

ROYAL GOLD INC

FORM 10-Q (Quarterly Report)

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Address	1660 WYNKOOP STREET SUITE 1000 DENVER, CO 80202-1132
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended September 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)

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

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

80202
(Zip Code)

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

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

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

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

There were 54,765,490 shares of the Company’s common stock, par value \$0.01 per share, outstanding as of October 27, 2011. In addition, as of such date, there were 814,555 exchangeable shares of RG Exchangeco Inc. outstanding which are exchangeable at any time into shares of the Company’s common stock on a one-for-one basis and entitle their holders to dividend and other rights economically equivalent to those of the Company’s common stock.

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

	September 30, 2011	June 30, 2011
ASSETS		
Cash and equivalents	\$ 123,401	\$ 114,155
Royalty receivables	54,778	48,828
Prepaid expenses and other current assets	6,343	6,290
Total current assets	184,522	169,273
Royalty interests in mineral properties, net (Note 2)	1,671,943	1,690,439
Available for sale securities (Note 3)	23,528	28,876
Other assets	12,486	14,114
Total assets	<u>\$ 1,892,479</u>	<u>\$ 1,902,702</u>
LIABILITIES		
Current portion of long-term debt (Note 4)	\$ 15,600	\$ 15,600
Accounts payable	2,224	2,499
Dividends payable	6,112	6,093
Income tax payable	8,870	676
Other current liabilities	3,204	3,993
Total current liabilities	36,010	28,861
Long-term debt (Note 4)	176,600	210,500
Net deferred tax liabilities	153,028	152,564
Uncertain tax positions	19,140	18,836
Other long-term liabilities	4,015	4,246
Total liabilities	388,793	415,007
Commitments and contingencies (Note 11)		
EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; and 0 shares issued	—	—
Common stock, \$.01 par value, 100,000,000 shares authorized; and 54,450,165 and 54,231,787 shares outstanding, respectively	545	543
Exchangeable shares, no par value, 1,806,649 shares issued, less 992,094 and 900,854 redeemed shares, respectively	35,849	39,864
Additional paid-in capital	1,330,012	1,319,697
Accumulated other comprehensive (loss) income	(5,250)	54
Accumulated earnings	116,385	100,004
Total Royal Gold stockholders' equity	1,477,541	1,460,162
Non-controlling interests	26,145	27,533
Total equity	1,503,686	1,487,695
Total liabilities and equity	<u>\$ 1,892,479</u>	<u>\$ 1,902,702</u>

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

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

	For The Three Months Ended	
	September 30, 2011	September 30, 2010
Royalty revenues	\$ 64,465	\$ 45,338
Costs and expenses		
General and administrative	6,298	5,045
Production taxes	2,150	558
Depreciation, depletion and amortization	17,221	18,925
Restructuring on royalty interests in mineral properties	1,328	—
Total costs and expenses	26,997	24,528
Operating income	37,468	20,810
Interest and other income	2,833	1,424
Interest and other expense	(1,779)	(2,305)
Income before income taxes	38,522	19,929
Income tax expense	(12,381)	(6,927)
Net income	26,141	13,002
Net income attributable to non-controlling interests	(3,646)	(1,171)
Net income attributable to Royal Gold stockholders	\$ 22,495	\$ 11,831
Net income	\$ 26,141	\$ 13,002
Adjustments to comprehensive income, net of tax		
Unrealized change in market value of available for sale securities	(5,304)	7
Comprehensive income	20,837	13,009
Comprehensive income attributable to non-controlling interests	(3,646)	(1,171)
Comprehensive income attributable to Royal Gold stockholders	\$ 17,191	\$ 11,838
Net income per share available to Royal Gold common stockholders:		
Basic earnings per share	\$ 0.41	\$ 0.22
Basic weighted average shares outstanding	55,183,719	54,986,700
Diluted earnings per share	\$ 0.40	\$ 0.21
Diluted weighted average shares outstanding	55,491,354	55,250,028
Cash dividends declared per common share	\$ 0.11	\$ 0.09

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

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

	For The Three Months Ended	
	September 30, 2011	September 30, 2010
Cash flows from operating activities:		
Net income	\$ 26,141	\$ 13,002
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	17,221	18,925
Gain on distribution to non-controlling interest	(3,018)	(912)
Non-cash stock-based compensation expense	2,198	1,285
Tax benefit of stock-based compensation exercises	(1,567)	(521)
Restructuring on royalty interests in mineral properties	1,328	—
Deferred tax expense (benefit)	508	(521)
Changes in assets and liabilities:		
Royalty receivables	(5,950)	(2,678)
Prepaid expenses and other assets	197	1,421
Accounts payable	70	409
Income taxes payable	9,762	4,887
Other liabilities	(716)	(1,063)
Net cash provided by operating activities	\$ 46,174	\$ 34,234
Cash flows from investing activities:		
Acquisition of royalty interests in mineral properties	—	(25,000)
Proceeds on sale of Inventory - restricted	4,455	1,471
Deferred acquisition costs	—	(695)
Other	(111)	(33)
Net cash provided by (used in) investing activities	\$ 4,344	\$ (24,257)
Cash flows from financing activities:		
Repayment of debt	(33,900)	(6,500)
Common stock dividends	(6,095)	(4,973)
Distribution to non-controlling interests	(5,380)	(1,971)
Proceeds from the issuance of common stock	2,536	—
Tax benefit of stock-based compensation exercises	1,567	521
Other	—	(397)
Net cash (used in) financing activities	\$ (41,272)	\$ (13,320)
Net increase (decrease) in cash and equivalents	9,246	(3,343)
Cash and equivalents at beginning of period	114,155	324,846
Cash and equivalents at end of period	\$ 123,401	\$ 321,503

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

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

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

Operations

Royal Gold, Inc. (“Royal Gold”, the “Company”, “we”, “us”, or “our”), together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties and similar interests. Royalties are passive (non-operating) interests in mining projects that provide the right to revenue or production from the project after deducting specified costs, if any.

Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for a fair presentation of our interim financial statements have been included in this Form 10-Q. Operating results for the three months ended September 30, 2011, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2012. These interim unaudited financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2011, filed with the Securities and Exchange Commission on August 18, 2011 (“Fiscal 2011 10-K”).

Reclassification

Costs 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 three months ended September 30, 2010:

	Previously Reported Balance	Reclass Adjustment	Adjusted Balance
Costs and expenses (in thousands):			
Costs of operations	\$ 1,192	\$ (1,192)	\$ —
General and administrative	3,724	1,321	5,045
Production taxes	—	558	558
Exploration and business development	687	(687)	—

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

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.

ROYAL GOLD, INC.
Notes to Consolidated Financial Statements
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The provisions of this ASU are effective for the Company's quarter beginning July 1, 2012. Since this ASU addresses financial presentation only, its adoption will not impact the Company's consolidated position or results of operations.

2. ROYALTY INTERESTS IN MINERAL PROPERTIES

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

As of September 30, 2011
(Amounts in thousands):

	Cost	Restructuring	Accumulated Depletion	Net
Production stage royalty interests:				
Andacollo	\$ 272,998	\$ —	\$ (17,065)	\$ 255,933
Voisey's Bay	150,138	—	(18,505)	131,633
Peñasquito	99,172	—	(6,209)	92,963
Las Cruces	57,230	—	(3,318)	53,912
Mulatos	48,092	—	(14,986)	33,106
Wolverine	45,158	—	(260)	44,898
Dolores	44,878	—	(4,500)	40,378
Canadian Malartic	38,800	—	(999)	37,801
Gwalia Deeps	28,119	—	(2,270)	25,849
Holt	25,428	—	(1,115)	24,313
Inata	24,871	—	(5,892)	18,979
Leeville	18,322	—	(13,372)	4,950
Robinson	17,825	—	(9,119)	8,706
Cortez	10,630	—	(9,637)	993
Other	178,144	—	(101,668)	76,476
	<u>1,059,805</u>	<u>—</u>	<u>(208,915)</u>	<u>850,890</u>
Development stage royalty interests:				
Pascua-Lama	372,105	—	—	372,105
Mt. Milligan	227,596	—	—	227,596
Other (Note 6)	26,251	(1,328)	—	24,923
	<u>625,952</u>	<u>(1,328)</u>	<u>—</u>	<u>624,624</u>
Exploration stage royalty interests	196,429	—	—	196,429
Total royalty interests in mineral properties	\$ 1,882,186	\$ (1,328)	\$ (208,915)	\$ 1,671,943

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

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
(Unaudited)

3. AVAILABLE FOR SALE SECURITIES

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

	As of September 30, 2011			
	(Amounts in thousands)			
	Cost Basis	Unrealized		Fair Value
		Gain	Loss	
Non-current:				
Seabridge Gold, Inc.	\$ 28,574	—	(5,243)	\$ 23,331
Other	203	—	(6)	197
	<u>\$ 28,777</u>	<u>\$ —</u>	<u>\$ (5,249)</u>	<u>\$ 23,528</u>
	As of June 30, 2011			
	(Amounts in thousands)			
	Cost Basis	Unrealized		Fair Value
		Gain	Loss	
Non-current:				
Seabridge Gold, Inc.	\$ 28,574	—	(28)	\$ 28,546
Other	203	127	—	\$ 330
	<u>\$ 28,777</u>	<u>\$ 127</u>	<u>\$ (28)</u>	<u>\$ 28,876</u>

4. DEBT

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

	As of September 30, 2011		As of June 30, 2011	
	(Amounts in thousands)		(Amounts in thousands)	
	Current	Non-current	Current	Non-current
Credit facility	\$ —	\$ 70,000	\$ —	\$ 100,000
Term loan	15,600	106,600	15,600	110,500
Total debt	<u>\$ 15,600</u>	<u>\$ 176,600</u>	<u>\$ 15,600</u>	<u>\$ 210,500</u>

As discussed in the Company's Fiscal 2011 10-K, the Company has financial covenants associated with its revolving credit facility and term loan. At September 30, 2011, the Company was in compliance with each financial covenant.

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

5. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense as follows:

	For The Three Months Ended	
	September 30, 2011	September 30, 2010
	(Amounts in thousands)	
Stock options	\$ 115	\$ 131
Stock appreciation rights	295	167
Restricted stock	1,086	470
Performance stock	702	517
Total stock-based compensation expense	\$ 2,198	\$ 1,285

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

There were 18,796 and 0 stock options granted during the three months ended September 30, 2011 and 2010, respectively. As of September 30, 2011, there was \$0.9 million of unrecognized compensation expense related to non-vested stock options, which is expected to be recognized over a weighted-average period of 2.3 years.

