convey or otherwise dispose of its interest in the Royalty or its 0.5% net smelter returns royalty (the “**Equity Royalties**”) in whole or in part to any unrelated third party unless it gives Yukon 30 days’ notice of the price and other terms it would be willing to dispose of the Equity Royalties or part of the Equity Royalties and Yukon shall be entitled, by notice in writing to Equity, within the 30 day period to acquire all or part of the Equity Royalties which Equity intends to dispose of (the “**Subject Interest**”) on the same terms stated in the notice. If Yukon does not elect, in writing within the said 30 day period to acquire the Subject Interest, Equity may dispose of the whole, but not less than the whole, of the Subject Interest to any person within the following 60 days at a price at or above the price stated in the notice and upon the same terms and conditions that were contained in the notice. For purposes of this Section 4.1, the consideration for the Subject Interest shall be an amount payable in Canadian or United States Dollars unless the parties hereto

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otherwise agree. If Equity fails to complete the transaction within the said 60 days, the rights of Yukon under this Section 4.1 shall be deemed to be revived and any subsequent proposal to sell, assign, transfer, convey or otherwise dispose of all or part of the Equity Royalties shall again be subject to the provisions of this Section 4.1.

- 4.2. If Equity disposes of all or part of the Equity Royalties in whole or in part hereunder, it shall require any transferee to execute a counterpart of this Agreement and thereby to agree with Yukon to be bound by the contractual terms hereof in the same manner and to the same extent as though a party hereto in the first instance, including without limitation Section 4.1.
- 4.3. Nothing in this Article 4 shall prevent Equity from transferring its interest in the Equity Royalties to David Caulfield, Henry Awmack or Mark Baknes (the “**Individuals**” ), or to entities controlled by them either individually or collectively or successor entities of Equity. The Individuals also reserve the right to transfer the Equity Royalties among themselves.

## **5. CONFIDENTIALITY**

- 5.1. This Agreement and its terms shall be kept confidential by both parties and except as required by law or regulatory authority neither party shall make any public announcements or statements concerning this Agreement without the prior approval of the others, not to be unreasonably withheld or delayed.

## **6. NOTICES**

- 6.1. Any notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery or by facsimile addressed to the recipient as follows:

To Atna:

Atna Resources Ltd.  
510 – 510 Burrard Street  
Vancouver, British Columbia  
V6C 3A8

Telecopy No: (604) 684-8887  
Attention: President

To Equity:

Equity Engineering Ltd.  
700 – 700 West Pender Street  
Vancouver, British Columbia  
V6C 1G8  
Telecopy No: (604) 688-0235  
Attention: Henry Awmack, P.Eng.

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To Yukon:

Yukort Zinc Corporation  
#701 – 475 Howe Street  
Vancouver, British Columbia  
V6C 2B3

Telecopy No: (604)68.2-5404  
Attention: President

or to such other address as may be designated by notice given by a party to the others. Any notice or other communication given by personal delivery or by facsimile shall be conclusively deemed to have been given the day of actual delivery if delivered during normal business hours or if delivered after normal business hours then on the next following business day.

7. **GENERAL**

7.1. This Agreement expresses the entire agreement among the parties with respect to the subject matter hereof; provided that, as between Atna and Equity, the provisions of the Settlement Agreement referred to in the Recital do not merge in this Agreement and survive the execution of this Agreement and continue in full force and effect

7.2. This Agreement shall be governed by and construed in accordance with the laws of British Columbia and each party hereby irrevocably submits to the jurisdiction of the courts in British Columbia.

7.3. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns,

IN WITNESS WHEREOF each of the parties hereto has hereunto executed this Agreement as of the date and year first above written.

**ATNA RESOURCES LTD.**

Per /s/ [ILLEGIBLE] c/s  
Title PRESIDENT/CEO

**EQUITY ENGINEERING LTD.**

Per /s/ [ILLEGIBLE] c/s  
Title Director

**YUKON ZINC CORPORATION**

Per /s/ [ILLEGIBLE] c/s  
Title

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**NET SMELTER RETURN ROYALTY AGREEMENT**

**THIS AGREEMENT** made as of the 16th day of June, 2004.

**BETWEEN:**

**EXPATRIATE RESOURCES LTD.**, having an office at Suite 701,  
475 Howe Street, Vancouver, British Columbia, V6C 2B3

("Expatriate")

OF THE FIRST PART

**AND:**

**ATNA RESOURCES LTD.**, having an office at Suite 510, 510 Burrard  
Street, Vancouver, British Columbia, V6C 3A8

("Atna")

OF THE SECOND PART

**WHEREAS:**

- (A) Atna and Expatriate entered an Asset Sale Agreement made as of May 31, 2004 (the “**Sale Agreement**” );
- (B) Pursuant to the Sale Agreement Expatriate is to grant to Atna a net smelter return interest in and to production of silver and gold from the Mineral Properties described in the Sale Agreement, which properties are more particularly described in Schedule 1 hereto;
- (C) The Sale Agreement provides for the execution of a net smelter return royalty agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that for and in consideration of the completion of the transactions contemplated by the Sale Agreement, the mutual and covenants in this Agreement and the Sale Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each of the parties), the parties agree as follows:

1. Each capitalized term used in this Agreement which is not defined herein will have the meanings ascribed thereto in the Sale Agreement.
  2. Atna reserves and Expatriate hereby grants to Atna a royalty (the “**Royalty**” ) in perpetuity equal to a percentage of Net Smelter Returns (as hereinafter defined) for each Payment Period, as defined below, as follows:
    - (a) 4.0% of Net Smelter Returns when the price received in the Payment Period by Expatriate pursuant to all of its marketing or sales agreements for silver is from U.S. \$5.00 to \$7.50 per ounce; and
-

- (b) 10% of Net Smelter Returns when the price received in the Payment Period by Expatriate pursuant to any of its marketing or sales agreements for silver is greater than U.S. \$7.50 per ounce.

No Royalty is payable for a Payment Period if the price received in the Payment Period by Expatriate pursuant to all of its marketing or sales agreements for silver is less than U.S. \$5.00 per ounce. If Expatriate is selling silver ores or concentrates or silver in any form other than refined silver, for the purposes of this section 1 it shall be deemed to receive the price for the silver contained in the ore or concentrate or other product that it is being credited with for the purpose of calculating the sale proceeds payable to it by the purchaser.

3. **“Net Smelter Returns”** will mean the net proceeds from silver and gold, whether as a refined metal, ore, concentrate, dore or any other form (the **“Precious Metals”**) produced from the Mineral Properties or from tailings or waste from the Mineral Properties. It will be based on the revenue earned by Expatriate from the sale to any mint, smelter, refinery or other purchaser of Precious Metals or proceeds received from an insurer in respect of Precious Metals contained in any ores and/or concentrates from the Mineral Properties, after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payments:

- (a) smelting and refining charges;
- (b) penalties, smelter assay costs and umpire assay costs;
- (c) cost of freight and handling of ores, metals or concentrates from the Mineral Properties to any mint, smelter, refinery, or other purchaser if not sold f.o.b. the mine;
- (d) marketing costs, not to exceed 2% of the net proceeds from silver and gold less the aggregate of the costs under subsections 3(a), 3(b), 3(c), 3(e) and 3(f);
- (e) costs of insurance in respect of the transportation of the Precious Metals to the smelter or other processing facility; and
- (f) customs duties, severance tax, prior existing royalties as described in Schedule 2 hereto, Ad valorem or mineral taxes or the like and export and import taxes or tariffs payable in respect of Precious Metals but not income taxes.

4. The Royalty will be calculated and paid on a quarterly basis (each quarter being a **“Payment Period”**) within 45 days after the end of each calendar quarter in respect of Net Smelter Returns earned during the quarter.

5. The Royalty will be payable as follows:

- (a) each payment of Royalty will be accompanied by an unaudited statement indicating the calculation of the Royalty in reasonable detail, and Atna will receive, on or before March 31 of each calendar year, a summary statement (**“Yearly Statement”**) of the calculation of the Royalty for the last completed calendar year that has been audited by a firm of chartered accountants in Canada, together with copies of such production information as will be required to adequately document the calculation of the Royalty;

(b) Atna will have 45 days from the time of receipt of the Yearly Statement to question the accuracy thereof in writing and, failing such objection, the Yearly Statement will be deemed to be correct and unimpeachable thereafter,

(c) if the Yearly Statement is questioned by Atna, and if such questions cannot be resolved between Atna and Expatriate, Atna will have 180 days from the time of receipt of the Yearly Statement to have such audited by an accounting firm of its choice, initially at its expense;

(d) the audited results obtained under subsection 5(c) will be final and determinative of the calculation of the Royalty for the audited period and will be binding on the parties and any overpayment of Royalty will be deducted from future payments of Royalty and any underpayment of Royalty will be paid by Expatriate forthwith;

(e) the costs of the audit under subsection 5(c) will be borne by Atna if the Annual Statement overstated the Royalty or understated the Royalty payable by not more than 1% and will be borne by Expatriate if such statement understated the Royalty payable by greater than 1%. If Expatriate is obligated to pay for the audit, it will forthwith reimburse Atna for the audit costs which it has paid; and

(f) Atna will be entitled, on reasonable written notice and during normal business hours, to examine such books and records as are reasonably necessary to verify the payment of the Royalty to it from time to time, provided however, that such examination will not unreasonably interfere with or hinder Expatriate's operations or procedures and further provided that Expatriate will not be obligated to disclose any proprietary methods or processes. Expatriate will have the right to make access to its books and records conditional on execution by the examining party of a written agreement providing that all information received will be held in confidence and used solely for the purposes of verification of the payment of the Royalty.

6. Expatriate will dispose of Precious Metals only by way of sale to arm's length parties on commercially reasonable terms and at the best prices attainable. Any smelting, refining or further processing of Precious Metals shall be by an arm's length third party on commercially reasonable terms.

