

ROYAL GOLD INC

FORM 10-Q (Quarterly Report)

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended December 31, 2012

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 Offices)

84-0835164
(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 (§232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐
(Do not check if a smaller reporting company)

Smaller reporting company ☐

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

There were 64,366,725 shares of the Company’s common stock, par value \$0.01 per share, outstanding as of January 23, 2013. In addition, as of such date, there were 675,346 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 voting, dividend and other rights economically equivalent to those of the Company’s common stock.

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ITEM 1. FINANCIAL STATEMENTS

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

	December 31, 2012	June 30, 2012
ASSETS		
Cash and equivalents	\$ 680,731	\$ 375,456
Royalty receivables	70,754	53,946
Income tax receivable	7,204	11,046
Prepaid expenses and other current assets	22,361	4,760
Total current assets	781,050	445,208
Royalty interests in mineral properties, net (Note 3)	2,063,604	1,890,988
Available for sale securities (Note 4)	18,489	15,015
Other assets	23,904	21,834
Total assets	<u>\$ 2,887,047</u>	<u>\$ 2,373,045</u>
LIABILITIES		
Accounts payable	\$ 2,255	\$ 2,615
Dividends payable	13,010	8,947
Other current liabilities	3,288	3,647
Total current liabilities	18,553	15,209
Debt (Note 5)	297,697	293,248
Net deferred tax liabilities	175,875	178,716
Uncertain tax positions	19,821	19,469
Other long-term liabilities	2,353	2,974
Total liabilities	514,299	509,616
Commitments and contingencies (Note 12)		
EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; and 1 share issued	—	—
Common stock, \$.01 par value, 100,000,000 shares authorized; and 64,162,252 and 58,614,221 shares outstanding, respectively	642	586
Exchangeable shares, no par value, 1,806,649 shares issued, less 1,131,303 and 1,007,823 redeemed shares, respectively	29,722	35,156
Additional paid-in capital	2,138,153	1,656,357
Accumulated other comprehensive (loss) income	(10,289)	(13,763)
Accumulated earnings	190,131	160,123
Total Royal Gold stockholders' equity	2,348,359	1,838,459
Non-controlling interests	24,389	24,970
Total equity	2,372,748	1,863,429
Total liabilities and equity	<u>\$ 2,887,047</u>	<u>\$ 2,373,045</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)

	Three Months Ended		Six Months Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Royalty revenues	\$ 79,870	\$ 68,842	\$ 157,732	\$ 133,307
Costs and expenses				
General and administrative	5,720	5,057	11,790	11,355
Production taxes	2,197	2,946	4,676	5,097
Depreciation, depletion and amortization	21,120	21,419	42,620	38,639
Restructuring on royalty interests in mineral properties	—	—	—	1,328
Total costs and expenses	29,037	29,422	59,086	56,419
Operating income	50,833	39,420	98,646	76,888
Interest and other income	29	489	139	3,322
Interest and other expense	(6,988)	(1,609)	(13,157)	(3,387)
Income before income taxes	43,874	38,300	85,628	76,823
Income tax expense	(16,315)	(14,051)	(32,776)	(26,433)
Net income	27,559	24,249	52,852	50,390
Net income attributable to non-controlling interests	(342)	(838)	(865)	(4,484)
Net income attributable to Royal Gold stockholders	\$ 27,217	\$ 23,411	\$ 51,987	\$ 45,906
Net income	\$ 27,559	\$ 24,249	\$ 52,852	\$ 50,390
Adjustments to comprehensive income, net of tax Unrealized change in market value of available for sale securities	(1,572)	(6,958)	3,474	(12,262)
Comprehensive income	25,987	17,291	56,326	38,128
Comprehensive income attributable to non-controlling interests	(342)	(838)	(865)	(4,484)
Comprehensive income attributable to Royal Gold stockholders	\$ 25,645	\$ 16,453	\$ 55,461	\$ 33,644
Net income per share available to Royal Gold common stockholders:				
Basic earnings per share	\$ 0.42	\$ 0.42	\$ 0.84	\$ 0.83
Basic weighted average shares outstanding	63,941,686	55,329,463	61,688,776	55,259,009
Diluted earnings per share	\$ 0.42	\$ 0.42	\$ 0.84	\$ 0.82
Diluted weighted average shares outstanding	64,137,237	55,574,814	61,905,549	55,533,248
Cash dividends declared per common share	\$ 0.20	\$ 0.15	\$ 0.35	\$ 0.26

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

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

	Six Months Ended	
	December 31, 2012	December 31, 2011
Cash flows from operating activities:		
Net income	\$ 52,852	\$ 50,390
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	42,620	38,639
Gain on distribution to non-controlling interest	(88)	(3,284)
Non-cash stock-based compensation expense	3,900	4,066
Tax benefit of stock-based compensation exercises	(1,214)	(3,086)
Restructuring on royalty interests in mineral properties	—	1,328
Deferred tax benefit	(2,166)	(847)
Amortization of debt discount	4,448	—
Changes in assets and liabilities:		
Royalty receivables	(16,808)	(15,693)
Prepaid expenses and other assets	(19,659)	1,385
Accounts payable	(661)	(194)
Income tax receivable	1,827	1,947
Other liabilities	(626)	785
Net cash provided by operating activities	<u>\$ 64,425</u>	<u>\$ 75,436</u>
Cash flows from investing activities:		
Acquisition of royalty interests in mineral properties	(215,032)	(148,182)
Proceeds on sale of Inventory - restricted	118	4,842
Other	(38)	(128)
Net cash (used in) investing activities	<u>\$ (214,952)</u>	<u>\$ (143,468)</u>
Cash flows from financing activities:		
Borrowing from credit facility	—	100,000
Repayment of debt	—	(37,800)
Common stock dividends	(17,915)	(12,209)
Distribution to non-controlling interests	(1,273)	(6,315)
Proceeds from the issuance of common stock	473,776	2,917
Tax benefit of stock-based compensation exercises	1,214	3,086
Net cash provided by financing activities	<u>\$ 455,802</u>	<u>\$ 49,679</u>
Net increase (decrease) in cash and equivalents	<u>305,275</u>	<u>(18,353)</u>
Cash and equivalents at beginning of period	375,456	114,155
Cash and equivalents at end of period	<u>\$ 680,731</u>	<u>\$ 95,802</u>

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

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

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

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, precious metals streams and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. We use the term “royalty interest” in these notes to the consolidated financial statements to refer to royalties, gold, silver or other metal stream interests, and other similar interests.

Summary of Significant Accounting Policies

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements. In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for a fair presentation of our interim financial statements have been included in this Form 10-Q. Operating results for the three and six months ended December 31, 2012, are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2013. 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, 2012 filed with the Securities and Exchange Commission on August 9, 2012 (“Fiscal 2012 10-K”).

Recently Adopted Accounting Standards

In June 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-05, *Presentation of Comprehensive Income* (“ASU 2011-05”). ASU 2011-05 addresses the presentation of comprehensive income and provides entities with the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company has elected the single continuous statement of comprehensive income. Pursuant to ASU No. 2011-12, *Comprehensive Income (Topic 220) — Deferral of the Effective Date for Amendments to the Presentation of Reclassification of Items Out of Accumulated Other Comprehensive Income in Accounting for Standards Update No. 2011-05*, the provisions of ASU 2011-05 became effective for the Company’s fiscal year beginning July 1, 2012. Since ASU 2011-05 addresses financial presentation only, its adoption did not impact the Company’s consolidated financial position or results of operations.

2. ACQUISITIONS

Mt. Milligan III Gold Stream Acquisition

On August 8, 2012, Royal Gold entered into an amendment to its purchase and sale agreement with Thompson Creek Metals Company Inc. (“Thompson Creek”) whereby Royal Gold, among other things, agreed to purchase an additional 12.25% of the payable gold from the Mt. Milligan copper-gold project in exchange for a total of \$200 million, of which \$75 million was paid shortly after closing, and, when

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production is reached, cash payments for each payable ounce of gold delivered to Royal Gold, as discussed further below (the “Milligan III Acquisition”). Thompson Creek intends to use the proceeds from the Milligan III Acquisition to finance a portion of the construction of the Mt. Milligan project and related costs. Under the Milligan III Acquisition, Royal Gold increased its aggregate pre-production commitment in the Mt. Milligan project from \$581.5 million to \$781.5 million and agreed to purchase a total of 52.25% of the payable ounces of gold produced from the Mt. Milligan project at a cash purchase price equal to the lesser of \$435, with no inflation adjustment, or the prevailing market price for each payable ounce of gold (regardless of the number of payable ounces delivered to Royal Gold).

As of December 31, 2012, the Company has paid \$669.6 million of the aggregate pre-production commitment of \$781.5 million. The remaining scheduled quarterly payments include \$62 million due March 1, 2013, \$37 million due June 1, 2013 and \$12.9 million due September 1, 2013. Royal Gold’s obligation to make these quarterly payments is subject to the satisfaction of certain conditions included in the Milligan III Acquisition (including that the aggregate amount of historical payments made by Royal Gold plus the applicable quarterly payment is less than the aggregate costs of developing the Mt. Milligan project incurred or accrued by Thompson Creek as of the date of the applicable quarterly payment). In the event that a quarterly payment is postponed as a result of the failure by Thompson Creek to satisfy a condition precedent, all subsequent quarterly payments will be adjusted forward one full calendar quarter until such time as all conditions precedent have been satisfied for the next scheduled quarterly payment.

The Milligan III Acquisition has been accounted for as an asset acquisition. The \$75 million paid on August 15, 2012, and the scheduled payments of \$45 million and \$95 million paid on September 3, 2012, and December 3, 2012, respectively, plus direct transaction costs, have been recorded as a development stage royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets.

Acquisition of an Additional Royalty Option on the Kerr-Sulphurets-Mitchell Project

On December 13, 2012, Royal Gold purchased 1,004,491 common shares (the “Additional Seabridge Shares”) of Seabridge Gold Inc. (“Seabridge”) at a 15% premium to the volume weighted-average trading price of Seabridge common shares on the Toronto Stock Exchange for a five day trading period that ended December 11, 2012, for \$18.3 million (C\$18.0 million). Effective December 13, 2012, Royal Gold entered into an amendment (the “Seabridge Amendment”) to its option agreement with Seabridge (the “Seabridge Option Agreement”) to, among other things, remove the 270 day minimum holding period applicable to the Additional Seabridge Shares.

Upon Royal Gold’s purchase of the Additional Seabridge Shares, Royal Gold obtained the right, under the Seabridge Option Agreement, as amended by the Seabridge Amendment, to increase the net smelter return (“NSR”) royalty it may acquire on all of the gold and silver production from Seabridge’s Kerr-Sulphurets-Mitchell project (“KSM project”) in British Columbia by 0.75%. Royal Gold now holds the right to purchase either a 1.25% NSR royalty on such production for C\$100 million, or a 2.0% NSR royalty for C\$160 million. If Royal Gold exercises its purchase right, the purchase price will be payable in three equal installments over the 540-day period following exercise. Royal Gold sold the Additional Seabridge Shares in a private transaction to an unrelated party for \$14.6 million (C\$14.4 million) on December 13, 2012.

The 15% premium on the Additional Seabridge Shares, which represents the value of the option to acquire the additional 0.75% NSR royalty on the KSM project, plus direct acquisition costs, was approximately \$2.4 million and has been recorded within *Other assets* on our consolidated balance sheets. The purchase and same day sale of the Additional Seabridge Shares resulted in a realized loss on trading

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Notes to Consolidated Financial Statements
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securities of approximately \$1.3 million, which is recorded within *Interest and other expense* on our consolidated statements of operations and comprehensive income.

3. ROYALTY INTERESTS IN MINERAL PROPERTIES

The following summarizes the Company's royalty interests in mineral properties as of December 31, 2012 and June 30, 2012.