There were 42,804 and 0 stock-settled stock appreciation rights granted during the three months ended September 30, 2011 and 2010, respectively. As of September 30, 2011, there was \$2.2 million of unrecognized compensation expense related to non-vested stock appreciation rights, which is expected to be recognized over a weighted-average period of 2.1 years.

There were 44,950 and 0 shares of restricted stock granted during the three months ended September 30, 2011 and 2010, respectively. As of September 30, 2011, there was \$7.3 million of unrecognized compensation expense related to non-vested restricted stock, which is expected to be recognized over a weighted-average vesting period of 4.0 years.

There were 49,600 and 0 shares of performance stock granted during the three months ended September 30, 2011 and 2010, respectively. During the three months ended September 30, 2011 and 2010, 0 and 74,500 shares of performance stock, respectively, vested at a weighted average grant date fair market value of \$0 and \$42.53, respectively. As of September 30, 2011, there was \$3.7 million of unrecognized compensation expense related to non-vested performance stock, which is expected to be recognized over a weighted-average vesting period of 0.9 years.

6. RESTRUCTURING ON ROYALTY INTERESTS IN MINERAL PROPERTIES

The Company owns a net smelter return royalty on the Relief Canyon property located in Nevada. From November 2010 to October 2011, the Company has been involved in managing this interest in bankruptcy proceedings of the owner of the Relief Canyon project. On August 24, 2011, the Company entered into an Amended and Restated Net Smelter Return Royalty Agreement with the property owner, pursuant to which the royalty rate was reduced from 4% to 2%, and the ten mile area of interest was eliminated. The Company elected to amend the royalty agreement in order to enhance project economics and the probability of recognizing royalty revenue. As a result of the amendment to the Relief Canyon royalty agreement, the Company recorded a restructuring charge of approximately \$1.3 million during the quarter ended September 30, 2011, which was based on the Company's estimate of fair value. The Company's carrying value for the Relief Canyon royalty interest was approximately \$1.2 million as of September 30, 2011.

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

7. EARNINGS PER SHARE (“EPS”)

Basic earnings per common share were computed using the weighted average number of shares of common stock outstanding during the period, considering the effect of participating securities. 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.

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

	For The Three Months Ended	
	September 30, 2011	September 30, 2010
	(in thousands, except share data)	
Net income available to Royal Gold common stockholders	\$ 22,495	\$ 11,831
Weighted-average shares for basic EPS	55,183,719	54,986,700
Effect of other dilutive securities	307,635	263,328
Weighted-average shares for diluted EPS	55,491,354	55,250,028
Basic earnings per share	\$ 0.41	\$ 0.22
Diluted earnings per share	\$ 0.40	\$ 0.21

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

8. INCOME TAXES

	For The Three Months Ended	
	September 30, 2011	September 30, 2010
	(Amounts in thousands, except rate)	
Income tax expense	\$ 12,381	\$ 6,927
Effective tax rate	32.1%	34.8%

The decrease in the effective tax rate for September 30, 2011 is primarily related to (i) the decrease in tax expense from changes in estimates of uncertain tax positions, and (ii) the decrease in tax expense relating to the decrease in unrealized foreign exchange gains.

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

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

As of September 30, 2011 and June 30, 2011, the Company had \$19.1 million and \$18.8 million of total gross unrecognized tax benefits, respectively. The increase in gross unrecognized tax benefits was primarily related to tax positions of International Royalty Corporation entities taken prior to or upon the acquisition by the Company during fiscal year 2010. These increases were offset by a decrease in the unrecognized tax benefits as a result of statute of limitations expiring during the quarter. If recognized, these unrecognized tax benefits would impact the Company's effective income tax rate.

The Company's continuing practice is to recognize potential interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At September 30, 2011 and June 30, 2011, the amount of accrued income-tax-related interest and penalties was \$1.6 million and \$1.5 million, respectively.

9. SEGMENT 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.

	Royalty Revenue		Royalty Interests in Mineral Property, net	
	Three Months Ended			
	September 30,		As of	As of
	2011	2010	September 30, 2011	June 30, 2011
Chile	27%	19%	40%	40%
United States	24%	26%	3%	3%
Canada	20%	9%	36%	36%
Mexico	17%	13%	11%	11%
Australia	6%	7%	4%	5%
Africa	4%	23%	2%	2%
Other	2%	3%	4%	3%

10. FAIR VALUE MEASUREMENTS

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

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

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

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

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 September 30, 2011 (In thousands)			
	Total	Level 1	Level 2	Level 3
Assets:				
Money market investments ⁽¹⁾	\$ 284	\$ 284	\$ —	\$ —
Marketable equity securities ⁽²⁾	23,528	23,528	—	—
	<u>\$ 23,812</u>	<u>\$ 23,812</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 September 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.

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

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

11. COMMITMENTS AND CONTINGENCIES

Mt. Milligan Gold Stream Acquisition

As discussed in more detail in the Company's Fiscal 2011 10-K, 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, 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"). 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

ROYAL GOLD, INC.
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(Unaudited)

aggregate to fund a portion of the development costs of the Mt. Milligan project. The Company did not make any Additional Payments to Thompson Creek during the three months ended September 30, 2011. On October 13, 2011, the Company made a \$13.7 million Additional Payment to Thompson Creek, resulting in a remaining commitment of \$71.3 million as of that date.

Voisey's Bay

The Company owns a royalty on the Voisey's Bay mine in Newfoundland and Labrador owned by Vale Newfoundland & Labrador Limited ("VNL"). The royalty is owned by the Labrador Nickel Royalty Limited Partnership ("LNRLP"), in which the Company's wholly-owned indirect subsidiary, Canadian Minerals Partnership, is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius Investments Ltd. (10%), a company unrelated to Royal Gold, 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.

12. RELATED PARTY

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

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 12,735 and 15,255 ounces of gold as of September 30, 2011 and June 30, 2011, 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 \$6.9 million and \$8.1 million as of September 30, 2011 and June 30, 2011, respectively, while the fair value of such ounces was approximately \$20.6 million and \$23.0 million as of September 30, 2011 and June 30 2011, respectively. None of the gold currently held in inventory as of September 30, 2011 and June 30, 2011, is attributed to Royal Gold, as the gold allocated to Royal Gold's CVP partnership interest is typically sold within five days of receipt.

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

General

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) is intended to provide information to assist you in better understanding and evaluating our financial condition and results of operations. We recommend that you read this MD&A in conjunction with our consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended June 30, 2011, filed with the Securities and Exchange Commission (the “SEC”) on August 18, 2011 (the “Fiscal 2011 10-K”).

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

We refer to “GSR,” “NSR,” and other types of royalty interests throughout this MD&A. These terms are defined in our Fiscal 2011 10-K.

Overview

Royal Gold, together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties and similar interests. Royalties are passive (non-operating) interests in mining projects that provide the right to revenue or production from the project after deducting specified costs, if any. We seek to acquire existing royalties or to finance projects that are in production or in development stage in exchange for royalties or similar interests. We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalties or similar interests through the financing of mine development or exploration, or to acquire companies that hold royalties. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest, participation in preliminary discussions and involvement as a bidder in competitive auctions.

As of September 30, 2011, the Company owns royalties on 37 producing properties, 22 development stage properties and 127 exploration stage properties, of which the Company considers 39 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 gold stream transaction), exploration costs, environmental costs or other mining costs on the properties in which we hold royalty interests. During the three months ended September 30, 2011, we focused on the management of our existing royalty and similar interests and the acquisition of royalty and similar interests.

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

For the three months ended September 30, 2011 and 2010, gold, silver, copper and nickel price averages and percentage of royalty revenues by metal were as follows:

Metal	Three months ended			
	September 30, 2011		September 30, 2010	
	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold (\$/ounce)	\$ 1,702	70%	\$ 1,227	73%
Silver (\$/ounce)	\$ 38.80	6%	\$ 18.97	4%
Copper (\$/pound)	\$ 4.07	11%	\$ 3.29	9%
Nickel (\$/pound)	\$ 10.00	9%	\$ 9.61	9%
Other	N/A	4%	N/A	5%

Principal Royalties

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

Please refer to our Fiscal 2011 10-K for further discussion of our principal producing and development royalty interests.

Producing Properties

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Andacollo	Region IV, Chile	Compañía Minera Teck Carmen de Andacollo ("Teck")	75% of gold produced (until 910,000 payable ounces; 50% thereafter)
Canadian Malartic	Quebec, Canada	Osisko Mining Corporation ("Osisko")	1.0% to 1.5% sliding-scale NSR
Cortez	Nevada, USA	Barrick Gold Corporation ("Barrick")	GSR1: 0.40% to 5.0% sliding-scale GSR GSR2: 0.40% to 5.0% sliding-scale GSR GSR3: 0.71% GSR NVR1: 0.39% NVR
Dolores	Chihuahua, Mexico	Minefinders Corporation, Ltd. ("Minefinders")	3.25% NSR; 2.0% NSR (silver)
Holt	Ontario, Canada	St Andrew Goldfields Ltd. ("St Andrew")	0.00013 x quarterly average gold price NSR
Las Cruces	Andalucía, Spain	Inmet Mining Corporation ("Inmet")	1.5% NSR (copper)
Leeville	Nevada, USA	Newmont Mining Corporation ("Newmont")	1.8% NSR
Mulatos ⁽¹⁾	Sonora, Mexico	Alamos Gold, Inc. ("Alamos")	1.0% to 5.0% sliding-scale NSR
Peñasquito	Zacatecas, Mexico	Goldcorp Inc. ("Goldcorp")	2.0% NSR (gold, silver, lead, zinc)
Robinson	Nevada, USA	Quadra FNX Mining Ltd. ("Quadra")	3.0% NSR (copper, gold, silver, molybdenum)
Voisey's Bay	Newfoundland and Labrador, Canada	Vale	2.7% NSR (nickel, copper, cobalt)
Wolverine	Yukon Territory, Canada	Yukon Zinc Corporation ("Yukon Zinc")	0.00% to 9.45% sliding-scale NSR (gold and silver)

⁽¹⁾ The Mulatos royalty is capped at 2.0 million gold ounces of production. Approximately 761,000 cumulative ounces of gold have been produced as of September 30, 2011.