7. The Royalty creates a direct real property interest in the Mineral Properties and the Precious Metals in favour of Atna, provided such interest shall be satisfied in respect of any particular Precious Metals by the payment to Atna of the Royalty in respect thereof. The Royalty shall continue in perpetuity, it being the intent of the parties hereto that the Royalty will constitute a covenant running with the Mineral Properties and the Precious Metals and all successions thereof. If any right, power or interest of either party pertaining to the Royalty would violate the rule against perpetuities, then such right, power or interest will terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of this Agreement. Atna will have the right from time to time to register or record notice of the Royalty against title to the Mineral Properties or elsewhere, and Expatriate will cooperate with all such registrations and recordings and provide its written consent or signature to any documents and do such other things from time to time as are necessary or desirable to effect all such registrations or recordings or otherwise to protect the interests of Atna hereunder.

8. The right to receive a percentage of Net Smelter Returns as and when due will not be deemed to constitute Atna the partner, agent or legal representative of Expatriate.

9. Expatriate will be entitled to:

- (a) make all operational decisions with respect to the methods and extent of mining and processing of ore, concentrate, metal and products produced from the Mineral Properties acting reasonably and in accordance with good mining and engineering practices; and
- (b) make all decisions concerning temporary or long-term cessation of operations.

10. Commingling of ores in the processing facilities constructed for ores from the Mineral Properties will be permitted and all ores treated in such facilities will be considered to be metallurgically similar as to recovery of metals, treatment charges and penalties charged by the refiner. Where there is commingling, the Royalty will be based solely on tonnage and grade of ores sent to the processing facilities from the Mineral Properties. Before commingling, Expatriate will ensure that the Precious Metals from the Mineral Properties and ores from other properties are measured and sampled in accordance with sound practices for metal content and grade and other appropriate parameters and the portion of total smelter payments that is attributable to Net Smelter Returns hereunder will be determined on a pro rata basis with reference to such metal content and grade.

11. For the purposes of determining Net Smelter Returns, all receipts and disbursements in a currency other than Canadian will be converted into Canadian currency on the day of receipt or disbursement, as the case may be using the noon Bank of Canada rate.

12. Expatriate may, but will not be under any duty to, engage in price protection (hedging) or speculative transactions such as futures contracts and commodity options in its sole discretion covering all or part of production from the Mineral Properties and, except in the case where Precious Metals are actually delivered and a sale is actually consumed under such price protection or speculative transactions, none of the revenues, costs, profits or losses from such transactions will be taken into account in calculating Net Smelter Returns or any interest therein.

13. In addition to Atna's right to inspect records under subsection 5(f), upon not less than five days' written notice to Expatriate, Atna, or its authorized agents or representatives, may, under the direction and control of Expatriate, enter in and upon the mine and all surface and subsurface portions of the Mineral Properties for the purpose of inspecting same, all operations thereon, and all production records and data pertaining to all production activities and operations on or with respect thereto, including without limitation, records and data that are electronically maintained.

14. Subject to any limitations caused by concentrate or other product sales agreements entered into by Expatriate, Atna may elect, upon written notice to Expatriate given 60 days prior to the commencement of any Payment Period, to receive its Royalty in-kind by having deposited in an account or accounts opened by Expatriate for Atna an amount of refined Precious Metals which is equivalent to the cash value of the Royalty payable, taking into account the deductions described in section 3. In determining the amount of refined Precious Metals to be deposited to any such account and the amount of the deductions under section 3 applicable in the case of any deposit, Expatriate shall value gold and silver using the London final gold fixing and the Handy and Harman Silver Price, in United States dollars, both as published by Metals Week, a publication of McGraw, Hill of New York, or such other recognized source of metal price quotations as may be agreed by Expatriate and Atna, as quoted on the Business Day preceding the date of each deposit.

15. Expatriate will indemnify and save Atna and its parent and affiliated companies harmless from any loss, cost or liability including, without limitation, reasonable legal fees arising from a claim against Atna in respect of any failure by Expatriate to at all times comply with all applicable present or future federal, provincial, territorial and local laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies and guidelines relating to Expatriate or

the Mineral Properties or operations thereon; provided, however, Expatriate will have the right to contest any of the same if such contest does not jeopardize the Mineral Properties or Atna's rights thereto or under this Agreement.

16. Expatriate will indemnify and save Atna harmless from any loss, cost or liability (including, without limitation, reasonably legal fees) arising from a claim against Atna in respect of:

- (a) any failure by Expatriate to timely and fully perform all abandonment, restoration, remediation and reclamation required by all governmental authorities pertaining or related to the operations or activities of Expatriate on or with respect to the Mineral Properties;
- (b) Expatriate causing, suffering, or permitting any condition or activity at, on or in the vicinity of the Mineral Properties which constitutes a nuisance; or
- (c) any failure by Expatriate which results in a violation of or liability under any present or future applicable federal, territorial, provincial or local environmental laws, statutes, rules, regulations, permits, ordinances, certificates, licences and other regulatory requirements, policies or guidelines.

17. Expatriate will purchase or otherwise arrange at its own expense and will keep in force at all times insurance (including, without limitation, comprehensive general public liability insurance) against claims for bodily injury or death or property damage arising out of or resulting from activities or operations on or with respect to the Mineral Properties and in respect of loss, theft or destruction of Precious Metals, in such amounts as will, in Expatriate's reasonable opinion, adequately protect Expatriate, Atna, the Royalty, the Mineral Properties and the operations thereon from any and all claims, liabilities and damages which may arise and as will adequately protect Expatriate and Atna from loss, theft and destruction of Precious Metals.

18. Any payments not made when due hereunder will bear interest at an annual rate equal to the Prime Rate plus 1% calculated and compounded monthly from the due date to the date of payment. For the purposes hereof "Prime Rate" means at any particular time the annual rate of interest announced from time to time by the Canadian Imperial Bank of Commerce, main branch, Vancouver, British Columbia as a reference rate then in effect for determining floating rates of interest on Canadian dollar loans made in Canada.

19. This Agreement will be construed and governed by the laws enforced in the Province of British Columbia and the courts of such province will have exclusive jurisdiction to hear and determine all disputes arising hereunder. This section 19 will not be construed to affect the rights of a party to enforce a judgment or award outside of British Columbia, including the right to record or enforce a judgment or award in the jurisdiction in which any of the property the subject hereof is situated.

20. Each of the parties hereby covenants and agrees that at any time and from time to time, upon the request of the other party it will, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances, powers of attorney and assurances as may be required for the better carrying out and performance of all of the terms of this Agreement.

21. Any notice required or permitted to be given or delivery required to be made to any party may be effectively given or delivered if it is delivered personally or by facsimile transmission to

(a) In the case of Atna,  
  
#510 - 510 Burrard Street  
Vancouver, British Columbia  
V6C 3A8

Attention: David Watkins  
Fax: (604) 684-8887

(b) in the case of Expatriate,  
  
Suite 701  
475 Howe Street  
Vancouver, British Columbia  
V6C 2B3

Attention: Harlan Meade  
Fax: (604) 682-5404

or to such other address as the party entitled to or receiving such notice may notify the other party as provided for herein.

A notice will be deemed to have been received by the addressee on the first Business Day occurring after the date of delivery or transmission provided that such is a Business Day, and if not, on the second Business Day occurring after the date of delivery or transmission.

22. This Agreement will be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns. Nothing herein express or implied is intended to confer upon any person, other than the parties hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

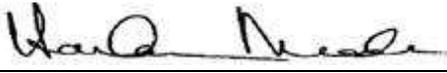
23. This Agreement may be executed in any number of counterparts with the same effect as if all parties to this Agreement had signed the same document and all counterparts will be construed together and will constitute one and the same instrument.

24. This Agreement together with the Sale Agreement constitutes the entire agreement between the parties and supersedes all prior letters of intent, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied with respect to the subject matter of this Agreement.

25. No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

**IN WITNESS WHEREOF** the parties hereto have duly executed this Agreement on the date first above written.

**EXPATRIATE RESOURCES LTD.**

By:   
\_\_\_\_\_

**ATNA RESOURCES LTD.**

By:   
\_\_\_\_\_

**SCHEDULE 1**

**MINERAL PROPERTIES**

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EXPATRIATE RESOURCES LTD.  
#701 - 475 Howe Street

05 May 2004

Vancouver BC Canada  
V6C-2B3

Dear Sir/Madam:

We are able to confirm the status of the following claim(s):

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	NIS #'s	
ARCH 1 - 2	YB89663 - YB89664	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
ARCH 3 - 4	YB89665 - YB89666	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
ARCH 5 - 6	YB89667 - YB89668	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
ARCH 7 - 8	YB89669 - YB89670	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
ARCH 9 - 10	YB89671 - YB89672	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	P
CAP 1	YB87468	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 1 - 10	YB45954 - YB45963	2015/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 11 - 12	YB51608 - YB51609	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 13 - 20	YB45966 - YB45973	2015/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 23 - 36	YB51534 - YB51547	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
J FOOT 37 - 70	YB51548 - YB51581	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 71 - 80	YB51582 - YB51591	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 83 - 86	YB51592 - YB51595	2016/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 87 - 94	YB51596 - YB51603	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 95 - 148	YB58651 - YB58704	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 149 - 170	YB58705 - YB58726	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 171 - 174	YB58727 - YB58730	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 180	YB59982	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 181 - 188	YB59983 - YB59990	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 189 - 214	YB59991 - YB60016	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 215 - 216	YB87460 - YB87461	2010/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 217 - 222	YB60946 - YB60951	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 223 - 226	YB60952 - YB60955	2013/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 227 - 231	YB60956 - YB60960	2012/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 233 - 308	YB61006 - YB61081	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 309 - 332	YB61082 - YB61105	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 333 - 358	YB61106 - YB61131	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 359 - 382	YB61132 - YB61155	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	

Total claims selected: 677

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewat(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L- Indicates the Quartz. Lease.
- D - Indicates Placer Discovery
- F - Indicates Full Quartz fraction (25+ acres)
- C - Indicates Placer Codiscovery
- P - Indicates Partial Quartz fraction (<25 acres)
- B - Indicates Placer Fraction