As of December 31, 2012 (Amounts in thousands):	Cost	Accumulated Depletion	Net
Production stage royalty interests:			
Andacollo	\$ 272,998	\$ (35,950)	\$ 237,048
Voisey's Bay	150,138	(42,669)	107,469
Peñasquito	99,172	(10,975)	88,197
Las Cruces	57,230	(9,453)	47,777
Mulatos	48,092	(21,490)	26,602
Wolverine	45,158	(4,335)	40,823
Dolores	44,878	(7,003)	37,875
Canadian Malartic	38,800	(4,905)	33,895
Gwalia Deeps	31,070	(5,628)	25,442
Holt	25,428	(4,699)	20,729
Inata	24,871	(8,015)	16,856
Leeville	18,322	(15,262)	3,060
Robinson	17,825	(10,570)	7,255
Cortez	10,630	(9,697)	933
Other	210,242	(118,447)	91,795
	<u>1,094,854</u>	<u>(309,098)</u>	<u>785,756</u>
Development stage royalty interests:			
Mt. Milligan	671,090	—	671,090
Pascua-Lama	372,105	—	372,105
Other	38,694	—	38,694
	<u>1,081,889</u>	<u>—</u>	<u>1,081,889</u>
Exploration stage royalty interests	<u>195,959</u>	<u>—</u>	<u>195,959</u>
Total royalty interests in mineral properties	<u>\$ 2,372,702</u>	<u>\$ (309,098)</u>	<u>\$ 2,063,604</u>

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

As of June 30, 2012

(Amounts in thousands):

	Cost	Restructuring	Accumulated Depletion	Net
Production stage royalty interests:				
Andacollo	\$ 272,998	\$ —	\$ (27,345)	\$ 245,653
Voisey's Bay	150,138	—	(33,192)	116,946
Peñasquito	99,172	—	(9,075)	90,097
Las Cruces	57,230	—	(6,499)	50,731
Mulatos	48,092	—	(18,721)	29,371
Wolverine	45,158	—	(1,625)	43,533
Dolores	44,878	—	(6,021)	38,857
Canadian Malartic	38,800	—	(3,292)	35,508
Gwalia Deep	28,119	—	(4,398)	23,721
Holt	25,428	—	(2,980)	22,448
Inata	24,871	—	(7,320)	17,551
Leeville	18,322	—	(14,436)	3,886
Robinson	17,825	—	(9,872)	7,953
Cortez	10,630	—	(9,673)	957
Other	208,463	—	(112,105)	96,358
	<u>1,090,124</u>	<u>—</u>	<u>(266,554)</u>	<u>823,570</u>
Development stage royalty interests:				
Mt. Milligan	455,943	—	—	455,943
Pascua-Lama	372,105	—	—	372,105
Other	40,022	(1,328)	—	38,694
	<u>868,070</u>	<u>(1,328)</u>	<u>—</u>	<u>866,742</u>
Exploration stage royalty interests	200,676	—	—	200,676
Total royalty interests in mineral properties	<u>\$ 2,158,870</u>	<u>\$ (1,328)</u>	<u>\$ (266,554)</u>	<u>\$ 1,890,988</u>

4. AVAILABLE FOR SALE SECURITIES

The Company's available for sale securities as of December 31, 2012 and June 30, 2012 consists of the following (amounts in thousands):

	As of December 31, 2012			
	Cost Basis	Unrealized		Fair Value
		Gain	Loss	
Non-current:				
Seabridge Gold, Inc.	\$ 28,574	—	(10,245)	\$ 18,329
Other	203	—	(43)	160
	<u>\$ 28,777</u>	<u>\$ —</u>	<u>\$ (10,288)</u>	<u>\$ 18,489</u>
	As of June 30, 2012			
	Cost Basis	Unrealized		Fair Value
		Gain	Loss	
Non-current:				
Seabridge Gold, Inc.	\$ 28,574	—	(13,716)	\$ 14,858
Other	203	—	(46)	\$ 157
	<u>\$ 28,777</u>	<u>\$ —</u>	<u>\$ (13,762)</u>	<u>\$ 15,015</u>

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Notes to Consolidated Financial Statements
(Unaudited)

The Company's policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments for which the cost exceeds the fair value. Any temporary declines in fair value are recorded as a charge to other comprehensive income. If such impairment is determined by the Company to be other than temporary, the investment's cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other than temporary. Based on the Company's analysis of its investments and our ability and intent to hold these investments for a reasonable period of time, there were no write downs on our available-for-sale securities during the three or six months ended December 31, 2012 or the fiscal year ended June 30, 2012. The most significant available-for-sale security is the investment in Seabridge common stock, acquired in June 2011 and discussed in greater detail within our Fiscal 2012 10-K. The Company will continue to evaluate this investment considering additional facts and circumstances as they arise, including, but not limited to, the progress of development of Seabridge's KSM project.

5. DEBT

The Company's non-current debt as of December 31, 2012 and June 30, 2012 consists of the following:

	As of December 31, 2012	As of June 30, 2012
	Non-current	Non-current
	(Amounts in thousands)	
Convertible notes due 2019, net	\$ 297,697	\$ 293,248
Total debt	\$ 297,697	\$ 293,248

Convertible Senior Notes Due 2019

In June 2012, the Company completed an offering of \$370 million aggregate principal amount of 2.875% convertible senior notes due 2019 ("2019 Notes"). The 2019 Notes bear interest at the rate of 2.875% per annum, and the Company is required to make semi-annual interest payments on the outstanding principal balance of the 2019 Notes on June 15 and December 15 of each year, beginning December 15, 2012. The 2019 Notes mature on June 15, 2019. Interest expense recognized on the 2019 Notes for the three and six months ended December 31, 2012, was \$5.2 million and \$10.3 million, respectively, and included the contractual coupon interest, the accretion of the debt discount and amortization of the debt issuance costs.

Revolving credit facility

The Company maintains a \$350 million revolving credit facility. As of December 31, 2012, the Company had no amounts outstanding under the revolving credit facility. As discussed in the Company's Fiscal 2012 10-K, the Company has financial covenants associated with its revolving credit facility. At December 31, 2012, the Company was in compliance with each financial covenant.

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Notes to Consolidated Financial Statements
(Unaudited)

6. STOCKHOLDERS' EQUITY

Common Stock Offering

On October 15, 2012, we sold 5,250,000 shares of our common stock, at a price of \$90.00 per share, resulting in proceeds of \$472.5 million before expenses. The Company has invested the proceeds from this offering in United States treasury bills or cash bank accounts and intends to use the net proceeds from the offering for the acquisition of additional royalty interests and for general corporate purposes.

7. STOCK-BASED COMPENSATION

The Company recognized stock-based compensation expense as follows:

	Three Months Ended		Six Months Ended	
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	(Amounts in thousands)		(Amounts in thousands)	
Stock options	\$ 129	\$ 123	\$ 256	\$ 238
Stock appreciation rights	427	329	819	624
Restricted stock	649	565	1,779	1,651
Performance stock	600	851	1,046	1,553
Total stock-based compensation expense	\$ 1,805	\$ 1,868	\$ 3,900	\$ 4,066

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

There were no stock options granted during the three months ended December 31, 2012 and 2011, and 17,925 and 18,796 stock options granted during the six months ended December 31, 2012 and 2011, respectively. As of December 31, 2012, there was \$0.7 million of unrecognized compensation expense related to non-vested stock options, which is expected to be recognized over a weighted-average period of 2.0 years.

There were no stock-settled stock appreciation rights ("SSARs") granted during the three months ended December 31, 2012 and 2011, and 54,400 and 42,804 SSARs granted during the six months ended December 31, 2012 and 2011, respectively. As of December 31, 2012, there was \$2.0 million of unrecognized compensation expense related to non-vested SSARs, which is expected to be recognized over a weighted-average period of 1.8 years.

There were no shares of restricted stock granted during the three months ended December 31, 2012 and 2011, and 40,850 and 44,950 shares of restricted stock granted during the six months ended December 31, 2012 and 2011, respectively. The restricted stock awards granted to officers and certain employees during the six months ended December 31, 2012, vest over a three year period beginning after a two-year holding period from the date of grant, with one-third of the shares vesting after years three, four and five, respectively. As of December 31, 2012, there was \$6.4 million of unrecognized compensation expense related to non-vested restricted stock, which is expected to be recognized over a weighted-average vesting period of 3.6 years.

There were no shares of performance stock granted during the three months ended December 31, 2012 and 2011, and 45,600 and 49,600 shares of performance stock granted during the six months ended

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

December 31, 2012 and 2011, respectively. As of December 31, 2012, there was \$4.3 million of unrecognized compensation expense related to non-vested performance stock, which is expected to be recognized over a weighted-average vesting period of 1.8 years.

8. 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 SSARs 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:

	Three Months Ended		Six Months Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(in thousands, except share data)		(in thousands, except share data)	
Net income available to Royal Gold common stockholders	\$ 27,217	\$ 23,411	\$ 51,987	\$ 45,906
Weighted-average shares for basic EPS	63,941,686	55,329,463	61,688,776	55,259,009
Effect of other dilutive securities	195,551	245,351	216,773	274,239
Weighted-average shares for diluted EPS	64,137,237	55,574,814	61,905,549	55,533,248
Basic earnings per share	\$ 0.42	\$ 0.42	\$ 0.84	\$ 0.83
Diluted earnings per share	\$ 0.42	\$ 0.42	\$ 0.84	\$ 0.82

The 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. The Company intends to settle the principal amount of the 2019 Notes in cash. As a result, there will be no impact to diluted earnings per share unless the share price of the Company’s common stock exceeds the conversion price of \$105.31.

9. INCOME TAXES

	Three Months Ended		Six Months Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Amounts in thousands, except rate)		(Amounts in thousands, except rate)	
Income tax expense	\$ 16,315	\$ 14,051	\$ 32,776	\$ 26,433
Effective tax rate	37.2%	36.7%	38.3%	34.4%

The increase in the effective tax rate for the three months ended December 31, 2012, is primarily related to an increase in current year tax expense from changes in estimates of uncertain tax positions. The

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increase in the effective tax rate for the six months ended December 31, 2012, is primarily attributable to (i) an increase in tax expense recognized in certain foreign subsidiaries without a corresponding U.S. foreign tax credit benefit, (ii) an increase in current year tax expense from changes in estimates of uncertain tax positions, and (iii) the prior year decrease in tax expense from changes in estimates of uncertain tax positions.

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 2008.

As of December 31, 2012 and June 30, 2012, the Company had \$19.8 million and \$19.5 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. 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 December 31, 2012 and June 30, 2012, the amount of accrued income-tax-related interest and penalties was \$3.3 million and \$2.8 million, respectively.

During the quarter ended December 31, 2012, the Company made a foreign withholding tax payment of approximately \$17.2 million. The Company expects to recover the amount of the payment within the next twelve months. The \$17.2 million payment has been recorded within *Prepaid expenses and other current assets* on our consolidated balance sheets.

10. SEGMENT INFORMATION

The Company manages its business under a single operating segment, consisting of the acquisition and management of royalty interests. Royal Gold's royalty revenue and long-lived assets (royalty interests in mineral properties, net) are geographically distributed as shown in the following table.

	Royalty Revenue				Royalty Interests in Mineral Property, net	
	Three Months Ended December 31,		Six Months Ended December 31,		As of December 31,	As of June 30,
	2012	2011	2012	2011	2012	2012
Chile	30%	25%	28%	26%	31%	35%
Canada	23%	28%	23%	24%	49%	43%
United States	19%	16%	18%	20%	4%	5%
Mexico	18%	19%	20%	18%	8%	9%
Australia	3%	5%	3%	5%	3%	3%
Africa	3%	4%	3%	4%	1%	1%
Other	4%	3%	5%	3%	4%	4%

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11. FAIR VALUE MEASUREMENTS

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

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

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

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

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

		At December 31, 2012			
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
Assets (In thousands):					
United States treasury bills ⁽¹⁾	\$ 524,982	\$ 524,982	\$ 524,982	\$ —	\$ —
Money market investments ⁽¹⁾	\$ 183	\$ 183	\$ 183	\$ —	\$ —
Marketable equity securities ⁽²⁾	\$ 18,489	\$ 18,489	\$ 18,489	\$ —	\$ —
Total assets		\$ 543,654	\$ 543,654	\$ —	\$ —
Liabilities (In thousands):					
Debt ⁽³⁾	\$ 370,000	\$ 411,625	\$ 411,625	\$ —	\$ —
Total liabilities		\$ 411,625	\$ 411,625	\$ —	\$ —

⁽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.