Development Properties

Mine	Location	Operator	Royalty or similar interests (Gold unless otherwise stated)
Mt. Milligan	British Columbia, Canada	Thompson Creek Metals Inc. (“Thompson Creek”)	25% of the payable gold ⁽¹⁾
Pascua-Lama	Region III, Chile	Barrick	0.78% to 5.23% sliding-scale NSR 1.05% fixed rate royalty (copper)

⁽¹⁾ 25% of payable gold with a fixed cost of \$400 per ounce until 550,000 ounces are delivered to Royal Gold; \$450 thereafter.

Operators’ Production Estimates by Royalty for Calendar 2011

We received annual production estimates from 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 September 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 “Recent Developments, Property Developments” below within this MD&A for further discussion on any updates at our principal producing or development properties.

Operators’ Production Estimate by Royalty for Calendar 2011 and Reported Production Principal Producing Properties For the period January 1, 2011 through September 30, 2011

Royalty	Calendar 2011 Operator’s Production Estimate ⁽¹⁾			Reported Production through September 30, 2011 ⁽²⁾		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Andacollo	49,000	—	—	35,638	—	—
Canadian Malartic ⁽³⁾	359,000	—	—	96,111	—	—
Cortez GSR1	125,000	—	—	111,613	—	—
Cortez GSR2	1,000	—	—	825	—	—
Cortez GSR3	126,000	—	—	112,438	—	—
Cortez NVR1	91,000	—	—	85,637	—	—
Dolores ⁽⁴⁾	65,000	3.3 million	—	53,708	2.7 million	—
Holt ⁽⁵⁾	23,000	—	—	21,211	—	—
Las Cruces						
	<i>Copper</i>		111 million			64.3 million
Leeville	454,000	—	—	315,725	—	—
Mulatos ⁽⁶⁾	145,000	—	—	103,152	—	—
Peñasquito ⁽⁷⁾	250,000	—	—	164,948	12.9 million	—
	<i>Lead</i>		—			101.8 million
	<i>Zinc</i>		—			187.3 million
Robinson ⁽⁸⁾	25,000	—	—	27,017	—	—
	<i>Copper</i>		95 million			68.4 million
Voisey’s Bay ⁽⁹⁾						
	<i>Copper</i>		N/A			40.4 million
	<i>Nickel</i>		N/A			94.6 million
Wolverine ⁽⁹⁾	N/A	N/A	—	673	276,267	—

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- (1) There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of our Fiscal 2010 10-K for information regarding factors that could affect actual results.
 - (2) Reported production relates to the amount of metal sales, subject to our royalty interests, for the period January 1, 2011 through September 30, 2011, as reported to us by the operators of the mines.
 - (3) Production estimate reflects the entire project. Production began during the second quarter of calendar 2011.
 - (4) Minefinders estimates that calendar 2011 production for gold will 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.
 - (5) 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 and 50,000 ounces of gold. Reported production for the nine months ended September 30, 2011, includes approximately 1,400 gold ounces attributable to the quarter ended December 31, 2010.
 - (6) 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.
 - (7) Goldcorp estimates that calendar 2011 gold production will be 250,000 ounces compared to earlier guidance of 350,000 ounces. Goldcorp did not provide production guidance for silver, lead and zinc.
 - (8) 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 95 million pounds and 100 million pounds of copper compared to earlier guidance of 105 million pounds and 120 million pounds.
 - (9) The Company did not receive calendar 2011 production guidance from the operator.

Recent Developments

Property Developments

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

Andacollo

Teck reported that activities to increase plant throughput to meet or exceed design capacity of 55,000 tonnes per day are underway and progressing on schedule. The installation of a small crusher to feed coarse ore to the pebble crusher and the increased power to the SAG mill motor were both completed during the quarter. Teck also plans to install a 20,000 tonne per day pre-crusher plant during the first quarter of 2012. In addition, Teck continues to conduct a feasibility study which is expected to be completed by the end of calendar 2011 to evaluate the possibility of increasing annual copper production to 100,000 to 120,000 tonnes.

Canadian Malartic

Osisko reported that they are installing two cone crushers to achieve an overall mill throughput of 55,000 to 60,000 tonnes per day. The first cone crusher is expected to be operational in the first quarter of calendar 2012, and the second cone crusher is expected to arrive on site in the early part of the second quarter of calendar 2012. Throughput averaged 36,750 tonnes per day during the quarter ended September 30, 2011.

Dolores

Minefinders reported that third quarter of calendar 2011 production was lower than planned due to (i) a reduction in cyanide concentration going onto the leach pad and timing of placing ore under irrigation and (ii) the west side of the phase 2 leach pad suffering a crushed collection pipe. With repair to the crushed pipe, the irrigation of fresh ore on the east side of the pad and resumption of cyanide concentration to design levels, Minefinders expects fourth quarter production to improve and they have maintained their full year production guidance.

Holt

St Andrew reported that production continued to increase during the quarter as scheduled and that development activities at the mine have improved. Ramp advancement, footwall access, stope development and long-hole mining will be the primary focus for the remainder of calendar 2011. St Andrew expects to reach its steady state rate of production of 1,000 tonnes per day by the end of the first quarter of calendar 2012.

Las Cruces

At Inmet's Las Cruces mine, the many operating improvements installed and implemented during the last year continue to allow the operation to meet expectations. Inmet reported that they remain on track with their previously disclosed production guidance and their objective to reach 100% design capacity by the end of calendar 2011.

Mt. Milligan

Construction continued at the Mt. Milligan project during the quarter and the overall project remains on schedule for completion in the fourth quarter of calendar 2013.

Mulatos

Alamos reported that their primary cyanide supplier resumed normal shipments in August 2011, resulting in an improvement in month-over-month production. Alamos also reported that they continue to be on track to achieve their annual production guidance of between 145,000 and 160,000 ounces of gold.

Pascua-Lama

Barrick reported that development at Pascua-Lama advanced during the quarter with first production on track to commence in mid-calendar 2013. Approximately 50% of the projected capital costs of \$4.7 to \$5.0 billion have been committed, as of September 30, 2011. In Chile, approximately 80% of the earthworks are complete. Barrick also reiterated that they expect annual gold production to be 800,000 to 850,000 ounces in the first full five years of operation.

Peñasquito

Goldcorp reported record average throughput of 102,000 tonnes per day in September, offsetting lower production in July and August resulting from sulphide plant modifications and tests. Goldcorp also announced that progress continued on the supplemental ore feed system to the high pressure grinding roll circuit and the enhancement of the tailings dam facility in order to procure additional water supplies. Both of these projects are expected to be completed by the end of calendar 2011. Once these projects are complete, Goldcorp expects to reach its 130,000 tonne per day design throughput by the end of the first quarter of calendar 2012.

Robinson

Quadra reported that production from the Robinson mine was impacted by localized slope stability issues that resulted in a re-sequencing of the mine plan and delays in accessing a portion of the higher grade material that was originally expected to be mined in the fourth quarter of calendar 2011. As a result, Quadra revised its calendar 2011 guidance to between 95 and 100 million pounds of payable copper, lower than its previously disclosed guidance of between 105 and 120 million pounds of payable copper.

Voisey's Bay

Production at Voisey's Bay was as expected during the third quarter of calendar 2011. However, our recognized royalty revenue was less than the second quarter of calendar 2011 because (i) nickel production for the quarter ended June 30, 2011, was more than 40% above expectations and (ii) a planned maintenance outage lowered production during the quarter.

Results of Operations

Quarter Ended September 30, 2011, Compared to Quarter Ended September 30, 2010

For the quarter ended September 30, 2011, we recorded net income attributable to Royal Gold stockholders of \$22.5 million, or \$0.41 per basic share and \$0.40 per diluted share, as compared to net income attributable to Royal Gold stockholders of \$11.8 million, or \$0.22 per basic share and \$0.21 per diluted share, for the quarter ended September 30, 2010. The increase in our earnings per share was primarily attributable to an increase in royalty revenue, as discussed further below. This increase was partially offset by an increase in general and administrative expenses, production taxes and the royalty restructuring charge during the period, which are each discussed further below.

For the quarter ended September 30, 2011, we recognized total royalty revenue of \$64.5 million, at an average gold price of \$1,702 per ounce, an average silver price of \$38.80 per ounce, an average nickel price of \$10.00 per pound and an average copper price of \$4.07 per pound, compared to royalty revenue of \$45.3 million, at an average gold price of \$1,227 per ounce, an average silver price of \$18.97 per ounce, an average nickel price of \$9.61 per pound and an average copper price of \$3.29 per pound for the quarter ended September 30, 2010. Royalty revenue and the corresponding production, attributable to our royalty interests, for the quarter ended September 30, 2011 compared to the quarter ended September 30, 2010 is as follows:

Royalty Revenue and Production Subject to Our Royalty Interests
Quarter Ended September 30, 2011 and 2010
(In thousands, except reported production ozs. and lbs.)

Royalty	Metal(s)	Three Months Ended September 30, 2011		Three Months Ended September 30, 2010	
		Royalty Revenue	Reported Production ⁽¹⁾	Royalty Revenue	Reported Production ⁽¹⁾
Andacollo	Gold	\$ 16,839	13,286 oz.	\$ 8,174	8,905 oz.
Voisey's Bay		\$ 7,229		\$ 3,506	
	Nickel		22.7 million lbs.		18.2 million lbs.
	Copper		16.0 million lbs.		3.9 million lbs.
Peñasquito		\$ 5,826		\$ 3,006	
	Gold		48,621 oz.		35,624 oz.
	Silver		3.9 million oz.		3.2 million oz.
	Lead		29.2 million lbs.		21.9 million lbs.
	Zinc		67.4 million lbs.		39.0 million lbs.
Cortez	Gold	\$ 5,106	42,855 oz.	\$ 2,487	33,134 oz.
Robinson		\$ 3,687		\$ 3,128	
	Gold		8,972 oz.		19,012 oz.
	Copper		27.9 million lbs.		28.5 million lbs.
Holt	Gold	\$ 3,594	9,397 oz.	N/A	N/A
Leeville	Gold	\$ 3,069	101,240 oz.	\$ 2,635	122,834 oz.
Mulatos	Gold	\$ 2,399	29,476 oz.	\$ 1,724	29,025 oz.
Dolores		\$ 1,426		\$ 399	
	Gold		15,945 oz.		8,479 oz.
	Silver		693,531 oz.		160,254 oz.
Las Cruces	Copper	\$ 1,311	23.8 million lbs.	\$ 875	17.5 million lbs.
Canadian Malartic	Gold	\$ 1,309	60,826 oz.	N/A	N/A
Other ⁽²⁾	Various	\$ 12,670	N/A	\$ 19,404	N/A
Total Royalty Revenue		\$ 64,465		\$ 45,338	

⁽¹⁾ Reported production relates to the amount of metal sales, subject to our royalty interests, for the three months ended September 30, 2011 and 2010, as reported to us by the operators of the mines.