Vancouver BC Canada  
 V6C-2B3

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	NTS #'s	
FOOT 383 - 390	YB61156 - YB61163	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 391 - 468	YB61164 - YB61241	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08, 105G09	
FOOT 549 - 550	YB61314 - YB61315	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
FOOT 575	YB61756	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 579 - 581	YB61760 - YB61762	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 582 - 584	YB61763 - YB61765	2010/03/20	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 585 - 586	YB61766 - YB61767	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT 605 - 607	YB70737 - YB70739	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FOOT A 11 - 12	YB71274 - YB71275	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	P
FOOT FRA 603	YB70735	2010/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
FYD 67 - 83	YB62248 - YB62264	2005/03/21	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 1 - 12	YB86778 - YB86789	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 13 - 18	YB86790 - YB86795	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
JILL 19 - 22	YB86796 - YB86799	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 23 - 24	YB86800 - YB86801	2007/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
JILL 25 - 28	YB87470 - YB87473	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09, 105G08	F
JILL 29 - 32	YB87474 - YB87477	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	
JILL 36	YB87481	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 37 - 38	YB87482 - YB87483	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
JILL 39	YB87484	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	
JILL 40 - 41	YB87485 - YB87486	2006/02/07	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
KINK 3	YA69009	2018/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08	
KNOT I - 4	YB89415 - YB89418	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09	P
KNOT 5 - 6	YB89419 - YB89420	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09	F
LIN 1	YB87469	2006/03/07	EXPATRIATE RESOURCES LTD.	100.00	105G08	F
PAK 1 - 20	YB45974 - YB45993	2007/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 21 - 36	YB51516 - YB51531	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 37 - 60	YB58617 - YB58640	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	
PAK 63 - 64	YB58643 - YB58644	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07	

Total claims selected: 677

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s),
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- D - Indicates Placer Discovery
- F - Indicates Full Quartz fraction (25+ acres)
- C - Indicates Placer Codiscovery
- P - Indicates Partial Quartz fraction (<25 acres)
- B - Indicates Placer Fraction

Vancouver BC Canada  
 V6C-2B3

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS #'s</u>
PAK 67 - 70	YB58647 - YB58650	2006/12/31	EXPATRIATE RESOURCES LTD.	100.00	105G07
ROPE 75 - 78	YB69160 - YB69163	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 97 - 100	YB69182 - YB69185	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 114 - 118	YB69199 - YB69203	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 131 - 134	YB69216 - YB69219	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 536 - 540	YB70719 - YB70723	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 550 - 551	YB70843 - YB70844	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09
ROPE 552 - 553	YB70845 - YB70846	2005/04/06	EXPATRIATE RESOURCES LTD.	100.00	105G09 F
TOE 1 - 6	YB56214 - YB56219	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 7	YB56220	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 8	YB56221	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 9 - 10	YB56222 - YB56223	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08
TOE 11 - 16	YB56224 - YB56229	2007/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08

Total claims selected : 677

Left column indicator legend:

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Right column indicator legend:

- L- Indicates the Quartz Lease.
- D - Indicates Placer Discovery
- F - Indicates Full Quartz fraction (25+ acres)
- C - Indicates Placer Codiscovery
- P - Indicates Partial Quartz fraction ( <25 acres)
- B - Indicates Placer Fraction

Vancouver BC Canada  
V6C-2B3

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS #'s</u>
TOE 17-36	YB59962 - YB59981	2006/03/31	EXPATRIATE RESOURCES LTD.	100.00	105G08

There is no provision in either the Quartz Mining Act or the Placer Mining Act for a Mining Recorder to interpret his/her records to the public. Where information regarding the status of a mineral claim is to be used for title opinions or quasi-legal purposes, we recommend that certified true copies of documents be obtained. All books of record and documents filed are open for public inspection, free of charge, during office hours. An enquirer may employ someone to search the records, or obtain abstracts of record at a cost of \$1.00 for the first entry and \$.10 for each additional entry.

If you have any questions, please do not hesitate to contact this office.  
Yours truly,

Patti McLeod  
Mining Recorder  
Watson Lake Mining District  
P.O. Box 269  
Watson Lake YT Canada  
Y0A-1C0  
Ph:(867) 536-7366  
fax: (867) 536-7842

Total claims selected: 677

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- F - Indicates Full Quartz fraction (25+ acres)
- P - Indicates Partial Quartz fraction (<25 acres)

- D - Indicates Placer Discovery
- C - Indicates Placer Codiscovery
- B - Indicates Placer Fraction

## **SCHEDULE 2**

### **PRIOR EXISTING ROYALTIES**

1. A 0.5% net smelter return royalty payable to Equity Engineering Ltd. ("Equity") in respect of production from the Foot 1-20, Foot 23-80, Foot 83-94 and Pak 1-36 mineral claims, as described in an agreement between Equity and Atna dated as at March 24, 1995.
2. A 1% net smelter return royalty payable to Nordac Resources Ltd., now called Strategic Metals Corporation, ("Nordac") in respect of production from the Kink 3 mineral claim, as described in an agreement dated January 5, 1995 between Nordac and Atna.
3. A 0.5% net smelter return royalty payable to Uwe Schmidt ("Schmidt") in respect of production from the Toe 1-16 mineral claims, as described in a letter dated December 8, 1994 from Schmidt to Atna.

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	NTS #'s	
ARCH 1 - 2	YB89663 - YB89664	2022/03/07	YUKON ZINC CORPORATION	100.00	105G08	F
ARCH 3 - 4	YB89665 - YB89666	2022/03/07	YUKON ZINC CORPORATION	100.00	105G08	
ARCH 5 - 6	YB89667 - YB89668	2022/03/07	YUKON ZINC CORPORATION	100.00	105G08	F
ARCH 7 - 8	YB89669 - YB89670	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
ARCH 9 - 10	YB89671 - YB89672	2022/03/07	YUKON ZINC CORPORATION	100.00	105G08	P
CAP 1	YB87468	2008/03/07	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 1 - 10	YB45954 - YB45963	2027/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 11 - 12	YB51608 - YB51609	2028/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 13 - 20	YB45966 - YB45973	2027/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 23 - 36	YB51534 - YB51547	2010/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 37 - 68	YB51548 - YB51579	2028/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 69 - 70	YB51580 - YB51581	2024/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 71 - 80	YB51582 - YB51591	2016/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 83 - 86	YB51592 - YB51595	2028/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 87 - 94	YB51596 - YB51603	2016/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 95 - 120	YB58651 - YB58676	2018/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 121 -130	YB58677 - YB58686	2010/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 131 - 132	YB58687 - YB58688	2022/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 133 - 138	YB58689 - YB58694	2018/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 139 - 148	YB58695 - YB58704	2010/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 149 - 170	YB58705 - YB58726	2008/03/31	YUKON ZINC CORPORATION	100.00	105G08, 105G09	
FOOT 171 - 174	YB58727 - YB58730	2018/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 180	YB59982	2022/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 181 - 188	YB59983 - YB59990	2024/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 189 - 214	YB59991 - YB60016	2008/03/31	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 215 - 216	YB87460 - YB87461	2022/03/31	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 217 - 222	YB60946 - YB60951	2024/03/31	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 223 - 226	YB60952 - YB60955	2025/03/31	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 227 - 231	YB60956 - YB60960	2024/03/31	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 233 - 258	YB61006 - YB61031	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 259 - 264	YB61032 - YB61037	2014/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 265 - 280	YB61038 - YB61053	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 281 - 285	YB61054 - YB61058	2014/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 286	YB61059	2010/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 287 - 297	YB61060 - YB61070	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 298	YB61071	2014/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 299 - 308	YB61072 - YB61081	2010/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 309 - 332	YB61082 - YB61105	2008/03/07	YUKON ZINC CORPORATION	100.00	105G08, 105G09	

Total claims selected : 628

Left column indicator legend:

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- P - Indicates the claim is pending.

Right column Indicator legend:

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- F - Indicates Full Quartz fraction (25+ acres)
- P - Indicates Partial Quartz fraction (<25 acres)
- D - Indicates Placer Discovery
- C - Indicates Placer Codiscovery
- B - Indicates Placer Fraction