⁽³⁾ Included in the carrying amount is the equity component of our 2019 Notes in the amount of \$77 million, which is included within *Additional paid-in capital* in the Company’s consolidated balance sheets.

The Company invests primarily in United States treasury bills with maturities of 90 days or less, which are classified within Level 1 of the fair value hierarchy. The Company also 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 also 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. The Company’s debt classified within Level 1 of the fair value hierarchy is valued using quoted prices in an active market.

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As of December 31, 2012, the Company also had assets that, under certain conditions, are subject to measurement at fair value on a non-recurring basis like those associated with royalty interests in mineral properties, intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition are applicable if any of these assets are determined to be impaired; however, no triggering events have occurred relative to any of these assets during the six months ended December 31, 2012. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

12. COMMITMENTS AND CONTINGENCIES

Mt. Milligan Gold Stream Acquisition

Refer to Note 2 for discussion on the Company's commitment to Thompson Creek as part of the Mt. Milligan gold stream acquisitions.

Tulsequah Chief Gold and Silver Stream Acquisition

As of December 31, 2012, the Company has a remaining commitment of \$50 million as part of its Tulsequah Chief gold and silver stream acquisition in December 2011.

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, now known as Vale Canada Limited ("Vale Canada") and its wholly-owned subsidiaries, Vale Inco Atlantic Sales Limited and VNL, related to the calculation of the NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay mine to Vale Canada. The claim asserts that Vale Canada 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.

13. RELATED PARTY

Crescent Valley Partners, L.P. ("CVP") was formed as a limited partnership in April 1992. It owns a 1.25% net value royalty on production of minerals from a portion of Cortez. Denver Mining Finance Company, 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.

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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 12,837 and 12,581 ounces of gold as of December 31, 2012 and June 30, 2012, respectively, are held by a third party refinery in Utah for the account of the limited partners of CVP. The inventories are carried at historical cost and are classified within *Other assets* on the Company's consolidated balance sheets. The carrying value of the gold in inventory was approximately \$7.9 million and \$7.4 million as of December 31, 2012 and June 30, 2012, respectively, while the fair value of such ounces was approximately \$21.3 million and \$20.1 million as of December 31, 2012 and June 30, 2012, respectively. None of the gold currently held in inventory as of December 31, 2012 and June 30, 2012, is attributed to Royal Gold, as the gold allocated to Royal Gold's CVP partnership interest is typically sold within five days of receipt.

14. SUBSEQUENT EVENT

On January 21, 2013, Royal Gold entered into Amendment No. 2 to Fifth Amended and Restated Revolving Credit Agreement (the "Amendment"), which amends the Company's existing Fifth Amended and Restated Revolving Credit Agreement, dated May 30, 2012 (as amended from time to time, the "Revolving Credit Agreement"), among Royal Gold, as the borrower, certain subsidiaries of Royal Gold, as guarantors, HSBC Bank USA, National Association, as administrative agent and a lender, The Bank of Nova Scotia, as a lender, Goldman Sachs Bank USA, as a lender, and the other lenders from time to time party thereto, HSBC Securities (USA) Inc., as the sole lead arranger and joint bookrunner, and ScotiaBank, as syndication agent and joint bookrunner.

The Amendment revises the Revolving Credit Agreement to, among other things, (i) remove the current ratio, interest coverage ratio and debt service coverage ratio financial covenants, (ii) add a financial covenant requiring the Company to maintain a secured debt ratio below a certain level, (iii) increase the amount of unsecured indebtedness the Company is permitted to incur subject to its pro forma compliance with a leverage ratio test and to allow certain prepayments, refinancing and replacement of such unsecured indebtedness, (iv) increase the interest rate for borrowings under the Revolving Credit Agreement when the leverage ratio exceeds 3.0 to 1.0, and (v) take certain acquisitions into account in determining compliance with financial covenants. Except as set forth in the Amendment, all other terms and conditions of the Revolving Credit Agreement remain in full force and effect.

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

General

This 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. Royal Gold, Inc. (“Royal Gold”, the “Company”, “we”, “us”, or “our”), recommends 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, 2012 filed with the Securities and Exchange Commission (the “SEC”) on August 9, 2012 (the “Fiscal 2012 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,” “stream” and other types of royalty interests throughout this MD&A. These terms are defined in our Fiscal 2012 10-K.

Overview

Royal Gold, together with its subsidiaries, is engaged in the business of acquiring and managing precious metals royalties, precious metals streams and similar interests. Royalties are non-operating interests in mining projects that provide the right to revenue or metals produced from the project after deducting specified costs, if any. We use the term “royalty interest” in this Quarterly Report on Form 10-Q to refer to royalties, gold, silver or other metal stream interests, and other similar interests. We seek to acquire existing royalty interests or to finance projects that are in production or in development stage in exchange for royalty interests. We are engaged in a continual review of opportunities to acquire existing royalty interests, to create new royalty interests through the financing of mine development or exploration, or to acquire companies that hold royalty interests. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, analysis of technical, financial and other confidential information, submission of indications of interest, participation in preliminary discussions and negotiations and involvement as a bidder in competitive processes.

As of December 31, 2012, the Company owned royalty interests on 39 producing properties, 28 development stage properties and 138 exploration stage properties, of which the Company considers 41 to be evaluation stage projects. The Company uses “evaluation stage” to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs, exploration costs, environmental costs or mining, processing or other operating costs on the properties in which we hold royalty interests. During the three months ended December 31, 2012, we focused on the management of our existing royalty interests and the acquisition of royalty interests.

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

For the three and six months ended December 31, 2012 and 2011, gold, silver, copper and nickel price averages and percentage of royalty revenues by metal were as follows:

Metal	Three months ended				Six months ended			
	December 31, 2012		December 31, 2011		December 31, 2012		December 31, 2011	
	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold (\$/ounce)	\$ 1,722	73%	\$ 1,688	66%	\$ 1,686	70%	\$ 1,695	68%
Silver (\$/ounce)	\$ 32.68	6%	\$ 31.87	6%	\$ 31.24	7%	\$ 35.39	6%
Copper (\$/pound)	\$ 3.59	12%	\$ 3.40	15%	\$ 3.54	13%	\$ 3.74	13%
Nickel (\$/pound)	\$ 7.70	6%	\$ 8.30	9%	\$ 7.55	7%	\$ 9.16	9%
Other	N/A	3%	N/A	4%	N/A	3%	N/A	4%

Recent Developments

Acquisition of an Additional Royalty Option on the Kerr-Sulphurets-Mitchell Project

On December 13, 2012, Royal Gold purchased 1,004,491 common shares (the “Additional Seabridge Shares”) of Seabridge Gold Inc. (“Seabridge”) at a 15% premium to the volume weighted-average trading price of Seabridge common shares on the Toronto Stock Exchange for a five day trading period that ended December 11, 2012, for \$18.3 million (C\$18.0 million). Effective December 13, 2012, Royal Gold entered into an amendment (the “Seabridge Amendment”) to its option agreement with Seabridge (the “Seabridge Option Agreement”) to, among other things, remove the 270 day minimum holding period applicable to the Additional Seabridge Shares.

Upon Royal Gold’s purchase of the Additional Seabridge Shares, Royal Gold obtained the right, under the Seabridge Option Agreement, as amended by the Seabridge Amendment, to increase the net smelter return (“NSR”) royalty it may acquire on all of the gold and silver production from Seabridge’s Kerr-Sulphurets-Mitchell project (“KSM project”) in British Columbia by 0.75%. Royal Gold now holds the right to purchase either a 1.25% NSR royalty on such production for C\$100 million, or a 2.0% NSR royalty for C\$160 million. If Royal Gold exercises its purchase right, the purchase price will be payable in three equal installments over the 540-day period following exercise. Royal Gold sold the Additional Seabridge Shares in a private transaction to an unrelated party for \$14.6 million (C\$14.4 million) on December 13, 2012.

The 15% premium on the Additional Seabridge Shares, which represents the value of the option to acquire the additional 0.75% NSR royalty on the KSM project, plus direct acquisition costs, was approximately \$2.4 million and has been recorded within *Other assets* on our consolidated balance sheets. The purchase and same day sale of the Additional Seabridge Shares resulted in a realized loss on trading securities of approximately \$1.3 million, which is recorded within *Interest and other expense* on our consolidated statements of operations and comprehensive income.

Common Stock Offering

On October 15, 2012, we sold 5,250,000 shares of our common stock, at a price of \$90.00 per share, resulting in proceeds of \$472.5 million before expenses. The Company has invested the proceeds from this offering in United States treasury bills or cash bank accounts and intends to use the net proceeds from the offering for the acquisition of additional royalty interests and for general corporate purposes.

Principal Royalty Interests

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 royalty interests in our portfolio are principal to our business. Estimated future potential revenues from both producing and development properties are based on a number of factors, including reserves subject to our 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 royalty interests are no longer principal to our business.

Please refer to our Fiscal 2012 10-K for further discussion of our principal producing and development royalty interests.

Producing Properties

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Andacollo ⁽¹⁾	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	Pan American Silver Corp. (“Pan American”)	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 ⁽²⁾	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	KGHM International Ltd. (“KGHM”)	3.0% NSR (copper, gold, silver, molybdenum)
Voisey’s Bay	Newfoundland and Labrador, Canada	Vale Newfoundland & Labrador Limited (“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⁾ There have been approximately 132,000 cumulative payable ounces produced as of December 31, 2012.

⁽²⁾ The Mulatos royalty is capped at 2.0 million gold ounces of production. Approximately 1.0 million cumulative ounces of gold have been produced as of December 31, 2012.

Development Properties

Mine	Location	Operator	Royalty or similar interests (Gold unless otherwise stated)
Mt. Milligan	British Columbia, Canada	Thompson Creek Metals Inc. (“Thompson Creek”)	52.25% of the payable gold
Pascua-Lama	Region III, Chile	Barrick	0.78% to 5.23% sliding-scale NSR 1.05% fixed rate royalty (copper)

Operators’ Production Estimates by Royalty Interest for Calendar 2012

We received annual production estimates from many of the operators of our producing mines during the first calendar quarter of 2012. The following table shows such production estimates for our principal producing properties for calendar 2012 as well as the actual production reported to us by the various operators through December 31, 2012. 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 Interest for Calendar 2012 and Reported Production
Principal Producing Properties
For the period January 1, 2012 through December 31, 2012

Royalty	Calendar 2012 Operator's Production Estimate ⁽¹⁾			Reported Production through December 31, 2012 ⁽²⁾		
	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)	Gold (oz.)	Silver (oz.)	Base Metals (lbs.)
Andacollo	60,000	—	—	59,034	—	—
Canadian Malartic	565,000	—	—	370,592	—	—
Cortez GSR1	94,000	—	—	93,670	—	—
Cortez GSR2	12,000	—	—	520	—	—
Cortez GSR3	106,000	—	—	94,190	—	—
Cortez NVR1	83,000	—	—	68,495	—	—
Dolores ⁽³⁾	75,000-80,000	3.5-4.5 million	—	52,815	3.1 million	—
Holt	45,000-50,000	—	—	48,254	—	—
Las Cruces						
Copper			136.0-151.2 million			151.8 million
Leeville	254,000	—	—	238,652	—	—
Mulatos	200,000-220,000	—	—	200,190	—	—
Peñasquito	370,000-390,000	23-24 million	—	400,326	24.6 million	—
Lead			155-160 million			159.9 million
Zinc			310-325 million			336.9 million
Robinson ⁽⁴⁾	N/A	—	—	35,539	—	—
Copper			N/A			134.4 million
Voisey's Bay ⁽⁴⁾						
Copper			N/A			87.5 million
Nickel			N/A			144.1 million
Wolverine ⁽⁴⁾	N/A	N/A		5,637	1.9 million	—

⁽¹⁾ There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of our Fiscal 2012 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, 2012 through December 31, 2012, as reported to us by the operators of the mines.