⁽²⁾ "Other" includes all of the Company's non-principal producing royalties as of September 30, 2011. Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period, with the exception of Taparko during the quarter ended September 30, 2010, which totaled royalty revenue of approximately \$7.6 million.

The increase in royalty revenue for the quarter ended September 30, 2011, compared with the quarter ended September 30, 2010, resulted primarily from an increase in the average gold and other metal prices, increased production at Andacollo, Cortez, Dolores and Voisey's Bay, the continued ramp-up at Peñasquito, and the start of production at Holt and Canadian Malartic. Please refer to "Recent Developments, Property Developments" earlier within this MD&A for further discussion on any recent developments regarding properties covered by certain of our royalty interests.

General and administrative expenses increased to \$6.3 million for the quarter ended September 30, 2011, from \$5.0 million for the quarter ended September 30, 2010. The increase was primarily due to an increase in non-cash stock-based compensation expense of approximately \$0.9 million. The increase in non-cash stock-based compensation is due to the Company granting new non-cash stock-based compensation awards during the first fiscal quarter as compared to historical grants being made during our second fiscal quarter.

Production taxes expense increased to \$2.2 million during the quarter ended September 30, 2011, from \$0.6 million for the quarter ended September 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 decreased to \$17.2 million for the quarter ended September 30, 2011, from \$18.9 million for the quarter ended September 30, 2010. The decrease was primarily attributable to a decrease in depletion at Taparko (\$4.3 million) and Siguiri (\$1.4 million), which was due to the dollar caps applicable to those royalties being met during our fiscal year 2011. These decreases were partially offset by an increase in depletion at Andacollo (\$1.6 million) and Voisey's Bay (\$1.2 million), which was due to increased production during the three months ended September 30, 2011.

During the quarter ended September 30, 2011, the Company incurred a restructuring charge of approximately \$1.3 million related to its royalty interest at Relief Canyon. The effect of the restructuring charge during the quarter ended September 30, 2011, was \$0.02 per basic share. Refer to Note 6 of our notes to consolidated financial statements for further discussion on the restructuring charge.

Interest and other income increased to \$2.8 million for the three months ended September 30, 2011, from \$1.4 million for the three months ended September 30, 2010. The increase was primarily due to an increase in gains on distributions of restricted gold inventory attributable to non-controlling interest holders of approximately \$2.1 million during the period. This increase was partially offset by a decrease in our interest income due to lower average cash balances when compared to the prior period.

During the quarter ended September 30, 2011, we recognized income tax expense totaling \$12.4 million compared with \$6.9 million during the quarter ended September 30, 2010. This resulted in an effective tax rate of 32.1% in the current period, compared with 34.8% in the quarter ended September 30, 2010. The decrease in the effective tax rate for September 30, 2011 is primarily related to (i) the decrease in tax expense from changes in estimates of uncertain tax positions, and (ii) the decrease in tax expense relating to the decrease in unrealized foreign exchange gains. For a complete discussion of the factors that influence our effective tax rate, refer to Note 13 to the notes to consolidated financial statements in the Company's Fiscal 2011 10-K.

Liquidity and Capital Resources

Overview

At September 30, 2011, we had current assets of \$184.5 million compared to current liabilities of \$36.0 million for a current ratio of 5 to 1. This compares to current assets of \$169.3 million and current liabilities of \$28.9 million at June 30, 2011, resulting in a current ratio of approximately 6 to 1.

During the quarter ended September 30, 2011, liquidity needs were met from \$64.5 million in royalty revenues and our available cash resources. As of September 30, 2011, the Company had \$70 million outstanding and \$155 million available under its \$225 million revolving credit facility. In addition, as of September 30, 2011, the Company had \$122.2 million outstanding under its term loan facility. Refer to Note 4 of our notes to consolidated financial statements 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, of which \$71.3 million remains to be funded, as part of the Mt. Milligan gold stream acquisition. 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 our Fiscal Year 2011 10-K for a discussion of certain risks that may impact the Company's liquidity and capital resources.

Recently Issued Accounting Standards

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

Forward-Looking Statements

Cautionary "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements regarding projected production estimates and estimates pertaining to timing and commencement of production from the operators of our royalty properties; the adequacy of financial resources and funds to cover anticipated expenditures for general and administrative expenses as well as costs associated with exploration and business development and capital expenditures, and our expectation that substantially all our revenues will be derived from royalty interests. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- changes in gold and other metals prices on which our royalties 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and cash flow are significantly impacted by changes in the market price of gold, silver, copper, nickel and other metals. Gold, silver, copper, nickel and other metal prices can fluctuate significantly and are affected by numerous factors, such as demand, production levels, economic policies of central banks, producer hedging, world political and economic events, and the strength of the U.S. dollar relative to other currencies. Please see “*Volatility in gold, silver, copper, 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 feature that may amplify the negative effects of a drop in commodity prices*,” under Part I, Item 1A of our Fiscal 2011 10-K, for more information that can affect gold and other prices as well as historical gold, silver, nickel and copper prices.

During the three month period ended September 30, 2011, we reported royalty revenues of \$64.5 million, with an average gold price for the period of \$1,702 per ounce, an average copper price of \$4.07 per pound and an average nickel price of \$10.00 per pound. Approximately 70% of our total recognized revenues for the three months ended September 30, 2011, were attributable to gold sales from our gold producing royalty interests, as shown within the MD&A. For the three months ended September 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 \$4.7 million.

Approximately 11% of our total recognized revenues for the three months ended September 30, 2011, were attributable to copper sales from our copper producing royalty interests. For the three months ended September 30, 2011, if the price of copper had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenue of approximately \$0.8 million, respectively.

Approximately 9% of our total recognized revenues for the three months ended September 30, 2011, were attributable to nickel sales from our nickel producing royalty interests. For the three months ended September 30, 2011, if the price of nickel had averaged 10% higher or lower per pound, we would have recorded an increase or decrease in revenue of approximately \$0.9 million, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of September 30, 2011, the Company’s management, with the participation of the President and Chief Executive Officer and its Chief Financial Officer and Treasurer, carried out an evaluation of the effectiveness of the design and operation of the Company’s

disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on such evaluation, the Company’s President and Chief Executive Officer and its Chief Financial Officer and Treasurer have concluded that, as of September 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.

Changes in Internal Controls

There has been no change in the Company’s internal control over financial reporting during the three months ended September 30, 2011, that has materially affected, or that is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Voisey’s Bay

Refer to Note 11 of our notes to consolidated financial statements for a discussion on litigation associated with our Voisey’s royalty. There was no material development to this litigation during the three months ended September 30, 2011.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in Item 2 “MD&A — Forward-Looking Statements,” and various risks faced by us are also discussed elsewhere in Item 2 “MD&A” of this Quarterly Report on Form 10-Q. In addition, risk factors are included in Part I, Item 1A of our Fiscal 2011 10-K.

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

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. REMOVED AND RESERVED

ITEM 5. OTHER INFORMATION

Effective October 28, 2011, RG Exchangeco Inc., a wholly-owned subsidiary of the Company (“RG Exchangeco”), entered into an Amending Agreement (the “Amendment”) with Seabridge Gold Inc. (“Seabridge”) to make certain clarifying and technical amendments to that certain Option Agreement by and between RG Exchangeco, as successor to RGLD Gold Canada, Inc., a wholly-owned subsidiary of the Company, and Seabridge, dated June 16, 2011 (the “Option Agreement”). To expressly reflect the parties’ original intention, the Amendment provides that Royal Gold’s minimum holding period for Seabridge shares as set forth in the Option Agreement shall be deemed satisfied for purposes of the Option Agreement in the event that Royal Gold can no longer hold the Seabridge shares due to a corporate event at Seabridge, such as a change of control, merger, or similar transaction. The foregoing description of the terms of the Amendment is qualified in its entirety by the text of the Amendment, filed herewith as Exhibit 10.3.

ITEM 6. EXHIBITS

The exhibits to this report are listed in the Exhibit Index.

SIGNATURES

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

ROYAL GOLD, INC.

Date: November 3, 2011

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

Date: November 3, 2011

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

ROYAL GOLD, INC.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Bylaws, as amended August 17, 2011.
10.1*	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (1) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on August 24, 2011 and incorporated herein by reference).
10.2*	Form of Performance Share Agreement under Royal Gold's 2004 Omnibus Long-Term Incentive Plan (2) (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K on August 24, 2011 and incorporated herein by reference).
10.3	Amending Agreement between Seabridge Gold Inc. and RG Exchangeco Inc. dated October 28, 2011.
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	XBRL Instance Document.
101.SCH**	XBRL Taxonomy Extension Schema Document.
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document.

* Identifies a management contract or compensation plan or arrangement.

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

AMENDED AND RESTATED
BYLAWS
OF

ROYAL GOLD, INC.

(As of August 17, 2011)

ARTICLE I

Offices

Section 1. Business Offices. The principal office of the Corporation shall be located in Denver, Colorado. The Corporation may also have offices at such other place or places both within and without the State of Delaware and the State of Colorado as the board of directors (the “Board”) may from time to time determine or as the business of the Corporation may require.

Section 2. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware. The registered office may be changed from time to time by the Board.

ARTICLE II

Stockholders

Section 1. Annual Meeting. An annual meeting of the stockholders shall be held on the third Wednesday in the month of November in each year, or on such other date as may be determined by the Board, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold an annual meeting as required by these Bylaws shall not invalidate any action taken by the Board or officers of the Corporation.

Section 2. Special Meetings. Special meetings of the stockholders may be called at any time only by (i) the chairman of the Board, (ii) the chief executive officer, (iii) the president, or (iv) the Board. Any request to call a special meeting shall state the purpose or purposes of the proposed meeting. Business conducted at any special meeting of the stockholders shall be limited to matters properly brought before the meeting and specified in the notice of such special meeting.