**Claim Status Report**

**18 October 2007**

<u>Claim Name and Nbr.</u>	<u>Grant No.</u>	<u>Expiry Date</u>	<u>Registered Owner</u>	<u>% Owned</u>	<u>NTS #'s</u>	
FOOT 333 - 358	YB61106 - YB61131	2010/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 359 - 382	YB61132 - YB61155	2008/03/07	YUKON ZINC CORPORATION	100.00	105G08, 105G09	
FOOT 383 - 390	YB61156 - YB61163	2010/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 391 - 468	YB61164 - YB61241	2008/03/07	YUKON ZINC CORPORATION	100.00	105G08, 105G09	
FOOT 549 - 550	YB61314 - YB61315	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	F
FOOT 575	YB61756	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 579 - 581	YB61760 - YB61762	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 582 - 584	YB61763 - YB61765	2018/03/20	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 585 - 586	YB61766 - YB61767	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 605 - 606	YB70737 - YB70738	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT 607	YB70739	2010/03/07	YUKON ZINC CORPORATION	100.00	105G08	
FOOT A 11 - 12	YB71274 - YB71275	2018/03/07	YUKON ZINC CORPORATION	100.00	105G08	P
FOOT FRA 603	YB70735	2022/03/07	YUKON ZINC CORPORATION	100.00	105G08	
JILL 1 - 12	YB86778 - YB86789	2009/02/07	YUKON ZINC CORPORATION	100.00	105G09	
JILL 13 - 14	YB86790 - YB86791	2009/02/07	YUKON ZINC CORPORATION	100.00	105G09	F
JILL 15 - 18	YB86792 - YB86795	2009/02/07	YUKON ZINC CORPORATION	100.00	105G09	P
JILL 19 - 22	YB86796 - YB86799	2009/02/07	YUKON ZINC CORPORATION	100.00	105G09	
JILL 23 - 24	YB86800 - YB86801	2009/02/07	YUKON ZINC CORPORATION	100.00	105G08	F
JILL 25 - 28	YB87470 - YB87473	2008/02/07	YUKON ZINC CORPORATION	100.00	105G09, 105G08	F
JILL 29 - 32	YB87474 - YB87477	2008/02/07	YUKON ZINC CORPORATION	100.00	105G08	
JILL 36	YB87481	2008/02/07	YUKON ZINC CORPORATION	100.00	105G09	
JILL 37 - 38	YB87482 - YB87483	2008/02/07	YUKON ZINC CORPORATION	100.00	105G09	P
JILL 39	YB87484	2008/02/07	YUKON ZINC CORPORATION	100.00	105G09	
JILL 40 - 41	YB87485 - YB87486	2008/02/07	YUKON ZINC CORPORATION	100.00	105G09	F
KINK 3	YA69009	2030/03/31	YUKON ZINC CORPORATION	100.00	105G08	
LIN 1	YB87469	2008/03/07	YUKON ZINC CORPORATION	100.00	105G08	F
PAK 1 - 20	YB45974 - YB45993	2007/12/31	YUKON ZINC CORPORATION	100.00	105G07	
PAK 21 - 36	YB51516 - YB51531	2007/12/31	YUKON ZINC CORPORATION	100.00	105G07	
PAK 37 - 60	YB58617 - YB58640	2007/12/31	YUKON ZINC CORPORATION	100.00	105G07	
PAK 63 - 64	YB58643 - YB58644	2007/12/31	YUKON ZINC CORPORATION	100.00	105007	
PAK 67 - 70	YB58647 - YB58650	2007/12/31	YUKON ZINC CORPORATION	100.00	105G07	
TOE 1 - 7	YB56214 - YB56220	2008/03/31	YUKON ZINC CORPORATION	100.00	105G08	
TOE 8	YB56221	2009/03/31	YUKON ZINC CORPORATION	100.00	105G08	
TOE 9 - 12	YB56222 - YB56225	2008/03/31	YUKON ZINC CORPORATION	100.00	105G08	
TOE 13 - 16	YB56226 - YB56229	2009/03/31	YUKON ZINC CORPORATION	100.00	105G08	

Total claims selected : 628

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- D - Indicates Placer Discovery
- F - Indicates Full Quartz fraction (25+ acres)
- C - Indicates Placer Codiscovery
- P - Indicates Partial Quartz fraction (<25 acres)
- B - Indicates Placer Fraction

Claim Status Report

18 October 2007

Claim Name and Nbr.	Grant No.	Expiry Date	Registered Owner	% Owned	NTS #'s
TOE 17 - 36	YB59962 - YB59981	2008/03/31	YUKON ZINC CORPORATION	100.00	105G08

Criteria(s) used for search:

CLAIM NAME: ARCH, CAP, FOOT, JILL, KINK, LIN, PAK, TOE CLAIM NUMBER (FROM): 1, 3 CLAIM STATUS: ACTIVE & PENDING OWNER(S): YUKON ZINC CORPORATION REGULATION TYPE: QUARTZ

Total claims selected : 628

Left column indicator legend:

- R - Indicates the claim is on one or more pending renewal(s).
- P - Indicates the claim is pending.

Right column indicator legend:

- L - Indicates the Quartz Lease.
- F - Indicates Full Quartz fraction (25+ acres)
- P - Indicates Partial Quartz fraction (<25 acres)

- D - Indicates Placer Discovery
- C - Indicates Placer Codiscovery

- B - Indicates Placer Fraction

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”) is made and entered into as of the 4th day of April, 20 11 (the “*Effective Date*”) by and between Royal Gold, Inc. , a Delaware corporation (the “*Company*”), and William M. Zisch (the “*Executive*”).

### Recitals

A. The Company desires to continue to employ Executive as Vice President Operations of the Company , and Executive desires to continue in such employment with the Company in said capacity , subject to the at-will employment relationship between the Company and Executive ; and

B. Each party desires to set forth in writing the terms and conditions of their understandings and agreements.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual covenants and obligations contained herein, and other good and valuable consideration, the receipt and adequacy of which the Company and Executive hereby acknowledge, the Company and Executive hereby agree as follows:

### A greement

#### 1. Position.

(a) The Company agrees to employ Executive in the position of Vice President Operations. Executive shall serve and perform the duties which may from time to time be assigned to him by the President and/or the Board of Directors of the Company (the “*Board*”). The Board may delegate its authority to take any action under this Agreement to the Compensation , Nominating and Corporate Governance Committee of the Board (the “*Compensation Committee*”).

(b) Executive agrees to serve as Vice President Operations and agrees that he will devote his best efforts and full business time and attention to the Company. Executive agrees that he will faithfully and diligently carry out the duties of the Vice President Operations. Executive further agrees to comply with all Company policies as in effect from time to time and to comply with all laws, rules and regulations, including, but not limited to, those applicable to the Company.

(c) Executive agrees to travel as necessary to perform his duties under this Agreement.

(d) Nothing herein shall preclude Executive from (i) serving as a member of the board of directors of up to two (2) for-profit businesses; (ii) serving as a member of the board of directors of such other affiliated or non-affiliated entities at the request of the Board; ( i i i ) engaging in charitable and community activities; ( iv ) participating in industry and trade

organization activities; and ( v ) managing his and his family's personal investments and affairs; *provided* , that such activities do not (x) materially interfere with the regular performance of his duties and responsibilities under this Agreement or (y) constitute activities that compete with the business of Company.

2. **Term.** The initial term of this Agreement shall commence on the Effective Date and continue until September 15, 2011 (“***Initial Term***”), unless otherwise terminated pursuant to Section 4 of this Agreement. This Agreement shall automatically renew for two (2) successive one (1) year terms unless either party gives written notice of its or his intent not to renew this Agreement at least sixty (60) days prior to the expiration of the then-current term. Executive's continued employment after the expiration of the Initial Term shall be in accordance with and governed by this Agreement, unless modified by the parties to this Agreement in writing. References herein to the “***Term***” shall refer both to the Initial Term and any successive term as the context requires.

3. **Compensation and Benefits .**

(a) **Base Salary .** The Company shall pay Executive a base salary of \$246,000 per year (“***Base Salary***”). The Base Salary may be increased annually by an amount as may be approved by the Board or the Compensation Committee, and, upon such increase, the increased amount shall thereafter be deemed to be the Base Salary for purposes of this Agreement.

(b) **Bonus Opportunities .** For each fiscal year during the Term, Executive shall be eligible to be considered to receive incentive compensation (an “***Annual Bonus***”) from the Company in an amount determined by the Board or the Compensation Committee and in accordance with the Company's compensation policies and practices as in effect from time to time .

(c) **Long-Term Incentive Award Opportunities .** Executive shall be eligible to participate throughout the Term in the Company's 2004 Omnibus Long - Term Incentive Plan (the “***LTIP***”) or other equity incentive plans as may be in effect from time to time (the “***Equity Incentive Plans***”), in accordance with the Company's compensation policies and practices as in effect from time to time and the terms and provisions of the LTIP or other Equity Incentive Plan .

(d) **Payment .** Payment of all compensation to Executive hereunder shall be made in accordance with applicable law, the terms of this Agreement and applicable Company policies and practices as in effect from time to time, including normal payroll practices, and shall be subject to all applicable withholdings and taxes.

(e) **Welfare Benefits and Retirement Plans .** During the Term, Executive shall be allowed to participate, on the same basis generally as other similarly situated executive officers of the Company , in all general employee benefit plans and programs, including improvements or modifications of the same, which on the Effective Date or thereafter are made available by the Company or its affiliates to all or substantially all of the Company's similarly situated executive officers. Such benefits, plans, and programs may include, without limitation, health, vision care, dental care, medical reimbursement, prescription drug, life insurance,

disability protection, and qualified and non-qualified retirement plans. Except as specifically provided herein, nothing in this Agreement is to be construed or interpreted to increase or alter in any way the rights, participation, coverage, or benefits under such benefit plans or programs from those provided to similarly situated executive officers pursuant to the terms and conditions of such benefit plans and programs. The Company shall be permitted to modify such benefits from time to time consistent with any modifications that impact other similarly situated executive officers of the Company .

(f) Fringe Benefits . During the Term, Executive shall be entitled to fringe benefits of the kind and quality which are provided to similarly situated executive officers of the Company in accordance with the Company's policies and practices as in effect from time to time.

(g) Vacation . Executive shall be entitled to paid vacation for up to four weeks during each calendar year , and such vacation shall be taken in accordance with the Company's policies and practices as in effect from time to time .

(h) Holidays . Executive shall be entitled to paid holidays, personal days, and sick days consistent with the Company's policies and practices as in effect from time to time .

(i) Reimbursement of Expenses . Promptly following presentation of expense statements, receipts , vouchers, or such other information and documentation as the Company may reasonably require , t he Company shall reimburse Executive for all business expenses that are reasonable and necessary and incurred by Executive while performing his duties under this Agreement.

( j ) Non-exclusivity of Rights . Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company and for which Executive may qualify, nor shall anything herein limit or otherwise affect such rights as Executive may have under any other agreement with the Company or any of its affiliated companies . Except as otherwise provided herein, amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan or program of the Company at or subsequent to the date of termination of employment shall be payable in accordance with such plan or program.

#### **4. Termination of Employment .**

(a) Termination b y Company without Cause . The Company may terminate Executive's employment and this Agreement for any reason immediately upon transmittal of written notice to Executive in accordance with this Agreement.

(b) Termination by Company for Cause . The Company may terminate Executive's employment and this Agreement at any time for Cause. For purposes of this Agreement, "**Cause** " for termination of Executive's employment by the Company shall be deemed to exist if: (i) Executive is found guilty by a court of having committed fraud , theft , embezzlement or misappropriation against the Company or any of its affiliates and such conviction is affirmed on appeal or the time for appeal has expired; (ii) Executive is found guilty

by a court of having committed a felony or any other crime involving moral turpitude and such conviction is affirmed on appeal or the time for appeal has expired; (iii) in the reasonable judgment of the Board, Executive has compromised Proprietary and Confidential Information (as defined below) or has engaged in gross or willful misconduct that causes substantial and material harm to the business and operations of the Company or any of its affiliates, in each case the continuation of which will continue to substantially and materially harm the business and operations of the Company or any of its affiliates in the future ; or (iv) Executive materially breaches this Agreement and fails to cure such breach within ten (10) days of being informed of such breach in writing by the Company.