⁽³⁾ In March 2012, Pan American acquired Minefinders Corporation Ltd. ("Minefinders"). The production estimate shown was provided by Minefinders. Pan American announced production guidance of 49,000 to 53,000 ounces of gold and 2.75 to 3.0 million ounces of silver for the period April 1 through December 31, 2012.

⁽⁴⁾ The Company did not receive calendar 2012 production guidance from the operator.

Property Developments

The following information is provided by the operators of the property, either to Royal Gold or in various documents made publicly available. Reported production, as used below, relates to the amount of metal sales, subject to our royalty interests, as reported to us by the operators of the mines.

Andacollo

Reported production at Andacollo increased approximately 38% during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011. Increased production during the quarter ended December 31, 2012, was primarily due to increased mill throughput as a result of the recently installed crushing circuit and the mining of higher grade ore.

Canadian Malartic

Reported production at Canadian Malartic increased approximately 78% during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011, as the operations at Canadian Malartic continue to ramp-up. Prior to a six day shutdown to complete installation and integration of the second pebble crusher and to make modifications to various conveying systems in the crushing and grinding circuit, production for October through November 2012 averaged over 49,000 tonnes per operating day, a 13% increase from the preceding quarter. In November 2012, the mill ran at throughput rates of over 50,000 tonnes per day for 10 days with a new one day record of 58,476 tonnes. Also during the fourth quarter of calendar 2012, mine production was affected by delayed access to the north sector of the pit thus limiting production. The delays affected the mine sequencing and will have an impact on early calendar 2013 production. With mill throughput expected to stabilize, Osisko estimates calendar 2013 gold production to be between 485,000 and 510,000 ounces.

Cortez

Reported production at Cortez decreased approximately 23% during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011, as Barrick continues to prioritize production from their higher grade Cortez Hills operation that is not covered by our royalty interest. The Company expects production to remain at these lower levels until Barrick returns to steady state mining at the Pipeline Complex.

Dolores

Pan American announced production guidance of 3.25 to 3.45 million ounces of silver and 63,500 to 68,000 ounces of gold, which Pan American anticipates will be supported by capital projects that include construction of the first phase of leach pad 3, significant pre-stripping and the systematic rehabilitation of the mining fleet.

Las Cruces

Reported production at Las Cruces increased approximately 36% during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011. Inmet announced its calendar 2013 production guidance for Las Cruces of between 68,500 to 72,000 tonnes of copper.

Mt. Milligan

Thompson Creek reported that as of September 30, 2012, overall construction progress on the Mt. Milligan project was estimated at 75%. Milestones achieved through the third quarter of 2012 included the completion of the tailings storage facility core construction, enclosure of the concentrator building, and the installation and assembly of the SAG and Ball Mills, which remain in progress and on schedule. Thompson Creek also reported that the overall project remains on schedule, with commencement of commercial production expected in the fourth quarter of calendar 2013.

Mulatos

Reported production at Mulatos increased approximately 42% during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011. Alamos reported that the increase in reported production was primarily due to the addition of a gravity mill that was commissioned in March 2012 and record crusher throughput levels averaging 17,900 tonnes per day during the quarter ended December 31, 2012. Alamos also announced that it estimates calendar 2013 production of between 180,000 and 200,000 ounces of gold at Mulatos.

Pascua-Lama

Barrick reported that construction management has been transferred to Fluor and that the project team has been significantly strengthened. As disclosed with its third quarter 2012 financial results, Barrick indicated it expected initial gold production in the second half of calendar 2014 and that the definitive estimate of costs and schedule for the project would be complete by the time of its 2012 year-end results in February 2013.

Peñasquito

Reported production for all metals at Peñasquito increased during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011, as operations at Peñasquito continue to ramp-up. During the quarter ended December 31, 2012, mill throughput of 98,000 tonnes per day was constrained by the availability of water. Goldcorp has stated that a water and tailings study to develop a comprehensive long-term water strategy for the Peñasquito district is underway and expected to be completed during the first half of calendar 2013. Goldcorp will continue to bring additional water wells into production within the Cedros Basin in addition to new dewatering wells within the Chile Colorado pit. The additional water wells in calendar 2013 are expected to increase mill throughput to 105,000 tonnes per day. Mining in a lower grade portion of the pit over the first half of calendar 2013 is also expected to impact overall production, which is forecasted between 360,000 and 400,000 gold ounces for calendar 2013 with an associated silver production of between 20 and 21 million ounces.

Voisey's Bay

Reported copper production at Voisey's Bay decreased significantly during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011, due to a decrease in copper concentrate shipments. Variability in Vale's shipping schedule will continue to be reflected in uneven metal sales quarter over quarter. Vale reported that the Long Harbour hydrometallurgical facility is estimated to start-up in the second half of calendar 2013.

Wolverine

Reported production at Wolverine increased during the quarter ended December 31, 2012, when compared to the quarter ended December 31, 2011, as Yukon Zinc increased throughput and improved metallurgical performance of the mill.

Results of Operations

Quarter Ended December 31, 2012, Compared to Quarter Ended December 31, 2011

For the quarter ended December 31, 2012, we recorded net income attributable to Royal Gold stockholders of \$27.2 million, or \$0.42 per basic and diluted share, as compared to net income attributable to Royal Gold stockholders of \$23.4 million, or \$0.42 per basic and diluted share, for the quarter ended December 31, 2011. The increase in our net income attributable to Royal Gold stockholders was principally attributable to an increase in royalty revenue, as discussed further below. This increase was partially offset primarily by an increase in interest expense during the period, which is also discussed further below. Our earnings per share did not increase in connection with the increase in net income attributable to Royal Gold stockholders due to the issuance of an aggregate of 9.25 million shares of common stock in two registered offerings during calendar 2012.

For the quarter ended December 31, 2012, we recognized total royalty revenue of \$79.9 million, at an average gold price of \$1,722 per ounce, an average silver price of \$32.68 per ounce, an average nickel price of \$7.70 per pound and an average copper price of \$3.59 per pound, compared to royalty revenue of \$68.8 million, at an average gold price of \$1,688 per ounce, an average silver price of \$31.87 per ounce, an average nickel price of \$8.30 per pound and an average copper price of \$3.40 per pound for the quarter ended December 31, 2011. Royalty revenue and the corresponding production, attributable to our royalty interests, for the quarter ended December 31, 2012 compared to the quarter ended December 31, 2011 is as follows:

Royalty Revenue and Production Subject to Our Royalty Interests
Quarter Ended December 31, 2012 and 2011
(In thousands, except reported production ozs. and lbs.)

Royalty	Metal(s)	Three Months Ended December 31, 2012		Three Months Ended December 31, 2011	
		Royalty Revenue	Reported Production ⁽¹⁾	Royalty Revenue	Reported Production ⁽¹⁾
Andacollo	Gold	\$ 23,128	18,015 oz.	\$ 16,180	13,070 oz.
Voisey's Bay		\$ 7,413		\$ 12,044	
	Nickel		28.8 million lbs.		27.4 million lbs.
	Copper		31.2 million lbs.		78.6 million lbs.
Peñasquito		\$ 6,612		\$ 6,307	
	Gold		91,017 oz.		67,827 oz.
	Silver		4.6 million oz.		5.0 million oz.
	Lead		23.7 million lbs.		40.2 million lbs.
	Zinc		73.6 million lbs.		78.4 million lbs.
Holt	Gold	\$ 5,807	15,076 oz.	\$ 4,234	11,461 oz.
Mulatos	Gold	\$ 5,250	61,311 oz.	\$ 3,571	43,223 oz.
Robinson		\$ 4,668		\$ 1,947	
	Gold		11,603 oz.		7,193 oz.
	Copper		41.1 million lbs.		21.1 million lbs.
Canadian Malartic	Gold	\$ 2,511	96,276 oz.	\$ 1,534	54,141 oz.
Leeville	Gold	\$ 2,154	69,754 oz.	\$ 3,101	102,946 oz.
Cortez	Gold	\$ 2,059	18,232 oz.	\$ 2,657	23,609 oz.
Las Cruces	Copper	\$ 2,031	38.3 million lbs.	\$ 1,477	28.1 million lbs.
Wolverine		\$ 1,982		\$ 832	
	Gold		3,203 oz.		294 oz.
	Silver		742,874 oz.		366,922 oz.
Dolores		\$ 1,383		\$ 1,669	
	Gold		14,976 oz.		20,663 oz.
	Silver		854,739 oz.		887,007 oz.
Other ⁽²⁾	Various	\$ 14,872	N/A	\$ 13,289	N/A
Total Royalty Revenue		\$ 79,870		\$ 68,842	

⁽¹⁾ Reported production relates to the amount of metal sales, subject to our royalty interests, for the three months ended December 31, 2012 and 2011, as reported to us by the operators of the mines.

⁽²⁾ "Other" includes all of the Company's non-principal producing royalty interests. Individually, no royalty interest included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the quarter ended December 31, 2012, compared with the quarter ended December 31, 2011, resulted primarily from an increase in the average gold, silver and copper prices, production increases at Mulatos and Robinson, and the continued ramp-up at Andacollo, Peñasquito, Las Cruces, Holt, Canadian Malartic and Wolverine. These increases were partially offset by decreases in production at Voisey's Bay (copper) and Leeville. Please refer to "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 \$5.7 million for the quarter ended December 31, 2012, from \$5.1 million for the quarter ended December 31, 2011. The increase was primarily due to an increase in fees associated with tax consulting, tax preparation and general consulting services during the period.

Production taxes decreased to \$2.2 million for the quarter ended December 31, 2012, from \$2.9 million for the quarter ended December 31, 2011. The decrease was primarily due to a decrease in the mining

proceeds tax expense associated with our Voisey's Bay royalty, which was due to decreased royalty revenue from the Voisey's Bay royalty during the period.

Interest and other expense increased to \$7.0 million for the quarter ended December 31, 2012, from \$1.6 million for the quarter ended December 31, 2011. The increase was primarily attributable to interest expense associated with our Convertible Senior Notes 2019 ("2019 Notes") issued in June 2012. Interest expense recognized on the 2019 Notes for the three months ended December 31, 2012, was \$5.2 million and included the contractual coupon interest (\$2.6 million), the accretion of the debt discount (\$2.3 million) and amortization of the debt issuance costs (\$0.3 million).

During the quarter ended December 31, 2012, we recognized income tax expense totaling \$16.3 million compared with \$14.1 million during the quarter ended December 31, 2011. This resulted in an effective tax rate of 37.2% in the current period, compared with 36.7% in the quarter ended December 31, 2011. The increase in the effective tax rate for the three months ended December 31, 2012, is primarily related to an increase in current year tax expense from changes in estimates of uncertain tax positions. 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 2012 10-K

Six Months Ended December 31, 2012, Compared to Six Months Ended December 31, 2011

For the six months ended December 31, 2012, we recorded net income attributable to Royal Gold stockholders of \$52.0 million, or \$0.84 per basic and diluted share, as compared to net income attributable to Royal Gold stockholders of \$45.9 million, or \$0.83 per basic share and \$0.82 per diluted share, for the six months ended December 31, 2011. The increase in our earnings per share was primarily attributable to an increase in royalty revenue during the period, which is discussed below. The increase in our earnings per share was partially offset due to an increase in interest expense associated with our 2019 Notes and the issuance of an aggregate of 9.25 million shares of common stock in two registered offerings during calendar 2012.

For the six months ended December 31, 2012, we recognized total royalty revenue of \$157.7 million, at an average gold price of \$1,686 per ounce, an average silver price of \$31.24 per ounce, an average nickel price of \$7.55 per pound and an average copper price of \$3.54 per pound, compared to royalty revenue of \$133.3 million, at an average gold price of \$1,695 per ounce, an average silver price of \$35.39 per ounce, an average nickel price of \$9.16 per pound and an average copper price of \$3.74 per pound for the six months ended December 31, 2011. Royalty revenue and the corresponding production, attributable to our royalty interests, for the six months ended December 31, 2012 compared to the six months ended December 31, 2011 is as follows:

Royalty Revenue and Production Subject to Our Royalty Interests
Six Months Ended December 31, 2012 and 2011
(In thousands, except reported production ozs. and lbs.)