Section 3. Place of Meeting. Each meeting of the stockholders shall be held at the principal office of the Corporation or at such other place, either within or outside the State of Delaware or the State of Colorado, as may be designated in the notice of meeting given by or at the direction of the Board. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held by means of remote communication.

Section 4. Notice of Stockholder Business and Nominations.

(1) The proposal of business to be considered by the stockholders at an annual meeting of the stockholders, and nominations of persons for election to the Board at an annual meeting of the stockholders may be made only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or (c) by any stockholder of the Corporation (i) who was a stockholder of record, and, with respect to any beneficial owner of shares of the Corporation, if different than the stockholder of record, on whose behalf such business is proposed or such nomination or nominations are made, only if such person was the beneficial owner, both at the time of giving of notice provided for in this Section 4 and on the record date for the determination of stockholders entitled to vote at the meeting, (ii) who is entitled to vote at the meeting upon such election of directors or such business, as the case may be, and (iii) who complies with the notice procedures set forth in subsection (2) of this Section 4. As to proposals sought to be included in any proxy statement of the Corporation, stockholders shall comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As to matters not sought to be included in any proxy statement of the Corporation, subsection (2) of this Section 4 shall be the exclusive means for stockholders to make nominations or submit business to be brought before an annual meeting of the stockholders. In addition, for business (other than the nomination of persons for election to the Board) to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action pursuant to the Certificate of Incorporation, these Bylaws and applicable law.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to this Section 4, the stockholder (a) must have given timely notice thereof in writing and in proper form to the secretary of the Corporation at the principal executive offices of the Corporation, and (b) must provide any updates or supplements to such notice at such times and in the forms required by this Section 4. To be timely, a stockholder's notice shall be received by the secretary at the principal executive offices of the Corporation, in the case of an annual meeting, not less than ninety (90) nor more than one hundred twenty (120) calendar days prior to the first anniversary of the preceding year's annual meeting (*provided, however*, that if the date of the annual meeting is more than thirty (30) days before or more than thirty (30) days after such anniversary date, notice by the stockholder must be so delivered, or mailed and received, not less than ninety (90) nor more than one hundred twenty (120) calendar days before such annual meeting, or not more than ten (10) calendar days following the day on which public announcement (as defined below) of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper form for purposes of this subsection (2) of this Section 4, such notice shall set forth the information required by subsection (5) of this Section 4.

(3) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 2 of this Article II. Stockholders shall not be permitted to propose business to be brought before a special meeting of stockholders. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only (a) by or at the direction of the Board or (b) if a purpose for such meeting as stated in the Corporation's notice for such meeting is the election of one or more

directors, by any stockholder of the Corporation (i) who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time of giving of notice provided for in this Section 4 and on the record date for the determination of stockholders entitled to vote at the meeting, (ii) who is entitled to vote at the meeting and upon such election, and (iii) who complies with the notice procedures set forth in subsection (4) of this Section 4.

(4) If a special meeting has been called in accordance with Section 2 of this Article II for the purpose of electing one or more directors to the Board, then for nominations of persons for election to the Board to be properly brought before such special meeting by a stockholder pursuant to subsection (3) of this Section 4, the stockholder (a) must have given timely notice thereof in writing and in the proper form to the secretary at the principal executive offices of the Corporation, and (b) must provide any updates or supplements to such notice at such times and in the forms required by this Section 4. To be timely, a stockholder's notice relating to a special meeting shall be received by the secretary at the principal executive offices of the Corporation not more than one hundred twenty (120) calendar days before such special meeting nor less than the later of (i) ninety (90) calendar days prior to such meeting or (ii) if a public announcement is first made of the date of the special meeting less than one hundred (100) calendar days prior to such meeting, ten (10) calendar days following such public announcement. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper form for purposes of this subsection (4) of this Section 4, such notice shall set forth the information required by clauses (a), (c), (d), (e), and (f) of subsection (5) of this Section 4.

(5) To be in proper form for purposes of this Section 4, such stockholder's notice (as specified in subsection (2) of this Section 4 or subsection (4) of this Section 4) shall set forth:

(a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (ii) a description of all Derivative Interests (as defined below) that have been entered into, as of the date of the notice, by or on behalf of such proposed nominee or any affiliate or associate thereof, such description to include (1) the class, series, and actual or notional number, principal amount or dollar amount of all securities of the Corporation underlying or subject to such Derivative Interests, (2) the material economic terms of such Derivative Interests, and (3) the contractual counterparty for such Derivative Interests, (iii) a description of all direct and indirect compensation and other material monetary or other business agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such stockholder and beneficial owner, if any, on whose behalf the nomination is being made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is

made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant, and (iv) a statement whether such person, if elected, intends to tender, promptly following such person’s election or re-election, an irrevocable resignation effective upon such person’s failure to receive the required vote for re-election at the next meeting at which such person would stand for re-election and upon acceptance of such resignation by the Board, in accordance with these Bylaws;

(b) as to any other business that the stockholder proposes to bring before the meeting, (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and the text of the proposal or business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these Bylaws, the text of the proposed amendment), (ii) any material interest in such business of such stockholder and the beneficial owner, if any, or any affiliate or associate thereof, on whose behalf the proposal is made, (iii) a description of all arrangements or understandings between the stockholder, or any affiliate or associate thereof, on the one hand, and any other person or persons (naming such person or persons), on the other hand, regarding the proposal, and (iv) all other information relating to the proposal, the stockholder or any affiliate or associate thereof that would be required to be disclosed in filings with the Securities and Exchange Commission (the “SEC”) in connection with the solicitation of proxies by the stockholder pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(c) as to the stockholder giving the notice and the beneficial owner, if any, or any affiliate or associate thereof, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation’s books, and of such beneficial owner, if any, and any affiliate or associate thereof, (ii) the class and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder and such beneficial owner, if any, and any affiliate or associate thereof, (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder or beneficial owner, if any, or any affiliate or associate thereof, has a right to vote any shares of any security of the Corporation, (iv) a description of all Derivative Interests that have been entered into as of the date of the notice by, or on behalf of, such stockholder or beneficial owner, if any, or by any affiliate or associate thereof, such description to include (1) the class, series, and actual or notional number, principal amount or dollar amount of all securities of the Corporation underlying or subject to such Derivative Interests, (2) the material economic terms of such Derivative Interests, and (3) the contractual counterparty for such Derivative Interests, and (v) any other information relating to such stockholder and beneficial owner, if any, or any affiliate or associate thereof, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(d) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, or any affiliate or associate thereof, and any other person or persons (including their names) in connection with the proposal of such business or nominations by the stockholder;

(e) a representation that the stockholder is a holder of record of stock of the Corporation, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such business or nominations; and

(f) a representation as to whether the stockholder or the beneficial owner, if any, or any affiliate or associate thereof, is or intends to be part of a group that intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (ii) otherwise to solicit proxies from stockholders in support of such proposal.

For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release or in a document publicly filed or furnished by the Corporation with the SEC pursuant to Section 13, 14 or 15(b) of the Exchange Act, and the meaning of the term "group" shall be within the meaning ascribed to such term under Section 13(d)(3) of the Exchange Act.

For purposes of these Bylaws, "Derivative Interests" shall mean (i) any option, warrant, convertible security, appreciation right or similar right with an exercise, conversion or exchange privilege, or a settlement payment or mechanism, related to any security of the Corporation, or any similar instrument with a value derived in whole or in part from the value of any security of the Corporation, in any such case whether or not it is subject to settlement in any security of the Corporation or otherwise and (ii) any arrangement, agreement or understanding (including any short position or any borrowing or lending of any securities) which includes an opportunity for the stockholder, or any affiliate or associate thereof, or any proposed nominee, or any affiliate or associate thereof, directly or indirectly, to profit or share in any profit derived from any increase or decrease in the value of any security of the Corporation, to mitigate any loss or manage any risk associated with any increase or decrease in the value of any security of the Corporation or to increase or decrease the number of securities of the Corporation which such person is or will be entitled to vote or direct the vote, in any case whether or not it is subject to settlement in any security of the Corporation or otherwise; provided, however, that Derivative Interests shall not include:

(a) rights of a pledgee under a bona fide pledge of any security of the Corporation unless such pledge has voting rights with respect to such security; (b) rights applicable to all holders of a class or series of securities of the Corporation to receive securities of the Corporation pro rata, or obligations to dispose of securities of the Corporation, as a result of a merger, exchange offer or consolidation involving the Corporation; (c) rights or obligations to surrender any number or principal amount of securities of the Corporation, or have any number or principal amount of securities of the Corporation withheld, upon the receipt or exercise of a derivative security issued pursuant to an employee benefit plan of the Corporation or the receipt or vesting of any securities issued pursuant to an employee benefit plan of the Corporation, in order to satisfy the exercise price or the tax withholding consequences of receipt, exercise, or vesting; (d) interests in broad-based index options, broad-based index futures, and broad-based publicly traded market baskets of stocks approved for trading by the appropriate federal governmental authority; (e) interests or rights to participate in employee benefit plans of the Corporation held by current or former directors, employees, consultants or agents of the Corporation; or (f) options granted to an underwriter in a registered public offering for the purpose of satisfying over-allotments in such offering.

(6) Notwithstanding anything in the second sentence of subsection (2) of this Section 4 to the contrary, if the number of directors to be elected to the Board at an annual meeting is increased and there is no public announcement by the Corporation specifying the size of the increased Board at least one hundred (100) days before the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 4 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the secretary at the principal executive offices of the Corporation not more than ten (10) calendar days following the day on which such public announcement is first made by the Corporation.

(7) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a meeting of the stockholders and no person shall be eligible for election as a director by means of stockholder nomination except in accordance with the procedures set forth in this Section 4. The chairman of the Board or other person presiding at a meeting shall, if the facts warrant, determine that any business or nomination was not properly brought before the meeting in accordance with the provisions of this Section 4 and, if such person should so determine, he or she shall so declare to the meeting, any such business not properly brought before the meeting shall not be transacted, and any nomination not properly brought before the meeting shall be disregarded.