(c) Termination by Executive for Good Reason . Executive may terminate his employment and this Agreement for Good Reason. For purposes of this Agreement, “ **Good Reason** ” means , without Executive’s express written consent, the occurrence of any of the following circumstances if Executive has given notice of the circumstances within ninety (90) days of the occurrence and such circumstances have not been fully corrected within thirty (30) days of the notice given in respect thereof: (i) any material adverse change in Executive’s title or responsibilities with the Company, (ii) any material reduction in Executive’s Base Salary, (iii) receipt of notice that Executive’s principal workplace will be relocated by more than fifty ( 50 ) miles from the job-site immediately prior to the Effective Date, or (iv) if a Change of Control (as defined below) has occurred, failure to provide for Executive’s participation in bonus, stock option, restricted stock, incentive awards and other compensation plans which provide opportunities to receive compensation that are not less than (x) the opportunities provided by the Company to similarly situated executive officers of the Company and (y) the opportunities under any such plans in which the Executive was participating immediately prior to the date on which a Change of Control occurs.

(d) Termination by Executive without Good Reason . Executive may terminate his employment and this Agreement for reasons other than Good Reason upon transmittal of at least sixty (60) days’ written notice to the Company in accordance with this Agreement.

( e ) Disability . The Company may terminate Executive’s employment and this Agreement at any time Executive shall have sustained a Disability (as defined below) as determined by the Board, by giving Executive written notice of its intention to terminate Executive’s employment, and Executive’s employment with the Company shall terminate effective on the ninetieth (90<sup>th</sup>) day after receipt of such notice (the “ **Disability Effective Date** ”). For purposes of this Agreement, “ **Disability** ” means Executive is unable due to a physical or mental condition to perform the essential functions of his position with or without reasonable accommodation for a period of three (3) consecutive months or based on the written certification of a licensed physician selected by the Board and approved by Executive (which approval shall not be unreasonably withheld, delayed or conditioned) of the likely continuation of such condition for such period.

( f ) Death . This Agreement and Executive’s employment shall terminate automatically upon Executive’s death.

5. **Obligations upon Termination** . Other than as specifically set forth or referenced in this Agreement, Executive shall not be entitled to any benefits on or after termination of employment or this Agreement.

(a) Termination by Company without Cause ; by Executive for Good Reason ; or by Company for Failure to Renew . If (i) the Company terminates Executive's employment or this Agreement without Cause during the Term, (ii) Executive terminates his employment or this Agreement for Good Reason during the Term, or (iii) Executive's employment is terminated upon the Company's election not to renew the term for one (1) of the two (2) successive one (1) year renewal terms pursuant to Section 2 hereof, and any such termination does not occur within two (2) years after the occurrence of a Change of Control, then the Company shall, after receipt of an executed release agreement between the Company and Executive, which will consist in substance of the language attached as Exhibit A ( the "**Release Document**" ) pay to Executive, and Executive shall be entitled to receive, the following:

(i) the unpaid portion of Executive's Base Salary as of the date of termination of Executive's employment, pro rated through the date of termination, and a payment for any vacation Executive has accrued but not used through the date of termination payable in accordance with Section 3(d) ;

(ii) promptly following submission by Executive of supporting documentation, any costs and expenses paid or incurred by Executive which would have been payable under Section 3(i) if Executive's employment had not terminated ; and

(iii) one ( 1 ) times Executive's Base Salary (the "**Severance Payment**" ) , payable within thirty (30) business days of the date of termination of Executive's employment.

(b) Termination by the Company for Cause ; by Executive other than for Good Reason; or by Executive for Failure to Renew . If (i) Executive's employment is terminated for Cause , (ii) Executive terminates his employment other than for Good Reason or (iii) Executive terminates his employment upon his election not to renew the term for one (1) of the two (2) successive one (1) year renewal terms pursuant to Section 2 hereof , then this Agreement shall terminate without further obligations by the Company to Executive under this Agreement , and the Company shall pay Executive, and Executive shall be entitled to receive, the following:

( i ) the unpaid portion of Executive's Base Salary as of the date of termination of Executive's employment, pro rated through the date of termination, and a payment for any vacation Executive has accrued but not used through the date of termination payable in accordance with Section 3(d) ; and

( ii ) promptly following submission by Executive of supporting documentation, any costs and expenses paid or incurred by Executive which would have been payable under Section 3(i) if Executive's employment had not terminated .

( c ) Death. If Executive's employment is terminated by reason of Executive's death, then this Agreement shall terminate without further obligations by the Company to Executive's legal representatives under this Agreement other than those obligations under the terms of a Company plan or program that take effect at the date of Executive's death , and the Company shall pay Executive's estate, and Executive's estate shall be entitled to receive, the following:

(i) the unpaid portion of Executive's Base Salary as of the date of termination of Executive's employment, pro rated through the date of termination, and a payment for any vacation Executive has accrued but not used through the date of termination payable in accordance with Section 3(d); and

(ii) promptly following submission by Executive 's legal representatives of supporting documentation, any costs and expenses paid or incurred by Executive which would have been payable under Section 3(i) if Executive's employment had not terminated .

( d ) Disability. If Executive's employment is terminated by reason of Executive's Disability, then this Agreement shall terminate without further obligations by the Company to Executive under this Agreement except for obligations which expressly continue after termination of employment due to Disability, and the Company shall pay Executive, and Executive shall be entitled to receive, the following:

(i) the unpaid portion of Executive's Base Salary as of the date of termination of Executive's employment, pro rated through the date of termination, and a payment for any vacation Executive has accrued but not used through the date of termination payable in accordance with Section 3(d);

(ii) promptly upon submission by Executive of supporting documentation, any costs and expenses paid or incurred by Executive which would have been payable under Section 3(i) if Executive's employment had not terminated ; and

(iii) any d isability benefits payable in accordance with the Company's plans, programs and policies as in effect from time to time.

(e) Change of Control. If (i) the Company terminates Executive's employment or this Agreement without Cause during the Term, (ii) Executive terminates his employment or this Agreement for Good Reason during the Term, or (iii) Executive's employment is terminated upon the Company's election not to renew the term for one (1) of the two (2) successive one (1) year renewal terms pursuant to Section 2 hereof, and any such termination occurs within two (2) years after the occurrence of a Change of Control, then after receipt of the executed Release Document :

( i ) the Company shall pay to Executive, and Executive shall be entitled to receive, the following:

( A ) the unpaid portion of Executive's Base Salary as of the date of termination of Executive's employment, pro rated through the date of termination, and a payment for any vacation Executive has accrued but not used through the date of termination payable in accordance with Section 3(d) ;

(B) promptly following submission by Executive of supporting documentation, any costs and expenses paid or incurred by Executive which would have been payable under Section 3(i) if Executive's employment had not terminated ;

( C ) one and one-half ( 1.5 ) times Executive's Base Salary , payable within thirty (30) business days of the date of termination of Executive's employment; and

(D) one and one-half ( 1.5 ) times the average of the Annual Bonuses paid to Executive for the three (3) full fiscal years ending immediately prior to the date of termination of Executive's employment, payable within thirty (30) business days of the date of termination of Executive's employment, *provided, however* that if Executive has not been eligible to receive an Annual Bonus for three (3) fiscal years at the time of such determination, then the average under this clause (D) shall be based on the lesser number of fiscal years for which Executive has been eligible to receive an Annual Bonus, and *provided, further* that if Executive has received an Annual Bonus for a portion of a fiscal year, then the amount of such Annual Bonus shall be annualized solely for purposes of the determination made under this clause (D) (collectively, clauses (C) and (D) of this Section 5(e)(i) the "**Change of Control Severance Payment**");

(ii) if Executive (and Executive's eligible dependants) timely elect participation in the Company's group health insurance plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA** ") or any Colorado statute that provides for the continuation of benefits under such plan ("**Colorado Continuation Statute** "), the Company will pay the normal monthly employer's cost of coverage under the Company's group health insurance plan for full-time employees toward such COBRA coverage or Colorado Continuation Statute coverage for twelve (12) months following the date of termination of Executive's employment . Executive acknowledges and agrees that Executive is responsible for paying the balance of any costs not paid by the Company under this Agreement which are associated with Executive's (and Executive's eligible dependants') participation in the Company's health insurance plan and that Executive's failure to pay such costs may result in the termination of Executive's (and Executive's eligible dependants') participation in such plan. The Company's obligations under this Section 5(e)(ii) will cease on the date on which Executive becomes eligible for health insurance coverage under another employer's group health insurance plan, and, within five (5) business days of Executive becoming eligible for health insurance coverage under another employer's group health insurance plan, Executive shall inform the Company of such fact in writing; and

(iii) the Company will arrange to provide for Executive (and Executive's eligible dependants) benefits provided under any vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plans maintained by the Company for full-time employees for twelve (12) months following the date of termination of Executive's employment . If and to the extent that the Company cannot provide coverage to Executive (and Executive's eligible dependants) under any such vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plans (i) solely due to the fact that Executive is no longer an employee or officer of the Company or (ii) as a result of the amendment or termination of any vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plan , the Company will then pay or provide for the payment of such vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plan during the twelve (12) months following the date of termination of Executive's employment . Executive acknowledges and agrees that Executive is responsible for paying the balance of any costs not paid by the Company under this Agreement which are associated with Executive's (and Executive's eligible dependants') participation in any vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plan and that Executive's failure to pay such costs may result in the termination of Executive's (and Executive's eligible dependants') participation in such plan. The Company's obligations under this Section 5(e)(iii) will cease on the date on which Executive becomes eligible for any vision care, dental care, medical reimbursement, prescription drug, life insurance and disability protection group insurance plan (but only with respect to the particular coverage(s) available), and, within five (5) business days of Executive becoming eligible for any insurance coverage(s) under another employer's group insurance plan, Executive shall inform the Company of such fact in writing.