Royalty	Metal(s)	Six Months Ended December 31, 2012		Six Months Ended December 31, 2011	
		Royalty Revenue	Reported Production ⁽¹⁾	Royalty Revenue	Reported Production ⁽¹⁾
Andacollo	Gold	\$ 42,831	33,953 oz.	\$ 33,019	26,356 oz.
Peñasquito		\$ 17,763		\$ 12,133	
	Gold		222,256 oz.		116,448 oz.
	Silver		12.0 million oz.		8.9 million oz.
	Lead		65.3 million lbs.		69.4 million lbs.
	Zinc		170.1 million lbs.		145.8 million lbs.
Voisey's Bay		\$ 16,609		\$ 19,273	
	Nickel		62.7 million lbs.		50.1 million lbs.
	Copper		74.9 million lbs.		94.6 million lbs.
Holt	Gold	\$ 10,368	27,946 oz.	\$ 7,828	20,858 oz.
Mulatos	Gold	\$ 8,746	103,621 oz.	\$ 5,969	72,699 oz.
Robinson		\$ 8,422		\$ 5,634	
	Gold		20,675 oz.		16,165 oz.
	Copper		78.0 million lbs.		49.0 million lbs.
Cortez	Gold	\$ 4,840	43,983 oz.	\$ 7,763	66,465 oz.
Canadian Malartic	Gold	\$ 4,652	188,013 oz.	\$ 2,844	114,967 oz.
Las Cruces	Copper	\$ 4,493	84.5 million lbs.	\$ 2,788	51.9 million lbs.
Leeville	Gold	\$ 4,220	137,779 oz.	\$ 6,170	204,186 oz.
Wolverine		\$ 3,268		\$ 832	
	Gold		4,403 oz.		- oz.
	Silver		1.2 million oz.		384,687 oz.
Dolores		\$ 2,524		\$ 3,094	
	Gold		28,220 oz.		36,608 oz.
	Silver		1.6 million oz.		1.6 million oz.
Other ⁽²⁾	Various	\$ 28,996	N/A	\$ 25,960	N/A
Total Royalty Revenue		\$ 157,732		\$ 133,307	

⁽¹⁾ Reported production relates to the amount of metal sales, subject to our royalty interests, for the six months ended December 31, 2012 and December 31, 2011, as reported to us by the operators of the mines.

⁽²⁾ "Other" includes all of the Company's non-principal producing royalty interests. Individually, no royalty interest included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the six months ended December 31, 2012, compared with the six months ended December 31, 2011, resulted primarily from production increases at Mulatos and Robinson and the continued ramp-up at Andacollo, Peñasquito, Las Cruces, Holt, Canadian Malartic and Wolverine. These increases were partially offset by a decrease in the average gold, silver, copper and nickel prices and decreases in production at Voisey's Bay (copper), Cortez and Leeville. Please refer to "Recent Developments, Property Developments" earlier within this MD&A for a further discussion on recent developments regarding properties covered by certain of our royalty interests.

Depreciation, depletion and amortization increased to \$42.6 million for the six months ended December 31, 2012, from \$38.6 million for the six months ended December 31, 2011. The increase was primarily attributable to the continued ramp-up at Andacollo, Peñasquito, Holt, and Las Cruces, which resulted in additional depletion expense of approximately \$2.9 million during the period. The increase was also attributable to production increases at Mulatos and Robinson, which resulted in additional depletion expense of approximately \$1.0 million during the period.

Interest and other income decreased to \$0.1 million for the six months ended December 31, 2012, from \$3.3 million for the six months ended December 31, 2011. The decrease was primarily due to a decrease in gains on distributions of restricted gold inventory attributable to non-controlling interest holders of approximately \$3.2 million during the period.

Interest and other expense increased to \$13.2 million for the six months ended December 31, 2012, from \$3.4 million for the six months ended December 31, 2011. The increase was primarily attributable to interest expense associated with our 2019 Notes issued in June 2012. Interest expense recognized on the 2019 Notes for the six months ended December 31, 2012, was \$10.3 million and included the contractual coupon interest (\$5.3 million), the accretion of the debt discount (\$4.4 million) and amortization of the debt issuance costs (\$0.6 million).

During the six months ended December 31, 2012, we recognized income tax expense totaling \$32.8 million compared with \$26.4 million during the six months ended December 31, 2011. This resulted in an effective tax rate of 38.3% in the current period, compared with 34.4% during the six months ended December 31, 2011. The increase in the effective tax rate for the six months ended December 31, 2012 is primarily related to (i) an increase in tax expense recognized in certain foreign subsidiaries without a corresponding U.S. foreign tax credit benefit, (ii) an increase in current year tax expense from changes in estimates of uncertain positions, and (iii) the prior year decrease in tax expense from changes in estimates of uncertain tax positions. 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 2012 10-K.

Liquidity and Capital Resources

Overview

At December 31, 2012, we had current assets of \$781.1 million compared to current liabilities of \$18.6 million for a current ratio of 42 to 1. This compares to current assets of \$445.2 million and current liabilities of \$15.2 million at June 30, 2012, resulting in a current ratio of approximately 29 to 1. The increase in our current ratio and total current assets when compared to June 30, 2012, was primarily attributable to an increase in our cash and equivalents during the period due to our recent common stock offering as discussed below.

During the quarter ended December 31, 2012, liquidity needs were met from \$79.9 million in royalty revenues and our available cash resources. As of December 31, 2012, the Company had \$350 million available and no amounts outstanding under its revolving credit facility. The Company was in compliance with each financial covenant under its revolving credit facility as of December 31, 2012. Refer to Note 5 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, 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 acquisitions of royalty interests, including the remaining commitments incurred in connection with the Mt. Milligan and Tulsequah Chief acquisitions. Our long-term capital requirements are primarily affected by our ongoing acquisition activities. The Company currently, and generally at any time, has acquisition opportunities in various stages of active review. In the event of one or more substantial royalty interest or other acquisitions, 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 2012 10-K for a discussion of certain risks that may impact the Company's liquidity and capital resources.

Recent Liquidity and Capital Resource Developments

Amendment to Revolving Credit Agreement

On January 21, 2013, Royal Gold entered into Amendment No. 2 to Fifth Amended and Restated Revolving Credit Agreement (the “Amendment”), which amends the Company’s existing Fifth Amended and Restated Revolving Credit Agreement, dated May 30, 2012 (as amended from time to time, the “Revolving Credit Agreement”), among Royal Gold, as the borrower, certain subsidiaries of Royal Gold, as guarantors, HSBC Bank USA, National Association, as administrative agent and a lender, The Bank of Nova Scotia, as a lender, Goldman Sachs Bank USA, as a lender, and the other lenders from time to time party thereto, HSBC Securities (USA) Inc., as the sole lead arranger and joint bookrunner, and ScotiaBank, as syndication agent and joint bookrunner.

The Amendment revises the Revolving Credit Agreement to, among other things, (i) remove the current ratio, interest coverage ratio and debt service coverage ratio financial covenants, (ii) add a financial covenant requiring the Company to maintain a secured debt ratio below a certain level, (iii) increase the amount of unsecured indebtedness the Company is permitted to incur subject to its pro forma compliance with a leverage ratio test and to allow certain prepayments, refinancing and replacement of such unsecured indebtedness, (iv) increase the interest rate for borrowings under the Revolving Credit Agreement when the leverage ratio exceeds 3.0 to 1.0, and (v) take certain acquisitions into account in determining compliance with financial covenants. Except as set forth in the Amendment, all other terms and conditions of the Revolving Credit Agreement remain in full force and effect.

Dividend Increase

On November 14, 2012, we announced an increase in our annual dividend for calendar 2013 from \$0.60 to \$0.80, payable on a quarterly basis of \$0.20 per share. The newly declared dividend is 33% higher than the dividend paid during calendar 2012. The first quarter calendar 2013 dividend of \$0.20 per share was paid on January 18, 2013, to shareholders of record at the close of business on January 4, 2013. The quarterly dividend of US\$0.20 is also payable to holders of exchangeable shares of RG Exchangeco.

Common Stock Offering

On October 15, 2012, we sold 5,250,000 shares of our common stock, at a price of \$90.00 per share, resulting in proceeds of \$472.5 million before expenses. The Company has invested the proceeds from this offering in United States treasury bills or cash bank accounts and intends to use the net proceeds from the offering for the acquisition of additional royalty interests and for general corporate purposes.

Summary of Cash Flows

Operating Activities

Net cash provided by operating activities totaled \$64.4 million for the six months ended December 31, 2012, compared to \$75.4 million for the six months ended December 31, 2011. The decrease was primarily due to an increase in tax payments of approximately \$22.7 million (\$17.2 million of prepaid withholding taxes and \$5.5 million of income taxes), a net payment of approximately \$3.7 million for an additional royalty option on the KSM project, and an increase in interest payments made of approximately \$2.5 million. These payment increases were partially offset by an increase in proceeds received from our royalty interests, net of production taxes, of approximately \$20.0 million.

Investing Activities

Net cash used in investing activities totaled \$215.0 million for the six months ended December 31, 2012, compared to cash used in investing activities of \$143.5 million for the six months ended December 31,

2011. The increase in cash used in investing activities is primarily due to an increase in acquisitions of royalty interests in mineral properties (or Mt. Milligan funding) compared to the same period of the prior year.

Financing Activities

Net cash provided by financing activities totaled \$455.8 million for the six months ended December 31, 2012, compared to cash provided by financing activities of \$49.7 million for the six months ended December 31, 2011. The increase in cash provided by financing activities is primarily due to the sale of 5,250,000 shares of our common stock, resulting in proceeds of \$472.5 million, during the current period. The increase is also attributable to a reduction in debt payments resulting from the Company having no amounts outstanding under its revolving credit facility during the six months ended December 31, 2012.

Recently Adopted Accounting Standards

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

Critical Accounting Policies

Available-for-Sale-Securities

The Company's policy for determining whether declines in fair value of available-for-sale securities are other than temporary includes a quarterly analysis of the investments and a review by management of all investments for which the cost exceeds the fair value. Any temporary declines in fair value are recorded as a charge to other comprehensive income. If such impairment is determined by the Company to be other than temporary, the investment's cost basis is written down to fair value and recorded in net income during the period the Company determines such impairment to be other than temporary. Based on the Company's analysis of its investments and our ability and intent to hold these investments for a reasonable period of time, there were no write downs on our available-for-sale securities during the three and six months ended December 31, 2012. The most significant available-for-sale security is the investment in Seabridge common stock, acquired in June 2011 and discussed in greater detail within our Fiscal 2012 10-K. The Company will continue to evaluate this investment considering additional facts and circumstances as they arise, including, but not limited to, the progress of development of Seabridge's KSM project.