(8) A stockholder providing notice of nominations of persons for election to the Board at an annual or special meeting of stockholders or notice of business proposed to be brought before an annual meeting of stockholders shall further update and supplement such notice so that the information provided or required to be provided in such notice pursuant to subsection (5)(a) of this Section 4 through subsection 5(f) of this Section 4 shall be true and correct both as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days before the meeting or the rescheduled date of the meeting following any adjournment or postponement thereof, and such updated and supplemental information shall be received by the secretary at the principal executive offices of the Corporation (a) in the case of information that is required to be updated and supplemented to be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting, not later than the later of five (5) business days after such record date or five (5) business days after the public announcement of such record date, and (b) in the case of information that is required to be updated and supplemented to be true and correct as of ten (10) business days before the meeting or the rescheduled date of the meeting following any adjournment or postponement thereof, not later than eight (8) business days before the meeting or the rescheduled date of the meeting following any adjournment or postponement thereof (or if not practicable to provide such updated and supplemental information not later than eight (8) business days before the rescheduled date of the meeting following any adjournment or postponement, on the first practicable date before the date of such rescheduled meeting).

(9) Notwithstanding the foregoing provisions of this Section 4, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 4, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an

electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Section 5. Fixing Date for Determination of Stockholders of Record. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for any other lawful action, the Board may fix, in advance, a record date for any such determination of stockholders, which date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If the Board so fixes a record date for purposes of determining stockholders entitled to notice of a meeting of stockholders, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, then the record date shall be: (a) for determining stockholders entitled to notice of or to vote at a meeting of stockholders, the close of business on the day preceding the day on which notice is given, or, if notice is waived, the close of business on the day preceding the day on which the meeting is held and (b) for determining stockholders for any other purpose, the close of business on the day on which the Board adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

Section 6. Notice of Meeting. Written notice stating the place, if any, the day and hour of any meeting of stockholders, the means of remote communication, if any, by which stockholders or proxyholders may be deemed present in person and vote at such meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, unless otherwise provided by law, not less than ten (10) nor more than sixty (60) days before the date of the meeting, except to the extent that such notice is waived or is not required as provided in the General Corporation Law of the State of Delaware, as amended from time to time (the “DGCL”), or these Bylaws. Such notice shall be given in accordance with, and shall be deemed effective as set forth in, Sections 222 and 232 (or any successor section or sections) of the DGCL. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the records of the Corporation. Without limiting the foregoing, any notice to stockholders given by the Corporation pursuant to these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 7. Voting Lists. The officer who has charge of the stock books of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is to be held at a designated place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 8. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy appointed by an instrument in writing subscribed by such stockholder, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period.

Section 9. Quorum and Required Vote. Except as otherwise provided by statute or by the Certificate of Incorporation, the presence in person or by proxy of a majority of the voting power of the outstanding shares of the Corporation entitled to vote shall constitute a quorum at a meeting of stockholders. If less than a majority of voting power of the outstanding shares are represented at a meeting, either the presiding officer of the meeting or a majority of the voting power of the shares so represented may adjourn the meeting from time to time in accordance with Section 6 of this Article II, until a quorum shall be present or represented. A quorum, once established, shall not be broken by the withdrawal of enough outstanding shares of the Corporation entitled to vote that leaves less than a quorum.

Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the affirmative vote of a majority of the voting power of the shares represented at a meeting of stockholders at which a quorum is present and entitled to vote on the subject matter shall be the act of the stockholders on matters other than the election of directors.

Except as provided in Section 4 of Article III of these Bylaws or as otherwise required by law or by the Certificate of Incorporation, each director shall be elected if the votes cast “for” such nominee’s election exceed the votes cast “against” such nominee’s election at any meeting for the election of directors at which a quorum is present; provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which either (a) (i) the secretary receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director set forth in Section 4 of this Article II and (ii) such nomination has not been withdrawn by such stockholder on or prior to the day next preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders or (b) the number of nominees for election to the Board at such

meeting exceeds the number of directors to be elected. Abstentions and broker non-votes shall not be counted as votes cast either “for” or “against” a director’s election. If directors are to be elected by a plurality of votes cast, stockholders shall not be permitted to vote “against” a nominee. The Board shall nominate for election or re-election as director only candidates who agree to tender, promptly following the annual meeting at which they are elected or re-elected as director, irrevocable resignations that will be effective upon (x) the failure to receive the required vote at the next annual meeting at which they stand for re-election and (y) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and newly created directorships only with candidates who agree to tender, promptly following their appointment to the Board, the same form of resignation tendered by other directors. The Compensation, Nominating and Governance Committee will make a recommendation to the Board on whether to accept or reject such resignation, and absent a determination by the Board that it is in the best interests of the Corporation for an unsuccessful incumbent to remain as a director, the Board shall accept that person’s resignation. The Board shall consider the Compensation, Nominating and Governance Committee’s recommendation and publicly disclose its decision and the rationale behind it within ninety (90) days from the date of the certification of the election results or such shorter time period as may be required by applicable law. The director who tenders his or her resignation will not participate in the Board’s decision.

If authorized by the Board, and subject to such guidelines as the Board may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and be deemed present in person and vote at such meeting whether such meeting is held at a designated place or solely by means of remote communication, provided that (a) the Corporation implements reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (b) the Corporation implements reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (c) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action is maintained by the Corporation.

Section 10. Voting of Shares. Unless otherwise provided in the Certificate of Incorporation, each stockholder entitled to vote pursuant to the provisions of these Bylaws shall be entitled to one vote for each share of capital stock having voting rights held by such stockholder. In the election of directors, each record holder of stock entitled to vote at such election shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, and for whose election he has the right to vote. Cumulative voting shall not be allowed.

Section 11. Action Without a Meeting. Unless otherwise provided in the Certificate of Incorporation and subject to the provisions of these Bylaws, any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted (which consent may be signed in counterparts) and shall be delivered to the Corporation.

No consent shall be deemed to have been delivered until such consent is delivered to the Corporation in accordance with Section 228 of the DGCL (or any successor section or sections thereto). Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

Section 12. Fixing Date for Determination of Stockholders of Record for Action Without a Meeting. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede, nor be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the secretary of the Corporation signed by the stockholder, request that the Board fix a record date. The Board shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten (10) days after the date on which such request is received, and no prior action by the Board is required by applicable law, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, to its principal place of business, or to an officer or agent of the Corporation having custody of the books in which proceedings of stockholders meetings are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

In the event a disclosure or proxy statement or other written materials are distributed to stockholders whose consents are being solicited, such disclosure or proxy statement or other written materials shall be delivered to the Corporation at its principal place of business to the attention of the secretary no later than the date such materials are first distributed to any shareholder whose consent is being or will be solicited.

(1) Notice Requirements. Any stockholder's notice required by this Section 12 must describe the action that the stockholder proposes to take by written consent. For each such proposal, every notice by a stockholder must state the information required by Section 4, subsection (5) of this Article II, except that all references to business to be brought before a meeting in Section 4, subsection (5) of this Article II shall, for purposes of this Section 12, subsection (1), be references to the proposed action to be taken by written consent and all references to delivery or solicitation of proxies in Section 4, subsection (5) of this Article II shall, for purposes of this Section 12, subsection (1), be references to delivery of solicitation of consents. The Corporation may require the stockholder of record and/or beneficial owner requesting a record date for proposed stockholder action by written consent to furnish such other information as it may reasonably require to determine the validity of the request for a record date.

(2) Date of Consent. Every written consent purporting to take or authorize the taking of corporate action (each such written consent is referred to in this subsection (2) and in subsections (3) and (4) as a "Consent") must bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein

unless, within sixty (60) days of the earliest dated Consent delivered in the manner required by this Section 12, Consents signed by a sufficient number of stockholders to take such action are so delivered to the Corporation.

(3) **Inspectors of Election.** Within three (3) business days after receipt of the earliest dated Consent delivered to the Corporation in the manner provided in this Section 12 or the determination by the Board that the Corporation should seek corporate action by written consent, as the case may be, the secretary shall engage nationally recognized independent inspectors of elections for the purpose of performing a ministerial review of the validity of the Consents and revocations. The cost of retaining inspectors of election shall be borne by the Corporation.

Consents and revocations shall be delivered to the inspectors upon receipt by the Corporation. As soon as Consents and revocations are received, the inspectors shall review the Consents and revocations and shall maintain a count of the number of valid and unrevoked Consents. In the event the inspectors determine that valid and unrevoked Consents representing a sufficient number of shares to approve the actions proposed to be taken by consent have been delivered, the inspectors shall inform the Corporation and the soliciting stockholders of that determination, and in any event the inspectors shall inform the Corporation and the soliciting stockholders of the number of valid, unrevoked Consents received by the inspectors as of the close of business on the sixtieth (60th) day following the earliest-dated Consent delivered to the Corporation.

(4) **Challenge to Validity of Consent.** Nothing contained in this Section 12 shall in any way be construed to suggest or imply that the Board or any stockholder shall not be entitled to contest the validity of any Consent or related revocations, whether before or after certification by the secretary of the Corporation, such other officer of the Corporation as the Board may designate, or the inspectors, as the case may be, or to take any other action (including, without limitation, the commencement, prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

ARTICLE III Board of Directors

Section 1. **General Powers.** The business and affairs of the Corporation shall be managed by or under the direction of its Board. In addition to the powers and authorities expressly conferred upon the Board by these Bylaws, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders or officers.

Section 2. **Number, Tenure and Qualifications.** The Board shall consist of such number of directors as may be determined from time to time by the Board, but such number shall not be less than three (3) nor more than twelve (12). Directors shall be divided into three (3) classes and elected as provided in Article Fifth of the Certificate of Incorporation at each annual meeting of stockholders, except as provided in Section 4 of this Article III. Each director shall hold office until his or her successor shall have been elected and qualified or until his or her earlier death, resignation or removal. Directors need not be residents of the State of Delaware or stockholders of

the Corporation. Directors shall be removable in the manner provided by the statutes of the State of Delaware.

Section 3. Nomination of Directors. Nominations of candidates for election as directors at any annual meeting of stockholders at which directors will be elected may be made (i) by the Board, or (ii) by any stockholder entitled to vote at any such meeting only in accordance with the procedures established in Section 4 of Article II of these Bylaws.

Section 4. Vacancies. Any director may resign at any time by giving written notice to the Corporation. A director's resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Unless otherwise provided in the Certificate of Incorporation, any vacancy, or newly created directorship resulting from any increase in the authorized number of directors, may be filled by a majority of directors then in office, although less than a quorum, or by a sole remaining director, and a director so chosen shall hold office until the next election of directors of the class of which such director is a part and until his or her successor is duly elected and qualified, unless sooner displaced. If at any time, by reason of death, resignation or other cause, the Corporation should have no directors in office, then an election of directors may be held in the manner provided by law. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office until the next election of directors of the class of which he or she is a part, and until his or her successor is duly elected and qualified, unless sooner displaced.