For purposes of this Agreement, "**Change of Control**" means any of the following: (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one (1) or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning fifty percent ( 50% ) or more of the combined voting power of all classes of stock of the Company , or (iv) during any period of two (2) consecutive years, members who at the beginning of such period constituted the Board shall have ceased for any reason to constitute a majority thereof, unless the election, or nomination for election by the Company's equity holders, of each director shall have been approved by the vote of at least a majority of the directors then still in office and who were directors at the beginning of such period (so long as such director was not nominated by a person who has expressed an intent to effect a Change of Control or engage in a proxy or other control contest).

( f ) Resignation from Boards of Directors . If Executive is a director of the Company or any of its affiliates and his employment is terminated for any reason, Executive shall, if requested by the Company, immediately resign as a director of the Company and/or any affiliate and any committees of such boards of directors. If such resignation is not received

within ten ( 10) business days after Executive receives written notice from the Company requesting the resignations, Executive shall forfeit any right to receive any payments pursuant to this Agreement.

( g ) **Release** . Notwithstanding any other provision in this Agreement to the contrary, as a condition precedent to receiving any Severance Payment or Change of Control Severance Payment, Executive agrees to execute (and not revoke) the Release Document on or before the thirtieth (30<sup>th</sup>) business day following the date of termination of Executive's Employment, which is when any Severance Payment or Change of Control Severance Payment is otherwise payable in accordance with Section 5(a)(iii) or Section 5(e)(i)(C), respectively . If Executive fails to execute and deliver the Release Document, or revokes the Release Document, Executive agrees that he shall not be entitled to receive the Severance Payment or Change of Control Severance Payment, as applicable.

**6. Limitations Under Code Section 409A** . Notwithstanding anything to the contrary in this Agreement, in the event that, as a result of Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code** ") (and any related regulations or other pronouncements), any of the payments that Executive is entitled to under the terms of this Agreement or any other plan involving deferred compensation (as defined under Section 409A of the Code ) may not be made at the time contemplated by the terms thereof without causing Executive to be subject to constructive receipt at a date prior to actual payment and/or an income tax penalty and interest and the timing of payment is the sole cause of such adverse tax consequences, the Company will make such payment on the first day permissible under Section 409A of the Code without Executive incurring such adverse tax consequences. In particular, with respect to any lump sum payment otherwise required hereunder, in the event of any delay in the payment date as a result of Section 409A(a)(2)(A)(i) and (B)(i) of the Code , the Company will adjust the payments to reflect the deferred payment date by crediting interest thereon at the prime rate in effect at the time such amount first becomes payable, as quoted by the Company's principal bank. In addition, other provisions of this Agreement or any other such plan notwithstanding, the Company shall have no right to accelerate any such payment or to make any such payment as the result of any specific event except to the extent permitted under Section 409A of the Code . The Company shall not be obligated to reimburse Executive for any tax penalty or interest or provide a gross-up in connection with any tax liability of Executive under Section 409A of the Code .

**7. Excise Tax-Related Provisions** .

( a ) Notwithstanding anything in this Agreement to the contrary, if any payment or benefit Executive would receive from the Company pursuant to a Change of Control or otherwise ("**Payment** ") would ( i ) constitute a "parachute payment" within the meaning of Section 280G of the Code, and ( ii ) but for this Section 7(a) , be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax** "), then such Payment shall be equal to the Reduced Amount (as defined below). For the avoidance of doubt, a Payment shall not be considered a parachute payment for purposes of this paragraph if such Payment is approved by the shareholders of the Company in accordance with the procedures set forth in Section 280G(b)(5)(A)(ii) and (B) of the Code and the regulations thereunder, and at the time of such shareholder approval, no stock of the successor corporation is readily tradable on an established

securities market or otherwise (within the meaning of Section 280G(b)(5)(A)(ii)(I) of the Code). The “**Reduced Amount**” shall be either ( x ) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax, or ( y ) the Payment or a portion thereof after payment of the applicable Excise Tax, whichever amount after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax payable by Executive (all computed at the highest applicable marginal rate), results in Executive’s receipt, on an after-tax basis, of the greatest amount of the Payment to Executive . If a reduction in payments or benefits constituting “parachute payments” is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order unless Executive elects in writing a different order ( *provided, however* , that such election shall be subject to Company approval if made on or after the date on which the event that triggers the Payment occurs): by first reducing or eliminating the portion of the Payments which are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the Change of Control or other event .

( b ) All determinations under this Section 7 shall be made by a nationally recognized public accounting or consulting firm selected by the Company and subject to the approval of Executive, which approval shall not be unreasonably withheld , conditioned or delayed . Such determination shall be binding upon Executive and the Company. The Company shall bear all expenses with respect to the determinations by such accounting or consulting firm required to be made hereunder.

( c ) The accounting or consulting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which Executive ’s right to a Payment is triggered (if requested at that time by the Company or Executive ) or such other time as requested by the Company or Executive .

## **8. Ownership and Protection of Intellectual Property and Confidential Information .**

(a) All information, ideas, concepts, improvements, discoveries, and inventions, whether patentable or not, which are conceived, made, developed or acquired by Executive, individually or in conjunction with others, during Executive’s employment by the Company or any of its affiliates (whether during business hours or otherwise and whether on the Company’s premises or otherwise) which relate to the business, products or services of the Company or its affiliates (including, without limitation, all such information relating to corporate opportunities ; geological, metallurgical, and other technical data and information, including operations, reserve information and exploration data; research, financial and sales data ; pricing and trading terms ; evaluations ; opinions ; interpretations ; acquisition prospects ; the identity of customers or their requirements ; the identity of key contacts within the customer’s organizations or within the organization of acquisition prospects ; or marketing and merchandising techniques, prospective names, and marks), and all correspondence, memoranda, notes, records, data or information, analyses, or other documents (including, without limitation, any computer-generated, computer-stored or electronically-stored materials) of any type embodying any of

such items, shall be the sole and exclusive property of the Company or its affiliates, as the case may be.

(b) Executive acknowledges that the Company's business is highly competitive and that the Company has developed and owns valuable information which is confidential, unique and specific to the Company and its affiliates (" **Proprietary and Confidential Information** ") and which includes, without limitation, financial information; geological, metallurgical, and other technical data and information, including operations, reserve information and exploration data; marketing plans; business and implementation plans; engineering plans and processes; models and templates; prospect lists; technical information concerning products, services and processes; names and other information (such as credit and financial data) concerning customers and business affiliates; and other trade secrets, concepts, ideas, plans, strategies, analyses, surveys and proprietary information related to the past, present or anticipated business of the Company and its affiliates. Executive further acknowledges that protection of such Proprietary and Confidential Information against unauthorized disclosure and use is of critical importance to the Company and its affiliates in maintaining their competitive position. Executive hereby agrees that he shall not, at any time during or after his employment by the Company, disclose to others, permit to be disclosed, use, permit to be used, copy or permit to be copied, any such Proprietary and Confidential Information (whether or not developed by Executive and whether or not received as an employee) without the prior written consent of the Chief Executive Officer of the Company. Executive further agrees to maintain in confidence any proprietary and confidential information of third parties received or of which he has knowledge as a result of his employment. The prohibitions of this Section 8(b) shall not apply, however, to information in the public domain (but only if the same becomes part of the public domain through means other than a disclosure prohibited hereunder). The above notwithstanding, a disclosure shall not be unauthorized if (i) it is required by law or by a court of competent jurisdiction or (ii) it is in connection with any judicial, arbitration, dispute resolution or other legal proceeding in which Executive's legal rights and obligations as an employee or under this Agreement are at issue; *provided, however*, that Executive shall, to the extent practicable and lawful in any such events, give prior notice to the Company of his intent to disclose any such Proprietary and Confidential Information in such context so as to allow the Company or its affiliates an opportunity (which Executive shall not oppose) to obtain such protective orders or similar relief with respect thereto as may be deemed appropriate.

(c) All written materials, records, data and information, analyses, and other documents (including, without limitation, any computer-generated, computer-stored or electronically-stored data and other materials), and all copies thereof, made, composed or received by Executive solely or jointly with others, and which are in Executive's possession, custody or control and which are related in any manner to the past, present or anticipated business of the Company or any of its affiliates (collectively, the " **Company Documents** ") shall be and remain the property of the Company, or its affiliates, as the case may be. Upon termination of Executive's employment with the Company, for any reason, Executive promptly shall deliver the Company Documents, and all copies thereof, to the Company.

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## 9. Covenant Not to Compete and Other Restrictive Covenants.

(a) For a period of twelve (12) months after the date of termination of employment, Executive shall restrict his activities as follows :

(i) Executive shall not, directly or indirectly, for himself or others, own, manage, operate, control, be employed by (whether in an executive, managerial, supervisory or other capacity), consult with, assist or otherwise engage or participate in or allow his skill, knowledge, experience or reputation to be used in connection with, the ownership, management, operation or control of, any company or other business enterprise engaged in the Subject Business (as defined below) within any of the Subject Areas (as defined below); *provided, however*, that nothing contained herein shall prohibit Executive from making passive investments as long as Executive does not beneficially own more than one percent ( 1 %) of the equity interests of a business enterprise listed on a national securities exchange or publicly traded on a nationally recognized over-the-counter market engaged in the Subject Business within any of the Subject Areas. For purposes of this paragraph, "beneficially own" shall have the same meaning ascribed to that term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended;

(ii) Executive shall not call upon any customer of the Company or its affiliates for the purpose of soliciting, diverting or enticing away the business of such person or entity, or otherwise disrupting any previously established relationship existing between such person or entity and the Company or its affiliates;

(iii) Executive shall not solicit, induce, influence or attempt to influence any supplier, lessor, lessee, licensor, partner, joint venturer, potential acquirer or any other person who has a business relationship with the Company or its affiliates, or who on the date of termination of Executive's employment is engaged in discussions or negotiations to enter into a business relationship with the Company or its affiliates, to discontinue or reduce or limit the extent of such relationship with the Company or its affiliates; and

(iv) Without the consent of the Company, Executive shall not make contact with any of the employees or consultants of the Company or its affiliates with whom he had contact during the course of his employment with the Company for the purpose of soliciting such employee or consultant for hire, whether as an employee or independent contractor, or otherwise disrupting such employee's or consultant's relationship with the Company or its affiliates.