Forward-Looking Statements

Cautionary "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this Quarterly Report on Form 10-Q are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements regarding projected production estimates and estimates pertaining to timing and commencement of production from the operators of properties where we hold royalty interests; 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. Words such as "may," "could," "should," "would," "believe," "estimate," "expect," "anticipate," "plan," "forecast," "potential," "intend," "continue," "project" and variations of these words, comparable words and similar expressions generally indicate forward-looking statements, which speak only as of the date the statement is made. Do not unduly rely on forward-looking statements. Actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, among others:

- changes in gold and other metals prices on which our royalty interests are paid or changes in prices of the primary metals mined at properties where we hold royalty interests;
- the production at or performance of properties where we hold royalty interests;
- the ability of operators to bring projects, particularly on development stage properties, into production on schedule or operate in accordance with feasibility studies;
- decisions and activities of the operators of properties where we hold royalty interests;
- liquidity or other problems our operators may encounter;
- hazards and risks at the properties where we hold royalty interests that are normally associated with developing and mining properties, including unanticipated grade and geological, metallurgical, processing or other problems, mine operating and ore processing facility problems, pit wall or tailings dam failures, industrial accidents, environmental hazards and natural catastrophes such as floods or earthquakes and access to raw materials, water and power;
- changes in project parameters as plans of the operators of properties where we hold royalty interests are refined;
- changes in estimates of reserves and mineralization by the operators of properties where we hold royalty interests;
- contests to our royalty interests and title and other defects to the properties where we hold royalty interests;
- economic and market conditions;
- future financial needs;
- federal, state and foreign legislation governing us or the operators of properties where we hold royalty interests;
- the availability of royalty interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;
- our ability to make accurate assumptions regarding the valuation, timing and amount of revenue to be derived from our royalty interests when evaluating acquisitions;
- risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental, real estate, contract and permitting laws, currency fluctuations, expropriation of property, repatriation of earnings, taxation, price controls, inflation, import and export regulations, community unrest and labor disputes, endemic health issues, corruption, enforcement and uncertain political and economic environments;
- changes in laws governing us, the properties where we hold royalty interests or the operators of such properties;
- risks associated with issuances of additional common stock or incurrence of indebtedness in connection with acquisitions or otherwise including risks associated with the issuance and conversion of convertible notes;
- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold royalty interests;
- changes in management and key employees; and
- failure to complete future acquisitions;

as well as other factors described elsewhere in this Quarterly Report on Form 10-Q, our Fiscal 2012 10-K 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, except as required by law. Readers are cautioned not to put undue reliance on forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and cash flows are significantly impacted by changes in the market price of gold and, to a lesser extent, the price of silver, copper and nickel. 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 may reduce our royalty revenues. Certain of our royalty contracts have features that may amplify the negative effects of a drop in metals prices*,” under Part I, Item 1A of our Fiscal 2012 10-K, for more information that can affect gold, silver, copper, nickel and other metal prices as well as historical gold, silver, copper and nickel prices.

During the six month period ended December 31, 2012, we reported royalty revenues of \$79.9 million, with an average gold price for the period of \$1,686 per ounce, an average silver price of \$31.24 per ounce, an average copper price of \$3.54 per pound and an average nickel price of \$7.55 per pound. Approximately 70% of our total recognized revenues for the six months ended December 31, 2012 were attributable to gold sales from our gold producing royalty interests, as shown within the MD&A. For the six months ended December 31, 2012, 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 \$11.9 million and \$11.7 million, respectively.

Approximately 13% of our total recognized revenues for the six months ended December 31, 2012 were attributable to copper sales from our copper producing royalty interests. For the six months ended December 31, 2012, 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 \$2.3 million.

Approximately 7% of our total recognized revenues for the six months ended December 31, 2012 were attributable to silver sales from our silver producing royalty interests. For the six months ended December 31, 2012, if the price of silver had averaged 10% higher or lower per ounce, we would have recorded an increase or decrease in revenues of approximately \$1.3 million.

Approximately 7% of our total recognized revenues for the six months ended December 31, 2012 were attributable to nickel sales from our nickel producing royalty interests. For the six months ended December 31, 2012, 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 \$1.5 million.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2012, the Company’s management, with the participation of the President and Chief Executive Officer (the principal executive officer) and Chief Financial Officer and Treasurer (the

principal financial and accounting officer) of the Company, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on such evaluation, the Company's President and Chief Executive Officer and the Chief Financial Officer and Treasurer have concluded that, as of December 31, 2012, 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 the Chief Financial Officer and Treasurer, as appropriate to allow timely decisions regarding required disclosure.

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

Changes in Internal Controls

There has been no change in the Company's internal control over financial reporting during the three months ended December 31, 2012, 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 12 of our notes to consolidated financial statements for a discussion on litigation associated with our Voisey's Bay royalty. There was no material development to this litigation during the three months ended December 31, 2012.

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Forward-Looking Statements," and various risks faced by us are also discussed elsewhere in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q. In addition, risk factors are included in Part I, Item 1A of our Fiscal 2012 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. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

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

SIGNATURES

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

ROYAL GOLD, INC.

Date: January 31, 2013

By: /s/ Tony Jensen

Tony Jensen
President and Chief Executive Officer
(Principal Executive Officer)

Date: January 31, 2013

By: /s/ Stefan Wenger

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

**ROYAL GOLD, INC.
EXHIBIT INDEX**

Exhibit Number	Description
10.1	Intercreditor Agreement by and among RGLD Gold AG, Terrane Metals Corp. and Valiant Trust Company dated as of November 27, 2012.
10.2	Second Amending Agreement by and between RG Exchangeco Inc. and Seabridge Gold Inc. dated as of December 13, 2012.
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.

* 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.

INTERCREDITOR AGREEMENT

Intercreditor Agreement (this “Agreement”), dated as of November 27, 2012, among Valiant Trust Company (in such capacity, with its successors and assigns, and as more specifically defined below, the “Senior Debt Representative”) for the Senior Debt Secured Parties (as defined below), RGLD Gold AG, a Swiss corporation as purchaser (with its successors and assigns, the “Purchaser”) of certain refined gold from Terrane Metals Corp., a company incorporated under the laws of British Columbia, (the “Vendor”) and the Vendor.

WHEREAS, Thompson Creek Metals Company, Inc., a company incorporated under the laws of British Columbia (the “Issuer”), the subsidiary guarantors, including the Vendor, the Senior Debt Representative and certain financial institutions and other entities are parties to (i) the fifth supplemental indenture, dated as of November 27, 2012, to the indenture dated as of May 11, 2012, as supplemented by the first supplemental indenture thereto, dated as of May 11, 2012 (the “Fifth Supplemental Indenture” and the “Existing Senior Debt Agreement”) and (ii) a Canadian Collateral Agreement, dated as of November 27, 2012, pursuant to which the Issuer will issue \$350,000,000 principal amount of 9.75% senior secured notes due 2017 in the capital markets (the “Senior Secured Notes”), which Senior Secured Notes will be secured by certain liens granted by the Issuer, the subsidiary guarantors of the Issuer, including the Vendor, and any future guarantor on substantially all of the assets of the Issuer and the subsidiary guarantors, including the Vendor (whether now owned or hereafter arising or acquired), subject to certain exceptions, permitted liens and encumbrances described in the Fifth Supplemental Indenture and the other security documents referred to therein;

WHEREAS, Issuer, the Vendor, Royal Gold, Inc., a Delaware corporation (“Royal Gold”), and the Purchaser are parties to the Amended and Restated Purchase and Sale Agreement, dated as of December 14, 2011, as amended by the First Amendment thereto (the “First Amendment to the Royal Gold Purchase Agreement”), dated as of August 8, 2012 (as so amended, the “Royal Gold Purchase Agreement”), pursuant to which, among other things, (i) the Purchaser has agreed to pay the Payment Deposit (as defined below), a portion of which (A) was used by the Issuer to acquire, directly or indirectly, certain ownership interests in the Milligan Project (as defined below) and (B) has been and will be used by the Vendor in connection with the development of the Milligan Project and (ii) upon completion of the Milligan Project, the Vendor has agreed to sell to the Purchaser and the Purchaser has agreed to purchase from the Vendor, an amount of Refined Gold (as defined below) equal to the Designated Percentage of Produced Gold (as defined below).

WHEREAS, the Vendor has granted to the Senior Debt Representative security interests and liens in the Collateral (as defined below) as security for payment and performance of the Senior Debt Obligations; and

WHEREAS, the Vendor has granted to the Purchaser security interests and liens in the Collateral as security for payment and performance of the Royal Gold Obligations (as defined below).

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained and other good and valuable consideration, the existence and sufficiency of which is expressly recognized by all of the parties hereto, the parties agree as follows:

SECTION 1 . *Definitions; Rules of Construction.*

1.1 UCC and PPSA Definitions . The following terms which are defined in the UCC are used herein as so defined in respect of the Collateral to which the UCC applies: Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, Equipment, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter of Credit, Letter of Credit Rights, Records, Securities Account and Supporting Obligations. The following terms which are defined in the PPSA are used herein as so defined in respect of the Collateral to which the PPSA applies: Accounts, Chattel Paper, Documents of Title, Equipment, Fixtures, Intangibles, Goods, Instruments, Inventory, Investment Property and Money except that the term Goods shall not include “consumer goods” as defined in the PPSA.

1.2. Defined Terms . The following terms, as used herein, have the following meanings:

“ Additional Debt ” has the meaning set forth in Section 9.5(b) .

“ Additional Senior Debt Agreement ” has the meaning set forth in the definition of Senior Debt Agreement.

“ Banking Services Obligations ” means, any obligations of the Vendor, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), owed to any Senior Debt Secured Party (or any of its affiliates) in respect of the following bank services: (a) credit cards for commercial customers (including, without limitation, “commercial credit cards” and purchasing cards), (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“ Bankruptcy Code ” means the United States Bankruptcy Code (11 U.S.C. §101 et seq.), as amended from time to time.

“ Collateral ” means, collectively, all property relating to or arising out of the Milligan Project, now or hereafter owned by the Vendor or, in or to which the Vendor now or hereafter has rights, including all such rights and (as the context so admits) any item or part thereof, upon which a Lien is granted pursuant to the Security Documents.

“ Comparable Security Document ” means, in relation to any Senior Collateral subject to any Senior Security Document, that Junior Security Document that creates a security interest in the same Senior Collateral, granted by the Vendor, as applicable.

“ Designated Percentage of Produced Gold ” has the meaning set forth in the Royal Gold Purchase Agreement as in effect as of the Effective Date.

“ Effective Date ” means August 10, 2012, the effective date of the First Amendment to the Royal Gold Purchase Agreement, giving effect to the amendment of the Royal Gold Purchase Agreement.

“ Enforcement Action ” means, with respect to the Senior Debt Obligations or the Royal Gold Obligations, the exercise of any rights and remedies with respect to any Collateral securing such obligations or the commencement or prosecution of enforcement of any of the rights and remedies under, as applicable, the Senior Debt Documents or the Royal Gold Documents, or applicable law, including without limitation the exercise of any rights of set-off or recoupment, and the exercise of any rights or remedies of a secured creditor under the UCC, PPSA of any applicable jurisdiction or under any Insolvency Laws.

“ Existing Senior Debt Agreement ” has the meaning set forth in the first WHEREAS clause of this Agreement.

“ First Amendment to the Royal Gold Purchase Agreement ” has the meaning set forth in the second WHEREAS clause above.

“ Insolvency Law ” means the Bankruptcy Code, *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) and any similar statute or law or any corporate law in any jurisdiction dealing with bankruptcy, insolvency, restructuring of debts or analogous concepts, and including without limitation, the filing of an application or commencement of proceedings under provisions of the *Canada Business Corporations Act* or the *Business Corporations Act* (British Columbia) (or any successors to such statutes or comparable legislation in other jurisdictions) seeking to impose a stay of proceedings against creditors, seeking to approve or impose a plan of arrangement providing for the compromise of claims of creditors or imposing other limitations or restrictions on creditors’ rights.

“ Insolvency Proceeding ” means (a) any proceeding or filing, whether filed by or against any Note Party or its assets, seeking relief under any Insolvency Law, (b) any voluntary or involuntary appointment of a trustee, Receiver, Monitor, liquidator, custodian, sequestrator, conservator or any similar official for any Note Party or for a substantial part of the property or assets of any Note Party, (c) any voluntary or involuntary dissolution, winding-up or liquidation of any Note Party or of the business of any Note Party, or (d) a general assignment for the benefit of creditors by any Note Party or any marshalling of their assets.

“ Issuer ” has the meaning set forth in the first WHEREAS clause above.

“ Junior Collateral ” shall mean with respect to any Junior Secured Party, any Collateral on which it has a Junior Lien.

“ Junior Documents ” shall mean, collectively, with respect to any Junior Obligations, any provision pertaining to such Junior Obligation in any Note Document or any other document, instrument or certificate evidencing or delivered in connection with such Junior Obligation.

“ Junior Liens ” shall mean (a) with respect to any Senior Debt Priority Collateral, all Liens securing the Royal Gold Obligations and (b) with respect to any Royal Gold Priority Collateral, all Liens securing the Senior Debt Obligations.

“ Junior Obligations ” shall mean (a) with respect to any Senior Debt Priority Collateral, all Royal Gold Obligations and (b) with respect to any Royal Gold Priority Collateral, all Senior Debt Obligations.