Section 5. Chairman. The Board may elect a chairman, and any such chairman shall (when present) preside at meetings of the Board and lead the Board in fulfilling its responsibilities. In the absence of the chairman, a member of the Board selected by the members present shall preside at meetings of the Board. The Board may delegate such other authority and assign such additional duties to the chairman as it may from time to time determine.

Section 6. Lead Director. The Board shall, from time to time, elect an Independent Director as a lead director, and such lead director shall (when present) preside at meetings of the Independent Directors. For purposes of these Bylaws, the term Independent Director shall mean a director who qualifies as an "Independent Director" within the meaning of Rule 5605 of the NASDAQ Stock Market Rules, (or any successor provision), whether or not any securities of the Corporation are then listed on the NASDAQ Stock Market.

Section 7. Regular Meetings. A regular meeting of the Board shall be held as soon as practicable after the annual meeting of stockholders, at the time and place, either within or without the State of Delaware or the State of Colorado, determined by the Board for the purpose of electing officers and for the transaction of such other business as may come before the meeting. The Board may provide by resolution the time and place, either within or outside the State of Delaware or the State of Colorado, for the holding of additional regular meetings.

Section 8. Special Meetings. Special meetings of the Board may be called by or at the request of the chairman of the Board, the chief executive officer, or the president. The person or

persons authorized to call special meetings of the Board may fix any place, either within or outside the State of Delaware or the State of Colorado, as the place for holding any special meeting of the Board called by them.

Section 9. Notice. Notice of every meeting of the Board shall be given to each director at such director's usual place of business or at such other address as shall have been furnished by him or her for such purpose. Such notice shall be properly and timely given if it is (a) deposited in the United States mail not later than the fifth (5th) calendar day preceding the date of the meeting, or (b) personally delivered, telegraphed, sent by either facsimile transmission, electronic mail (effective when directed to an electronic mail address of the director), or other electronic transmission (as defined in Section 232(c) of the DGCL and effective when directed to the director), or communicated by telephone or in person at least twenty-four (24) hours before the time of the meeting. Such notice need not include a statement of the business to be transacted at, or the purpose of, any such meeting.

Section 10. Quorum and Voting. The presence in person of a majority of the total number of directors determined pursuant to Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board, and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. If less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present. No director may vote or act by proxy at any meeting of the Board.

Section 11. Committees. The Board may, by one (1) or more resolutions, designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, amending the Bylaws of the Corporation, or approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval; and, unless the resolution expressly so provides, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

Section 12. Compensation. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation of directors, which may include, among other forms of compensation determined by the Board, a

fixed sum for attendance at each meeting of the Board, a stated salary as director, an annual retainer as director, and equity compensation as director. Additionally, directors shall be paid their expenses, if any, of attendance at each meeting. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of any committee of the Board may be allowed compensation for attending committee meetings and service on such committee.

Section 13. Action Without a Meeting. Unless otherwise restricted in the Certificate of Incorporation, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of the proceedings of the Board or committee, as the case may be.

Section 14. Participation in Meetings by Telephone. Members of the Board, or any committee designated by the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting in such manner shall constitute presence in person at the meeting.

ARTICLE IV Officers and Agents

Section 1. Number and Qualifications. The Board shall elect such officers of the Corporation with the titles and duties that it designates, provided that the Corporation shall have at least two (2) officers at any time, and provided that one such officer shall have the duty to record the proceedings of the meetings of the stockholders and the Board in a book to be kept for that purpose. There may be a chief executive officer, a president, one or more vice presidents (which may include one or more executive vice presidents), a chief financial officer, a secretary, a treasurer and a general counsel. One person may hold any number of offices, except that no person may simultaneously hold the offices of president and secretary.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected by the Board annually at the first meeting of the Board held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as reasonably practicable. Each officer shall hold office until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal. Any agent elected or appointed by the Board shall remain an agent of the Corporation until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal.

Section 3. Salaries. The salaries of the officers shall be fixed from time to time by the Board or by any officer or officers authorized by the Board to prescribe the salary of such other officers, and no officer shall be prevented from receiving a salary by reason of the fact that he or she is also a director of the Corporation.

Section 4. Removal. Any officer or agent elected or appointed by the Board may be removed at any time by the Board whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not in itself create contract rights.

Section 5. Vacancies. Any officer or agent may resign at any time, subject to any rights or obligations under any existing contracts between such officer or agent and the Corporation, by giving notice to the Corporation. An officer's or agent's resignation shall take effect at the time stated therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in any office by death, resignation, removal or otherwise shall be appointed by the Board for the unexpired portion of the term.

Section 6. Authority and Duties of Officers. The officers of the Corporation shall have the authority and shall exercise the powers and perform the duties specified below, and as may be additionally specified by the chairman of the Board, president, or chief executive officer, the Board or these Bylaws, except that in any event each officer shall exercise such powers and perform such duties as may be required by law:

(a) Chief Executive Officer and President. The chief executive officer shall have the general executive responsibility for the conduct of the business and affairs of the Corporation. The chief executive officer shall have such powers customarily and usually associated with the position of chief executive officer, including, without limitation, all powers necessary to direct and control the organizational and reporting relationships within the Corporation and shall exercise such other powers, authority and responsibilities as the Board may determine. In the absence of or during the disability of the chief executive officer, the Board may designate an officer who shall have and exercise the powers, authority, and responsibilities of the chief executive officer. The president shall, subject to the direction and control of the Board if the offices of chief executive officer and president are held by the same individual, and subject to the direction and control of the chief executive officer if the offices of chief executive officer and president are held by different individuals, participate in the supervision of the business and affairs of the Corporation. The president shall perform all duties incident to the office of president and shall have and exercise such powers, authority and responsibilities as the Board may determine (if the offices of chief executive officer and president are held by the same individual) or as the chief executive officer or the Board may determine (if the offices of chief executive officer and president are held by different individuals).

(b) Vice-President. The vice president shall, subject to the direction and control of the Board, Chairman of the Board, president or chief executive officer, participate in the supervision of the business and affairs of the Corporation. He or she shall have and exercise such powers, authority, and responsibilities as the Board may determine.

(c) Secretary and Assistant Secretary. The secretary shall, subject to the direction and control of the Board, Chairman of the Board, president or chief executive officer, keep the minutes of all meetings of stockholders and directors and shall give all required notices and have charge of such books and papers as the Board may require. He or she shall perform all

duties incident to the office of secretary and shall submit such reports to the Board or to any committee as the Board or such committee may request. Any action or duty required to be performed by the secretary may be performed by an assistant secretary.

(d) Chief Financial Officer and Treasurer. The chief financial officer shall be the principal financial officer of the Corporation. He or she shall render such accounts and reports as may be required by the Board or any committee of the Board. The financial records, books and accounts of the Corporation shall be maintained subject to the direct or indirect supervision of the chief financial officer. The treasurer shall have direct or indirect custody of all funds and securities of the Corporation and shall perform all duties incident to the position of treasurer. In addition, the chief financial officer shall be subject to the direction and control of the Board, Chairman of the Board, president or chief executive officer.

(e) General Counsel. The general counsel shall be the chief legal officer of the Corporation and shall have general control of all matters of legal import concerning the Corporation. He or she shall perform all duties incident to the position of general counsel. In addition, the general counsel shall be subject to the direction and supervision of the Board, Chairman of the Board, president or chief executive officer.

(f) Subordinate Officers. The Board may from time to time appoint one or more assistant officers to the officers of the Corporation and such other subordinate officers as the Board may deem advisable. Such subordinate officers shall have such powers, authority and responsibilities as the Board, Chairman of the Board, president or the chief executive officer may from time to time determine. Each subordinate officer shall hold his or her position at the pleasure of the Board.

Section 7. Surety Bonds. The Board may require any officer or agent of the Corporation to execute to the Corporation a bond in such sums and with such sureties as shall be satisfactory to the Board, conditioned upon the faithful performance of his or her duties and for the restoration to the Corporation of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

ARTICLE V

Stock

Section 1. Issuance of Shares. The issuance or sale by the Corporation of any shares of its authorized capital stock of any class, including treasury shares, shall be made only upon authorization by the Board, except as otherwise may be provided by statute or these Bylaws.

Section 2. Certificates. The shares of stock of the Corporation shall be represented by certificates, or shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or a combination of both. To the extent that shares are represented by certificates, such certificates shall be in the form authorized by the Board. In order to certify the number of shares owned in the Corporation, any such certificates shall be signed in the name of the Corporation by (a) the chairman of the Board, chief executive officer, president, or a vice-president, and (b) the chief financial officer, treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation. Any or all of the signatures on the certificate

may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent, or registrar at the date of issue. Certificates of stock shall be consecutively numbered and shall be in such form consistent with law as shall be prescribed by the Board.

Section 3. Payment for Shares. Shares shall be issued for such consideration (but not less than the par value thereof) as shall be determined from time to time by the Board. Treasury shares shall be disposed of for such consideration as may be determined from time to time by the Board. Such consideration shall be paid in such form and in such manner as the Board shall determine. In the absence of actual fraud in the transaction, the judgment of the Board as to the value of such consideration shall be conclusive. The capital stock issued by the Corporation shall be deemed to be fully paid and non-assessable stock if: (a) the entire amount of the consideration has been received by the Corporation in the form of cash, services rendered, personal property, real property, leases of real property or a combination thereof; or (b) not less than the amount of the consideration determined to be capital pursuant to statute has been received by the Corporation in such form and the Corporation has received a binding obligation of the subscriber or purchaser to pay the balance of the subscription or purchase price; provided, however, nothing contained herein shall prevent the Board from issuing partly paid shares pursuant to statute.

Section 4. Lost Certificate. In case of a certificate of stock of the Corporation alleged to have been lost, stolen or destroyed, the Board may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as it may prescribe. When authorizing the issuance of a new certificate or certificates, the Board may, in its discretion and as a condition precedent to the issuance thereof, require the owners of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond in such sum as the Board may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 5. Transfer of Shares. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation upon authorization of the registered holder thereof, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the Corporation's secretary or a transfer agent for such stock, if any, and if such shares are represented by a certificate or certificates, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power (or by proper evidence of succession, assignment or authority to transfer) and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. The person in whose name shares are registered on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation; provided, however, that whenever any transfer of shares shall be made for collateral security and not absolutely, and written notice thereof shall be given to the Corporation's secretary or to such transfer agent, such fact shall be stated in the entry of transfer. No transfer of shares shall be valid against the Corporation, or its stockholders and creditors, for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from whom and to whom transferred.