For purpose of this Agreement, (x) " **Subject Areas** " mean ( A ) the continents of North America, Central and South America, Africa, Europe and Australia and ( B ) the nation of Russia, and (y) " **Subject Business** " means the business of creating, financing, or acquiring and managing royalties involving mineral properties.

(b) Acknowledgements.

(i) Executive acknowledges that (x) the compensation provided to Executive during the Term, (y) the agreement to provide the Severance Payment or Change of Control Severance Payment to Executive in connection with certain terminations of Executive's

employment , and (z) the specialized training and the Proprietary and Confidential Information provided to Executive pursuant to his employment with the Company give rise to the Company's interest in restraining Executive from competing with the Company, that the noncompetition and nonsolicitation covenants are designed to enforce such consideration , that the Company's royalty business is worldwide in geographic scope and that any limitations as to time, geographic scope and scope of activity to be restrained as defined herein are reasonable and do not impose a greater restraint than is necessary to protect the goodwill or other business interest of the Company. Executive further acknowledges that as an executive of a publicly traded company he falls within the exception to C.R.S 8-2-113(2)(d), which exempts executive and management personnel , officers and employees who constitute professional staff to executive and management personnel from the prohibitions of non-compete provisions under Colorado law .

(ii) Executive and the Company hereby agree to reasonably allocate an amount of the Change of Control Severance Payment to the non-competition covenant set forth in this Section 9, which amount will be established by the parties in good faith negotiations, relying upon third party advisers to the extent reasonably determined by the parties, at the time a C hange of C ontrol transaction is reasonably likely or at such earlier time as is determined by the parties in good faith.

(c) Survival of Covenants . Sections 8 and 9 shall survive the expiration or termination of this Agreement for any reason. Executive agrees not to challenge the enforceability or scope of Sections 8 and 9. Executive further agrees to notify all future persons or businesses with which he becomes affiliated or employed, of the restrictions set forth in Sections 8 and 9, prior to the commencement of any such affiliation or employment.

**10. Severability and Reformation .** If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions shall remain in full force and effect, and the invalid, void or unenforceable provisions shall be deemed severable. Moreover, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be reformed by limiting and reducing it to the minimum extent necessary, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

**11. Indemnification .** The Company and Executive have executed and delivered an Indemnification Agreement dated March 24, 2009 (the "*Indemnification Agreement* "). To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other similarly situated executive officers of the Company .

**12. Miscellaneous .**

(a) Entire Agreement . This Agreement sets forth the entire agreement

between the parties hereto and fully supersedes any and all prior agreements or understandings, written or oral, between the parties hereto pertaining to the subject matter hereof.

(b) Notices. Whenever under this Agreement it becomes necessary to give notice, such notice shall be in writing, signed by the party or parties giving or making the same, and shall be served on the person or persons for whom it is intended or who should be advised or notified, by (i) personal delivery, (ii) Federal Express or other similar overnight service or (iii) certified or registered mail, return receipt requested, postage prepaid and addressed to such party at the address set forth below or at such other address as may be designated by such party by like notice:

If to the Company:

Royal Gold, Inc.  
1660 Wynkoop Street, Suite 1000  
Denver, C O 80202  
Attention: Chief Executive Officer

If to Executive:

William M. Zisch  
4987 Hollyhock Lane  
Indian Hills, CO 80454

In the case of personal delivery, such notice or advice shall be effective on the date of delivery, in the case of Federal Express or other similar overnight service, such notice or advice shall be effective on the next business day, and, in the cases of certified or registered mail, such notice or advice shall be effective three (3) business days after deposit into the mails for delivery by the U.S. Post Office.

(c) Governing Law and Venue. This Agreement is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Colorado, without regard to conflicts of law principles. If under the governing law, any portion of this Agreement is at any time deemed to be in conflict with any applicable statute, rule, regulation, ordinance, or other principle of law, such portion shall be deemed to be modified or altered to the extent necessary to conform thereto or, if that is not possible, to be omitted from this Agreement. Any action or arbitration in regard to this Agreement or arising out of its terms and conditions, pursuant to Sections 12( n ) and 12 ( o ), shall be instituted and litigated only in the City and County of Denver, Colorado.

(d) Assignment. This Agreement and Executive's rights and obligations hereunder may not be assigned by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and *void ab initio* and of no force and effect. The C ompany may assign this Agreement and its rights, together with its obligations hereunder, to an affiliate of the C ompany or to a person or entity which is a successor in interest to

substantially all of the business operations of the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate, successor, person or entity.

(e) Counterparts. This Agreement may be executed in counterparts, each of which shall take effect as an original, and all of which shall evidence one and the same Agreement.

(f) Amendment. This Agreement may be amended only in writing signed by Executive and by a duly authorized representative of the Company (other than Executive).

(g) Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed in accordance to its fair meaning and not strictly for or against the Company or Executive.

(h) Non-Waiver. The failure by either party to insist upon the performance of any one or more terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of any future performance of any such term, covenant or condition, and the obligation of either party with respect hereto shall continue in full force and effect, unless such waiver shall be in writing signed by the Company (other than by Executive) and Executive.

(i) Use of Name, Likeness and Biography. The Company shall have the right (but not the obligation) to use, publish and broadcast, and to authorize others to do so, the name, approved likeness and approved biographical material of Executive to advertise, publicize and promote the business of Company and its affiliates, but not for the purposes of direct endorsement without Executive's consent. This right shall terminate upon the termination of this Agreement. An "approved likeness" and "approved biographical material" shall be, respectively, any photograph or other depiction of Executive, or any biographical information or life story concerning the professional career of Executive, as approved by Executive from time to time.

(j) Right to Insure. The Company shall have the right to secure, in its own name or otherwise, and at its own expense, life, health, accident or other insurance covering Executive, and Executive shall have no right, title or interest in and to such insurance. Executive shall assist Company in procuring such insurance by submitting to reasonable examinations and by signing such applications and other reasonable instruments as may be required by the insurance carriers to which application is made for any such insurance.

(k) Assistance in Litigation. Executive shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company that relate to events or occurrences that transpired while Executive was employed by the Company. Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. Executive also shall cooperate fully with the Company

in connection with any investigation or review by any federal, state, or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company. The Company shall pay Executive a reasonable hourly rate for Executive's cooperation pursuant to this Section 12( k ).

(l) No Inconsistent Obligations. Executive represents and warrants that to his knowledge he has no obligations, legal, in contract, or otherwise, inconsistent with the terms of this Agreement or with his continued employment with the Company to perform the duties described herein. Executive shall not disclose to the Company, or use, or induce the Company to use, any confidential, proprietary, or trade secret information of others. Executive represents and warrants that to his knowledge he has returned all property and confidential information belonging to all prior employers, if he is obligated to do so.

(m) Binding Agreement. This Agreement shall inure to the benefit of and be binding upon Executive, his heirs and personal representatives, and the Company and its successors.

(n) Remedies. The parties recognize and affirm that in the event of a breach of Sections 8 and 9 of this Agreement, money damages would be inadequate and the Company would not have an adequate remedy at law. Accordingly, the parties agree that in the event of a breach or a threatened breach of Sections 8 and 9, the Company may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, Executive agrees that in the event a court of competent jurisdiction or an arbitrator finds that Executive violated Section 9, the time periods set forth in Section 9 shall be tolled until such breach or violation has been cured. Executive further agrees that the Company shall have the right to offset the amount of any damages awarded to the Company resulting from a breach by Executive of Sections 8 or 9 against any payments due Executive under this Agreement.

(o) Arbitration. Other than as stated in Section 12( n ), the parties agree that any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. The arbitration shall take place in Denver , Colorado. All disputes shall be resolved by one (1) arbitrator chosen by agreement of the parties in accordance with the National Rules for the Resolution of Employment Disputes. The arbitrator shall have the authority to award the same remedies, damages, and costs that a court could award. The arbitrator shall issue a reasoned award explaining the decision, the reasons for the decision, and any damages awarded. The arbitrator's decision shall be final and binding. The judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration proceedings, any record of the same, and the award shall be considered Proprietary and Confidential Information under this Agreement. This provision and any decision and award hereunder can be enforced under the Federal Arbitration Act.

(p) Voluntary Agreement. Each party to this Agreement has read and fully

understands the terms and provisions hereof, has had an opportunity to review this Agreement with legal counsel, has executed this Agreement based upon such party's own judgment and advice of counsel (if any), and knowingly, voluntarily, and without duress, agrees to all of the terms set forth in this Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party because of authorship of any provision of this Agreement. Except as expressly set forth in this Agreement, neither the parties nor their affiliates, advisors and/or their attorneys have made any representation or warranty, express or implied, at law or in equity with respect to the subject matter contained herein. Without limiting the generality of the previous sentence, the Company, its affiliates, advisors, and/or attorneys have made no representation or warranty to Executive concerning the state or federal tax consequences to Executive regarding the transactions contemplated by this Agreement, other than any determination that may be made pursuant to Section 7(b).

(q) Jury Trial Waiver. THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING TO WHICH THEY ARE PARTIES INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT.

(r) Survival. The rights and obligations of the Company and Executive contained in Sections 8, 9 and 12(s) of this Agreement shall survive the termination of the Agreement. Following termination of Executive's employment and this Agreement, each party shall have the right to enforce all rights, and shall be bound by all obligations, of such party that are continuing rights and obligations under this Agreement.

(s) Non-disparagement. Executive shall not make any disparaging, derogatory or detrimental comments about the Company or any of its affiliates or any of their directors, officers, employees, partners, members, managers or shareholders, or any investor or other person or entity having a business relationship with the Company or any of its affiliates. The Company, each of its affiliates and the directors and officers of the Company and its affiliates shall not make any disparaging, derogatory or detrimental comments about Executive.