“ Junior Representative ” shall mean (a) with respect to any Senior Debt Obligations or any Senior Debt Priority Collateral, the Purchaser and (b) with respect to any Royal Gold Obligations or any Royal Gold Priority Collateral, the Senior Debt Representative.

“ Junior Secured Parties ” shall mean (a) with respect to the Senior Debt Priority Collateral, the Purchaser and (b) with respect to the Royal Gold Priority Collateral, all Senior Debt Secured Parties.

“ Junior Security Documents ” shall mean with respect to any Junior Secured Party, the Security Documents that secure the Junior Obligations .

“ Lien ” means, with respect to any asset, (a) any mortgage, deed of trust, deed to secure debt, lien, pledge, hypothecation, assignment, assignation, debenture, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“ Lien Priority ” means with respect to any Lien of the Senior Debt Representative or Purchaser in the Collateral, the order of priority of such Lien specified in Section 2.1.

“ Milligan Project ” has the meaning set forth in the Royal Gold Purchase Agreement as in effect on the Agreement Effective Date.

“ Milligan Property ” has the meaning set forth in the Royal Gold Purchase Agreement as in effect on the Agreement Effective Date.

“ Monitor ” means any monitor appointed by a court in any proceedings in respect of a Note Party under the *Companies’ Creditors Arrangement Act* (Canada).

“ Note Documents ” shall mean, collectively, the Senior Debt Document and the Royal Gold Documents.

“ Note Party ” means Issuer and each direct or indirect affiliate or shareholder (or equivalent) of Issuer or any of its affiliates that is now or hereafter becomes a party to any Senior Debt Document. All references in this Agreement to any Note Party shall include such Note Party as a debtor-in-possession and any Receiver or Trustee for such Note Party or its property in any Insolvency Proceeding.

“ Payment Deposit ” has the meaning set forth in the Royal Gold Purchase Agreement as in effect on the Agreement Effective Date.

“ Person ” means any person, individual, sole proprietorship, partnership, joint venture, corporation, limited liability company, unincorporated organization, association, institution, entity, party, including any government and any political subdivision, agency or instrumentality thereof.

“ Post-Petition Interest ” means any interest or entitlement to fees or expenses or other charges that accrues after the commencement of any Insolvency Proceeding (or would accrue but for the commencement of an Insolvency Proceeding), whether or not allowed or allowable in any such Insolvency Proceeding.

“ PPSA ” means the *Personal Property Security Act* as the same may, from time to time, be in effect in the Province of British Columbia and any equivalent law of any other applicable jurisdiction.

“ Priority Collateral ” means the Senior Debt Priority Collateral or the Royal Gold Priority Collateral.

“ Proceeds ” means (a) all “proceeds,” as defined in Article 9 of the UCC or the PPSA, with respect to the Collateral, and (b) whatever is recoverable or recovered when any Collateral is sold, exchanged, collected, or disposed of, whether voluntarily or involuntarily, including, without limitation, all proceeds of any insurance policy covering the Collateral.

“ Purchaser ” has the meaning set forth in the introductory paragraph hereof.

“ Real Property ” means any right, title or interest in and to real property, including any fee interest, leasehold interest, easement, or license and any other right to use or occupy real property, including any right arising by contract.

“ Receiver ” means a receiver, a manager, a receiver and manager, or an interim receiver, whether privately appointed or appointed by court order.

“ Refined Gold ” means marketable metal bearing material in the form of gold bars or coins that is refined to a minimum 995 parts per 1,000 fine gold.

“ Royal Gold Documents ” means the Royal Gold Purchase Agreement and the Royal Gold Security Documents.

“ Royal Gold Lien ” means any Lien created by the Royal Gold Security Documents.

“ Royal Gold Obligations ” means all obligations of the Vendor and the Issuer for the performance of covenants, tasks or duties and other obligations under the Royal Gold Purchase Agreement and the Royal Gold Security Documents, including, without limitation, the delivery of Refined Gold to the Purchaser, the payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable and including return to the Purchaser of the outstanding balance of the Payment Deposit under the circumstances set forth in the Royal Gold Purchase Agreement), the development of the Milligan Project, the execution and delivery of the Mineral Offtake Agreements (as defined in the Royal Gold Purchase Agreement) in respect of gold produced from the Milligan Project, the maintenance of insurance in respect of the Milligan Project, the maintenance of the Deposit Record, and all other covenants, duties or payments of amounts, of any kind or nature, present or future, absolute or contingent, joint or several or joint and several, direct or indirect, matured or not, extended or renewed, whenever and however incurred, whether or not evidenced by any note, agreement, letter of credit agreement or other instrument, arising under, by reason of, pursuant to or otherwise in respect of the Royal Gold Purchase Agreement, any Royal Gold Security Document or any other security agreement granted by the Vendor to the Purchaser, and (as the context so admits) each and every item or part of any thereof. This term includes all principal, interest (including all interest that accrues after the commencement of, or which would have accrued but for the commencement of, any Insolvency Proceeding in accordance with and at the rate, including any late payment or default rate (under the Royal Gold Purchase Agreement and/or the Royal Gold Security Documents) to the extent lawful, specified herein or in the Royal Gold Purchase Agreement, whether or not such interest is an allowable claim in such Insolvency Proceeding), expenses, legal fees and any other sum chargeable to the Vendor under the Royal Gold Purchase Agreement, any Royal Gold Security Document or any other purchase or security agreement granted by the Vendor to the Purchaser, and (as the context so admits) each and any item or part of any thereof. To the extent any payment with respect to any Royal Gold Obligation (whether by or on behalf of the Vendor, as Proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, any Senior Debt Secured Party, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the Senior Debt Secured Parties and the Purchaser, be deemed to be reinstated and outstanding as if such payment had not occurred.

“ Royal Gold Obligations Payment Date ” means the first date on which (a) the Royal Gold Obligations (other than those that constitute Unasserted Contingent Obligations) have been indefeasibly

satisfied in full and/or otherwise fully performed under and in accordance with the Royal Gold Purchase Agreement and the Royal Gold Security Documents or (b) all Royal Gold Obligations have otherwise been terminated in accordance with the Royal Gold Purchase Agreement, and so long as the Senior Debt Obligations Payment Date shall not have occurred, the Purchaser has delivered a written notice to the Senior Debt Representative stating that the events described in clauses (a) or (b) have occurred to the satisfaction of the Purchaser.

“ Royal Gold Post-Petition Assets ” has the meaning set forth in Section 5.2(a).

“ Royal Gold Priority Collateral ” means all Collateral consisting of the Designated Percentage of Produced Gold and all proceeds thereof registered pursuant to PPSA.

“ Royal Gold Purchase Agreement ” has the meaning set forth in the second WHEREAS clause of this Agreement.

“ Royal Gold Security Documents ” means collectively, (i) the Amended and Restated Security Agreement entered into as of December 14, 2011, as amended on the Effective Date, by and between the Vendor and the Purchaser for the mining claims and leases with respect to the Milligan Project, (ii) the Amended and Restated Security Agreement entered into as of December 14, 2011, as amended on the Effective Date, by and between the Vendor and the Purchaser for all personal property of the Vendor relating to or arising out of the Milligan Project and (iii) the Amended and Restated Security Agreement entered into as of December 14, 2011, as amended on the Effective Date, by and between the Vendor and the Purchaser creating a floating charge over the real property relating to or comprising the Milligan Property.

“ Royal Gold Trigger Event ” means when a Vendor Event of Default shall have occurred and be continuing and the Purchaser shall have given a written notice to the Vendor to terminate the Royal Gold Purchase Agreement and demand the outstanding balance of the Payment Deposit, if any.

“ Secured Obligations ” shall mean the Senior Debt Obligations and the Royal Gold Obligations.

“ Secured Parties ” means the Senior Debt Secured Parties and the Purchaser.

“ Security Documents ” means, collectively, the Senior Debt Security Documents and the Royal Gold Security Documents.

“ Senior Collateral ” shall mean with respect to any Senior Secured Party, any Collateral on which it has a Senior Lien.

“ Senior Debt Agreement ” means the collective reference to (a) the Existing Senior Debt Agreement, and (b) any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any indebtedness or other financial accommodation that has at any time been incurred by the Vendor in connection with the refinancing or replacement of the Existing Senior Debt Agreement or providing for additional Senior Debt Obligations (an “ Additional Senior Debt Agreement ”) unless such agreement or instrument expressly provides that it is not intended to be and is not a Senior Debt Agreement hereunder; provided that, the Issuer shall cause the providers of any such financing (to the extent not represented by the Senior Debt Representative or any successor thereto) under such Additional Senior Debt Agreement to agree to be bound by the terms of this Agreement. Any reference to the Senior Debt Agreement hereunder shall be deemed a reference to any Senior Debt Agreement then extant.

“Senior Debt Creditors” means, collectively, the Senior Debt Representative, the “Trustee” and “Collateral Agent” (on behalf of the holders of the Senior Secured Notes) as defined in the Existing Senior Debt Agreement, the holders of the Senior Secured Notes and any other creditors in respect of any Additional Senior Debt Agreement.

“Senior Debt DIP Financing” has the meaning set forth in Section 5.2(a).

“Senior Debt Documents” means the Senior Debt Agreement, each Senior Debt Security Document, each Senior Debt Guarantee and each other “Security Document” as defined in the Senior Debt Agreement.

“Senior Debt Guarantee” means any guarantee by the Vendor of any or all of the Senior Debt Obligations.

“Senior Debt Lien” means any Lien created by the Senior Debt Security Documents.

“Senior Debt Obligations” means (a) with respect to the Existing Senior Debt Agreement, all “Secured Obligations” of each Note Party as defined in the “Collateral Agreements” referred to in the Existing Senior Debt Agreement and (b) with respect to each other Senior Debt Agreement, solely to the extent such obligations constitute Additional Debt permitted by this Agreement and the Senior Debt Representative for such Senior Debt Agreement has executed a joinder to the Senior Debt Security Documents (a copy of which has been delivered to Purchaser) acknowledging that the security interest created by the Senior Debt Security Documents is subject to this Agreement, (i) all principal of and interest (including without limitation any Post Petition Interest) and premium (if any) on all loans made pursuant to the Senior Debt Agreement or any Senior Debt DIP Financing by the Senior Debt Creditors, (ii) all reimbursement obligations (if any) and interest thereon (including without limitation any Post-Petition Interest) with respect to any letter of credit or similar instruments issued pursuant to the Senior Debt Agreement, (iii) all Swap Obligations, (iv) and all Banking Services Obligations to the extent incurred to a Senior Debt Secured Party in connection with a revolving credit agreement that constitutes Additional Debt permitted by this Agreement and (v) all guarantee obligations, indemnities, fees, expenses and other amounts payable from time to time pursuant to the Senior Debt Documents, in each case whether or not allowed or allowable in an Insolvency Proceeding. To the extent any payment with respect to any Senior Debt Obligation (whether by or on behalf of the Vendor, as Proceeds of security, enforcement of any right of setoff or otherwise) is declared to be a fraudulent conveyance or a preference in any respect, set aside or required to be paid to a debtor in possession, the Purchaser, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall, for the purposes of this Agreement and the rights and obligations of the Senior Debt Secured Parties and the Purchaser, be deemed to be reinstated and outstanding as if such payment had not occurred.

“Senior Debt Obligations Payment Date” means the first date on which (a) the Senior Debt Obligations (other than those that constitute Unasserted Contingent Obligations) have been indefeasibly paid in cash in full (or cash collateralized or defeased in accordance with the terms of the Senior Debt Documents), (b) all commitments to extend credit under the Senior Debt Documents have been terminated, (c) there are no outstanding letters of credit or similar instruments issued under the Senior Debt Documents (other than such as have been cash collateralized or defeased in accordance with the terms of the Senior Debt Documents), and (d) so long as the Royal Gold Obligations Payment Date shall not have occurred, the Senior Debt Representative has delivered a written notice to the Purchaser stating that the events described in clauses (a), (b) and (c) have occurred to the satisfaction of the Senior Debt Secured Parties.

“ Senior Debt Post-Petition Assets ” has the meaning set forth in Section 5.2(b).

“ Senior Debt Priority Collateral ” means all Collateral other than the Royal Gold Collateral.