Section 6. Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 7. Transfer Agents, Registrars and Paying Agents. The Board may, at its discretion, appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the Corporation. Such agents and registrars may be located either within or outside the State of Delaware or the State of Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

ARTICLE VI

Indemnification of Directors and Officers

Section 1. General Scope. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by the DGCL, as it presently exists or may hereafter be amended, any person who was or is a party or is or was threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, (a “proceeding”) by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust, or other enterprise, including service with respect to employee benefit plans, against all expenses, liability, loss (including attorneys’ fees), judgment, fine, amount paid in settlement and actually and reasonably incurred by such person. The Corporation shall not be required to indemnify a person on account of any action, claim or proceeding (other than as specifically provided in this Article VI) initiated by such person against the Corporation unless such action, claim or proceeding (i) relates to such person’s right to indemnification under any indemnification agreement entered into by such person and the Corporation, (ii) was authorized in the specific case by action of the Board, or (iii) as otherwise required under the DGCL.

Section 2. Advance Expenses. Subject to any applicable laws, the Corporation shall pay the expenses (including attorneys’ fees) incurred by an officer or director of the Corporation in defending any proceeding in advance of its final disposition; provided, however, that the payment of such expenses shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified.

Section 3. Non-Contravention and Non-Exclusivity. The rights conferred on any person by this Article VI shall not contravene the provisions of any applicable laws and such rights shall not be exclusive of any other rights that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, action of stockholders or disinterested directors, or otherwise.

Section 4. Non-Duplication. The Corporation's obligation, if any, to indemnify any director or officer who is or was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise shall not be interpreted so as to duplicate any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust or other enterprise.

Section 5. Insurance. The Corporation may purchase and maintain insurance to protect itself and any person who is or was a director or officer of the Corporation, or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6. Continuation of Rights. The rights provided by, or granted pursuant to, this Article VI shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of the heirs, executors, and administrators of such person. Subject to any applicable laws, all rights provided by or granted pursuant to this Article VI shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this Article VI is in effect. Any repeal or modification of this Article VI shall not in any way diminish any rights to indemnification of such directors or officers, or the obligations of the Corporation arising hereunder.

ARTICLE VII Miscellaneous

Section 1. Waivers of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these Bylaws, a written waiver thereof, signed by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting or (in the case of a stockholder) by proxy shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

Section 2. Presumption of Assent. A director or stockholder of the Corporation who is present at a meeting of the Board or stockholders at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file a written dissent of such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director or stockholder who voted in favor of such action.

Section 3. Voting of Securities by the Corporation. Unless otherwise provided by resolution of the Board, on behalf of the Corporation the chief executive officer, president, or any vice-president shall attend in person or by substitute appointed by him or her, or shall execute written instruments appointing a proxy or proxies to represent the Corporation at, all meetings of the stockholders of any other Corporation, association or other entity in which the Corporation holds any stock or other securities, and may execute written waivers of notice with respect to any such meetings. At all such meetings and otherwise, the chief executive officer, president, or any vice-president, in person or by substitute or proxy as aforesaid, may vote the stock or other securities so held by the Corporation and may execute written consents and any other instruments with respect to such stock or securities and may exercise any and all rights and powers incident to the ownership of said stock or securities, subject, however, to the instructions, if any, of the Board.

Section 4. Seal. The corporate seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its organization and the words "Seal, Delaware". Said seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be as established by the Board.

Section 6. Amendments. Unless such power is not provided in the Certificate of Incorporation, all bylaws of the Corporation shall be subject to amendment, alteration or repeal, and new bylaws may be made, by resolution adopted by a majority of the entire Board.

AMENDING AGREEMENT

THIS AMENDING AGREEMENT made with effect as of the 28th day of October, 2011

BETWEEN:

SEABRIDGE GOLD INC. , a corporation existing under the laws of Canada
 (“ **Seabridge** ”)

AND:

RG EXCHANGECO INC. , a corporation existing under the laws of Canada
 (“ **Royal Gold** ”)

WHEREAS:

- A. RGLD Gold Canada, Inc. (“ **RGLD** ”) and Seabridge entered into a royalty option agreement dated June 16, 2011 (the “ **Option Agreement** ”).
- B. Royal Gold was created pursuant to an amalgamation of RGLD and 7550359 Canada Inc. (each, a wholly-owned indirect subsidiary of Royal Gold, Inc.) under the *Canada Business Corporations Act* (Canada) effective as of July 1, 2011 and, as a result, Royal Gold has succeeded to all right, title and interest of RGLD in and under the Option Agreement.
- C. The parties wish to make certain amendments to the Option Agreement on the terms and conditions of this Amending Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and other valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto covenant and agree as follows:

1. Unless otherwise defined herein, all capitalized words used in this Amending Agreement shall have the meanings ascribed thereto in the Option Agreement.
 2. The Option Agreement continues in full force and effect as if the amendments to the Option Agreement effected by this Amending Agreement had been included in the Option Agreement at the Effective Date.
 3. The Option Agreement is hereby amended as follows:
 - (a) Section 4.03 of the Option Agreement is deleted in its entirety and replaced with the following:
-

“ Satisfaction of Option Conditions

For the purposes of determining whether paragraph (b) of the First Option Conditions, paragraph (c) of the Second Option Conditions or Section 3.02(5)(a)(iii)(B) have been satisfied by Royal Gold:

- (a) if Royal Gold (or an Affiliate of Royal Gold) is not the registered holder of the Shares it is required to hold throughout the relevant period in respect of the First Option Condition referred to above, Royal Gold may demonstrate that it has satisfied this condition by providing Seabridge with a certificate of an officer certifying Royal Gold has satisfied this First Option Condition together with copies of statements of its relevant brokerage accounts (or those of its relevant Affiliate) showing the transactions in its brokerage accounts (or those of its relevant Affiliate) over the relevant period and the balance of its holdings of Shares throughout the period or in such other manner reasonably acceptable to Seabridge;
- (b) if Royal Gold (or an Affiliate of Royal Gold) is not the registered holder of the Shares (or the relevant securities in respect of an Alternative Subscription) it is required to hold throughout the relevant period in respect of the Second Option Condition referred to above, Royal Gold may demonstrate that it has satisfied this condition by providing Seabridge with a certificate of an officer certifying Royal Gold has satisfied this Second Option Condition together with copies of statements of its relevant brokerage accounts (or those of its relevant Affiliate) showing the transactions in its brokerage accounts (or those of its relevant Affiliate) over the relevant period and the balance of its holdings of Shares (or the relevant securities in respect of an Alternative Subscription) throughout the period or in such other manner reasonably acceptable to Seabridge;
- (c) for greater certainty, all short positions of Royal Gold (or its relevant Affiliate) in respect of the Shares (or the relevant securities in respect of an Alternative Subscription), if any, shall be deducted from the long positions of Royal Gold (or its relevant Affiliate) in respect of the Shares (or the relevant securities in respect of an Alternative Subscription);

provided that, if Royal Gold is not capable of satisfying any one or more of the conditions referred to in paragraph (b) of the First Option

Conditions, paragraph (c) of the Second Option Conditions or Section 3.02(5)(a)(iii)(B) as a result of:

- (d) a compulsory acquisition of the relevant Shares (or the relevant securities in respect of an Alternative Subscription) held by Royal Gold (or its relevant Affiliate) in connection with a transaction pursuant to which one or more Persons acquires all of the issued and outstanding Shares (or all of the issued and outstanding securities of the relevant Person in respect of an Alternative Subscription); or
- (e) Seabridge (or the relevant Person in respect of an Alternative Subscription) undertaking any amalgamation, merger, arrangement, corporate reorganization or business combination, or any similar or analogous transaction under which, upon consummation, Royal Gold (or its relevant Affiliate) no longer holds the relevant Shares (or the relevant securities in respect of an Alternative Subscription),

then, as of the first date that Royal Gold (or its relevant Affiliate) no longer holds the Shares (or the relevant securities in respect of an Alternative Subscription), such condition(s) shall be deemed to have been satisfied for all purposes of this Agreement.”

- (b) Section 7.03 of the Option Agreement is deleted in its entirety and replaced with the following:

“ Public Announcements

Each Party shall consult with the other Party at a reasonable time prior to issuing any press release or other public disclosure regarding the other Party or the Transaction Documents (including the transactions contemplated thereunder) and shall afford the other Party a reasonable opportunity to comment on the written text of such proposed disclosure. Where the other Party has been consulted hereunder and provided comments on specific wording which have been adopted by the disclosing Party, the disclosing Party shall be entitled to repeat such specific wording in public, provided that the other Party has not otherwise requested that such disclosure be updated.”

- 4. This Amending Agreement may be executed in counterparts and delivered by electronic transmission, each of which will be deemed to be an original and when taken together deemed to constitute one and the same instrument.
-

5. A conformed version of the Option Agreement, as amended by this Amending Agreement, is attached hereto as Schedule A.

IN WITNESS WHEREOF, the parties have executed this Amending Agreement as of the day and year first written above.

SEABRIDGE GOLD INC.

By: /s/Rudi Fronk
Name: Rudi Fronk
Title: President and CEO

RG EXCHANGE CO INC.

By: /s/Bruce C. Kirchhoff
Name: Bruce C. Kirchhoff
Title: Vice President and General Counsel

SCHEDULE A
CONFORMED OPTION AGREEMENT

[See attached]

I, Tony Jensen, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Royal Gold, Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f), and 15d-a5(f), for the registrant and have:
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I, have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

November 3, 2011

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer

I, Stefan Wenger, certify that:

- (1) I have reviewed this report on Form 10-Q of Royal Gold, Inc.;
- (2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact nor omits to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f), and 15d-a5(f), for the registrant and have:
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I, have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

November 3, 2011

/s/Stefan Wenger

Stefan Wenger

Chief Financial Officer and Treasurer

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the “Company”), for the period ended September 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 result of operations of the Company.

November 3, 2011

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer

In connection with the quarterly report on Form 10-Q of Royal Gold, Inc. (the “Company”), for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stefan Wenger, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to my knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

November 3, 2011

/s/ Stefan Wenger

Stefan Wenger

Chief Financial Officer and Treasurer