(t) Certain Definitions. For purposes of this Agreement:

(i) an "affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person, and includes subsidiaries;

(ii) a "business day" means the period from 9:00 am to 5:00 pm on any weekday that is not a banking holiday in the State of Colorado; and

(iii) a "subsidiary" of any person means another person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no

such voting interests or no board of directors or other governing body, fifty percent (50%) or more of the equity interests of which) is owned directly or indirectly by such first person.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and Executive have executed this Agreement, effective as of the day and year first above written.

ROYAL GOLD, INC.

By: /s/ Tony Jensen  
Name: Tony Jensen  
Title: President and CEO

/s/ William M. Zisch  
William M. Zisch

## EXHIBIT A

### RELEASE

For and in consideration of the payments and other benefits due to William M. Zisch (the “*Executive*”) pursuant to the Employment Agreement dated as of March 26, 2009 (the “*Employment Agreement*”), by and between Royal Gold, Inc., a Delaware corporation (the “*Company*”) and Executive, and for other good and valuable consideration, Executive hereby agrees, for Executive, Executive’s spouse and child or children (if any), Executive’s heirs, beneficiaries, devisees, executors, administrators, attorneys, personal representatives, successors and assigns, to forever release, discharge and covenant not to sue the Company, or any of its divisions, affiliates, subsidiaries, parents, branches, predecessors, successors, assigns, and, with respect to such entities, their officers, directors, trustees, employees, agents, shareholders, administrators, general or limited partners, representatives, attorneys, insurers and fiduciaries, past, present and future (the “*Released Parties*”) from any and all claims of any kind arising out of, or related to, his employment with the Company, its affiliates and subsidiaries (collectively, with the Company, the “*Affiliated Entities*”) or Executive’s separation from employment with the Affiliated Entities, which Executive now has or may have against the Released Parties, whether known or unknown to Executive, by reason of facts which have occurred on or prior to the date that Executive has signed this Release. Such released claims include, without limitation, any and all claims relating to the foregoing under federal, state or local laws pertaining to employment, including, without limitation, the Age Discrimination in Employment Act, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e et. seq., the Fair Labor Standards Act, as amended, 29 U.S.C. Section 201 et. seq., the Americans with Disabilities Act, as amended, 42 U.S.C. Section 12101 et. seq., the Reconstruction Era Civil Rights Act, as amended, 42 U.S.C. Section 1981 et. seq., the Rehabilitation Act of 1973, as amended, 29 U.S.C. Section 701 et. seq., the Family and Medical Leave Act of 1993, 29 U.S.C. Section 2601 et. seq., the Older Workers Benefit Protection Act of 1990, the Pregnancy Discrimination Act, the Equal Pay Act of 1963, the Colorado Civil Rights Act, the Colorado Anti-Discrimination Act and any and all state or local laws regarding employment discrimination and/or federal, state or local laws of any type or description regarding employment, including but not limited to any claims arising from or derivative of Executive’s employment with , or termination from, the Affiliated Entities, as well as any and all such claims under contract or tort law , including, without limitation, any and all claims for wrongful discharge, breach of implied or express contract, promissory estoppel, breach of any covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, defamation, or any claim that the Company has dealt with Executive unfairly or in bad faith. Executive represents and warrants that he has not sold or otherwise assigned any claim or any portion of any claim to any third party.

Executive has read this Release carefully, acknowledges that Executive has been given at least twenty-one (21) days to consider all of its terms and has been advised to consult with an attorney and any other advisors of Executive’s choice prior to executing this Release . Executive fully understands that by signing below Executive is voluntarily giving up any right which Executive may have to sue or bring any claims against the Released Parties, including any rights and claims under the Age Discrimination in Employment Act. Executive also understands that

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Executive has a period of seven (7) days after signing this Release within which to revoke his agreement by written notice delivered to the Company in accordance with the Employment Agreement , and that neither the Company nor any other person is obligated to make any payments or provide any other benefits to Executive pursuant to the Employment Agreement until eight (8) days have passed since Executive's signing of this Release without Executive's signature having been revoked , other than any accrued obligations or other benefits payable pursuant to the terms of the Company's normal payroll practices or employee benefit plans. Finally, Executive has not been forced or pressured in any manner whatsoever to sign this Release, and Executive agrees to all of its terms voluntarily.

Notwithstanding anything else herein to the contrary, this Release shall not affect: (i) the Company's obligations under any compensation or employee benefit plan, program or arrangement (including, without limitation, obligations to Executive under the Employment Agreement, any stock option, stock award or agreements or obligations under any pension, deferred compensation or retention plan) provided by the Affiliated Entities where Executive's compensation or benefits are intended to continue or Executive is to be provided with compensation or benefits, in accordance with the express written terms of such plan, program or arrangement, beyond the date of Executive's termination; (ii) rights to indemnification Executive may have under the Employment Agreement or a separate agreement entered into with the Company; or (iii) rights Executive may have as a shareholder.

Executive agrees that Executive shall not make any disparaging, derogatory or detrimental comments about the Company or any of the Affiliated Entities or any of their directors, officers, employees, partners, members, managers or shareholders, or any investor or other person or entity having a business relationship with the Company or any of the Affiliated Entities. Executive also acknowledges that the terms of this Release constitute Proprietary and Confidential Information (as defined in the Employment Agreement).

This Release is final and binding and may not be changed or modified except in a writing signed by both parties. This Release is governed by and is to be construed, administered, and enforced in accordance with the laws of the State of Colorado, without regard to conflicts of law principles.

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William M. Zisch

ROYAL GOLD , INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Royal Gold, Inc. and its Subsidiaries**

**As of June 30, 2011**

<u>Name</u>	<u>State/Country of Incorporation</u>	<u>Ownership Percentage</u>
Royal Gold, Inc.	Delaware, USA	
Battle Mountain Gold Exploration LLC	Nevada, USA	100%
*7550359 Canada Inc.	Canada	100%
Denver Mining Finance Company, Inc.	Colorado, USA	100%
Crescent Valley Partners LP	Colorado, USA	Limited Partner
Greek American Exploration Ltd.	Bulgaria	50%
High Desert Mineral Resources, Inc.	Delaware, USA	100%
DFH Co. of Nevada	Nevada, USA	100%
Gold Ventures, Inc.	Nevada, USA	100%
IRC Nevada Inc.	Nevada, USA	100%
RG Finance (Barbados) Limited	Barbados	100%
RG Mexico, Inc.	Delaware, USA	100%
RG Russia, Inc.	Delaware, USA	100%
*RGLD Gold, Canada, Inc.	Canada	100%
RGLD Holdings, LLC	Delaware, USA	100%
RG Calco Inc.	Ontario, Canada	100%
RG Exchangeco Inc.	Ontario, Canada	100%
International Royalty Corporation	Canada	100%
Archean Resources Ltd.	Newfoundland, Canada	100%
**Voisey's Bay Holding Corporation	Newfoundland, Canada	100%
Canadian Minerals Partnership	Ontario, Canada	99.99%
Labrador Nickel Royalty Limited Partnership	Ontario, Canada	89.90%
McWatters Mining Inc.	Quebec, Canada	100% common shares
4324421 Canada Inc.	Canada	100%
4495152 Canada Inc.	Canada	100%
Royal Camp Bird, Inc.	Colorado, USA	100%
Royal Crescent Valley, Inc.	Nevada, USA	100%
Royal Gold Chile Limitada	Chile	100%
Sofia Minerals Ltd.	Bulgaria	25%

\* Amalgamated into RG Exchangeco Inc. on June 30, 2011.

\*\* Amalgamated into Archean Resources Ltd. which subsequently changed its name to Voisey's Bay Holding Corporation on June 30, 2011.

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EXHIBIT 21.1

Royal Gold, Inc. and its Subsidiaries As of June 30, 2011

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**EXHIBIT 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-156376 and No. 333-164975), Form S-4 (No. 333-111590) and on Form S-8 (No. 333-122877, No. 333-155384, and No. 333-171364) of our reports dated August 18, 2011, with respect to the consolidated financial statements of Royal Gold, Inc., and the effectiveness of internal control over financial reporting of Royal Gold, Inc., included in this Annual Report (Form 10-K) for the year ended June 30, 2011.

/s/ Ernst & Young LLP  
Denver, Colorado  
August 18, 2011

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[EXHIBIT 23.1](#)

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**EXHIBIT 23.2**

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-156376 and No. 333-164975), Form S-4 (No. 333-111590) and on Form S-8 (No. 333-122877, No. 333-155384 and No. 333-171364) of Royal Gold, Inc. of our report dated August 26, 2010, except for Note 3, as to which the date is August 18, 2011, relating to the consolidated financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Denver, Colorado

August 18, 2011

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[EXHIBIT 23.2](#)

I, Tony Jensen, certify that:

- (1) I have reviewed this Annual Report on Form 10-K 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-15(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 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 control 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 control 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 control over financial reporting.

August 18, 2011

/s/ TONY JENSEN

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Tony Jensen  
*President and Chief Executive Officer*

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[EXHIBIT 31.1](#)

I, Stefan Wenger, certify that:

- (1) I have reviewed this Annual Report on Form 10-K 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-15(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 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 control 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 control 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 control over financial reporting.

August 18, 2011

/s/ STEFAN WENGER

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Stefan Wenger  
*Chief Financial Officer and Treasurer*

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[EXHIBIT 31.2](#)

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**EXHIBIT 32.1**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the "Company"), for the year ending June 30, 2011, 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 results of operations of the Company.

August 18, 2011

/s/ TONY JENSEN

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Tony Jensen  
*President and Chief Executive Officer*

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[EXHIBIT 32.1](#)

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**EXHIBIT 32.2**

In connection with the Annual Report on Form 10-K of Royal Gold, Inc. (the "Company"), for the year ending June 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stefan Wenger, Chief Financial 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 results of operations of the Company.

August 18, 2011

/s/ STEFAN WENGER

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Stefan Wenger  
*Chief Financial Officer and Treasurer*

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[EXHIBIT 32.2](#)