“ Senior Debt Representative ” has the meaning set forth in the introductory paragraph hereof. In the case of any Additional Senior Debt Agreement, the Senior Debt Representative shall be the Person identified as such in such Agreement.

“ Senior Debt Secured Parties ” means the Senior Debt Representative, the Senior Debt Creditors and any other holders of the Senior Debt Obligations.

“ Senior Debt Security Documents ” means the “Security Documents” as defined in the Existing Senior Debt Agreement, and any other documents that are designated under the Senior Debt Agreement as “Senior Debt Security Documents” for purposes of this Agreement.

“ Senior Documents ” shall mean, collectively, with respect to any Senior Obligation, any provision pertaining to such Senior Obligation in any Note Document or any other document, instrument or certificate evidencing or delivered in connection with such Senior Obligation.

“ Senior Liens ” shall mean (a) with respect to the Senior Debt Priority Collateral, all Liens securing the Senior Debt Obligations and (b) with respect to the Royal Gold Priority Collateral, all Liens securing the Royal Gold Obligations.

“ Senior Obligations ” shall mean (a) with respect to any Senior Debt Priority Collateral, all Senior Debt Obligations and (b) with respect to any Royal Gold Priority Collateral, all Royal Gold Obligations.

“ Senior Obligations Payment Date ” shall mean (a) with respect to Senior Debt Obligations, the Senior Debt Obligations Payment Date and (b) with respect to any Royal Gold Obligations, the Royal Gold Obligations Payment Date.

“ Senior Representative ” shall mean (a) with respect to any Senior Debt Priority Collateral, the Senior Debt Representative and (b) with respect to any Royal Gold Priority Collateral, the Purchaser.

“ Senior Secured Parties ” shall mean (a) with respect to the Senior Debt Priority Collateral, all Senior Debt Secured Parties and (b) with respect to the Royal Gold Priority Collateral, the Purchaser.

“ Senior Security Documents ” shall mean with respect to any Senior Secured Party, the Security Documents that secure the Senior Obligations .

“ Standstill Period ” has the meaning set forth in Section 3.2(a).

“ Swap Obligations ” means, any obligations of the Vendor owed to any Senior Debt Creditor (or any of its affiliates) in respect of any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions or any and all cancellations, buy backs, reversals, terminations or assignments of any these transactions.

“ Unasserted Contingent Obligations ” shall mean, at any time, Senior Debt Obligations or Royal Gold Obligations, as applicable, for taxes, costs, indemnifications, reimbursements, damages and other

liabilities (excluding (a) the principal of, and interest and premium (if any) on, and fees and expenses relating to, any Senior Debt Obligation or Royal Gold Obligation, as applicable, and (b) with respect to Senior Debt Obligations contingent reimbursement obligations in respect of amounts that may be drawn under outstanding letters of credit) in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment (whether oral or written) has been made (and, in the case of Senior Debt Obligations or Royal Gold Obligations, as applicable, for indemnification, no notice for indemnification has been issued by the indemnitee) at such time.

“ UCC ” shall mean the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction (except to the extent that the Uniform Commercial Code or other applicable law requires that the perfection, the effect of perfection or non-perfection, the priority of Liens, or the enforcement of remedies with respect to the Collateral, be governed by the laws of another jurisdiction).

“ Vendor Event of Default ” has the meaning set forth in the Royal Gold Purchase Agreement as in effect on the Agreement Effective Date.

1.3 Rules of Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. For purposes of this Agreement, all references to the Royal Gold Purchase Agreement and Royal Gold Security Documents shall be to refer to the Royal Gold Purchase Agreement and Royal Gold Security Documents, as applicable, as in effect on the Agreement Effective Date (it being understood that to the extent such agreements are amended after the date hereof, such amendments shall be without prejudice to the rights and obligations of the parties hereunder which shall be not affected by any such amendments or waivers).

SECTION 2. *Lien Priority* .

2.1 Lien Subordination. Notwithstanding the date, manner or order of grant, attachment or perfection of any Junior Lien in respect of any Collateral or of any Senior Lien in respect of any Collateral and notwithstanding any provision of the UCC or the PPSA, any applicable law, any Security Document, any alleged or actual defect or deficiency in any of the foregoing or any other circumstance whatsoever, the Junior Representative, on behalf of each Junior Secured Party, in respect of its respective Collateral hereby agrees that:

(a) any Senior Lien in respect of such Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be and shall remain senior and prior to any Junior Lien in respect of such Collateral (whether or not such Senior Lien is subordinated to any Lien securing any other obligation); and

(b) any Junior Lien in respect of such Collateral, regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to any Senior Lien in respect of such Collateral.

2.2 Prohibition on Contesting Liens. Subject to the Lien Priority set forth herein, each of the Purchaser and the Senior Debt Representative (on behalf of the Senior Debt Secured Parties) hereby agrees, without prejudice to its rights under this Agreement, that it shall not, and hereby waives any right to:

(a) contest, or support any other Person in contesting, in any proceeding (including any Insolvency Proceeding), the priority, validity or enforceability of any Senior Lien or Junior Lien, as applicable, on such Collateral; or

(b) demand, request, plead or otherwise assert or claim the benefit of any marshalling, appraisal, valuation or similar right which it may have in respect of such Collateral or the Senior Liens or Junior Liens, as applicable, on such Collateral, except to the extent that such rights are expressly granted in this Agreement.

2.3 Nature of Obligations. The Purchaser acknowledges that a portion of the Senior Debt Obligations may represent debt that is revolving in nature and that the amount of Senior Debt Obligations that may be outstanding at any time or from time to time may be increased, reduced or repaid and, in the case of debt that is revolving in nature, subsequently reborrowed, and that the terms of the Senior Debt Obligations and any Senior Debt Agreement or any provision thereof may be waived, modified, extended, amended, restated or supplemented from time to time, and that the aggregate amount of the Senior Debt Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Purchaser and without affecting the provisions hereof. The Senior Debt Representative on behalf of itself and the other Senior Debt Secured Parties acknowledges that the amount of any Royal Gold Obligations may be increased, reduced, or repaid pursuant to the Royal Gold Purchase Agreement as in effect as of the Effective Date, and any Royal Gold Document or any provision thereof may be waived, modified, extended, amended, restated or supplemented from time to time, and that the aggregate amount of the Royal Gold Obligations may be increased pursuant to the Royal Gold Purchase Agreement as in effect as of the Effective Date, in each event, without notice to or consent by the Senior Debt Secured Parties and without affecting the provisions hereof. The Lien Priorities provided in Section 2.1 shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of either the Senior Debt Obligations or the Royal Gold Obligations, or any portion thereof.

2.4 No New Liens. (a) Until the Senior Debt Obligations Payment Date, the Purchaser shall not acquire or hold any Lien on any assets of the Vendor securing any Royal Gold Obligation which assets are not also subject to the Lien of the Senior Debt Representative under the Senior Debt Documents, subject to the Lien Priority set forth herein. If the Purchaser shall (nonetheless and in breach hereof) acquire or hold any Lien on any assets of any Note Party securing any Royal Gold Obligation which assets are not also subject to the Lien of the Senior Debt Representative under the Senior Debt Documents, subject to the Lien Priority set forth herein, then the Purchaser shall, notwithstanding anything to the contrary in any other Royal Gold Document, be deemed to also hold and have held such lien for the benefit of the Senior Debt Representative as security for the Senior Debt Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify the Senior Debt Representative in writing of the existence of such Lien.

(b) Until the Royal Gold Obligations Payment Date, no Senior Debt Secured Party shall acquire or hold any Lien on any assets of the Vendor securing any Senior Debt Obligation which assets are not also subject to a Lien under the Royal Gold Documents, subject to the Lien Priority set forth herein. If any Senior Debt Secured Party shall (nonetheless and in breach hereof) acquire or hold any Lien on any assets of any Note Party securing any Senior Debt Obligation which assets are not also subject to a Lien under the Royal Gold Documents, subject to the Lien Priority set forth herein, then the Senior Debt Representative (or the relevant Senior Debt Secured Party) shall, without the need for any further consent of any other Senior Debt Secured Party and notwithstanding anything to the contrary in any other Senior Debt Document be deemed to also hold and have held such lien for the benefit of the Purchaser as security for the Royal Gold Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify the Purchaser in writing of the existence of such Lien.

2.5 Separate Grants of Security. Each Secured Party acknowledges and agrees that the grants of Liens pursuant to the Senior Debt Security Documents and the Royal Gold Security Documents constitute two separate and distinct grants of Liens. If it is held that the claims of the Senior Debt Secured Parties and the Purchaser in respect of the Collateral constitute claims in the same class, then the Senior Debt Secured Parties and the Purchaser hereby acknowledge and agree that all distributions shall be made as if there were separate classes of Senior Debt Obligation claims and Royal Gold Obligation claims against the Vendor (with the effect being that, to the extent that the aggregate value of the Senior Debt Priority Collateral or Royal Gold Priority Collateral is sufficient (for this purpose ignoring all claims held by the other Secured Parties), the Senior Debt Secured Parties or the Purchaser, respectively, shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of Post-Petition Interest that are available from each pool of Priority Collateral for each of the Senior Debt Secured Parties and the Purchaser, respectively, before any distribution is made in respect of the claims held by the other Secured Parties, with the other Secured Parties hereby acknowledging and agreeing to turn over to the respective other Secured Parties amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the aggregate recoveries). The Purchaser further agrees that it will not support or vote in favor of any plan or similar arrangement (and shall be deemed to have voted to reject any plan or similar arrangement) that involves the Issuer and/or some or all of its affiliates and subsidiaries, including the Vendor, unless such plan, arrangement, liquidation, reorganization, proposal, compromise or similar arrangement pursuant to or relating to any Insolvency Proceeding (a “Plan”) (a) pays off, in immediately available funds, all Senior Debt Obligations or (b) is accepted by the Senior Debt Creditors voting thereon or (c) is supported by the Senior Debt Representative for the Senior Debt Creditors and the Senior Debt Representative for the Senior Debt Creditors so advises the Purchaser in writing (a “Senior Supported Plan”). In the event that the Plan is supported by the Senior Debt Representative and the Senior Debt Representative has so advised the Purchaser in writing, the Purchaser shall vote in favor of such Senior Supported Plan so long as (i) in the event a Royal Gold Trigger Event has not occurred, the Plan provides that the rights of the Purchaser and the obligations of the Vendor under the Royal Gold Purchase Agreement and the Royal Gold Security Documents (whether such obligations are to be performed by the Vendor or a designee or other successor of the Vendor reasonably acceptable to Purchaser) are preserved in all material respects or (ii) in the event a Royal Gold Trigger Event has occurred, the Plan provides for the Purchaser receiving (A) all Royal Gold Priority Collateral (which, for greater certainty, the Purchaser has not already received) calculated and determined as at the date the Plan becomes effective in accordance with its terms or the equivalent value thereof in cash, and (B) without duplication, cash equal to the value of the Royal Gold Liens on all Collateral on the date set in the Insolvency Proceedings as the date for proving and valuing claims generally.

2.6 Agreements Regarding Actions to Perfect Liens. (a) The Purchaser agrees that all mortgages, debentures, deeds of trust, deeds and similar instruments (collectively, “mortgages”) now or hereafter filed against Real Property in favor of or for the benefit of the Purchaser shall contain the following notation: “The lien created by this mortgage on the property described herein is junior and subordinate to the lien on such property created by any mortgage, deed of trust or similar instrument now or hereafter granted to Valiant Trust Company, as Senior Debt Representative, in accordance with the provisions of the Intercreditor Agreement dated as of November 27, 2012, as amended from time to time.”

(b) Each of the Senior Debt Representative and the Purchaser hereby acknowledges that, to the extent that it holds, or a third party holds on its behalf, physical possession of or “control” (as defined in the UCC and the PPSA) over Collateral pursuant to the Senior Debt Security Documents or the Royal Gold Security Documents, as applicable, such possession or control is also for the benefit of the Purchaser or the Senior Debt Representative and the other Senior Debt Secured Parties, as applicable, solely to the extent required to perfect their security interest in such Collateral. Nothing in the preceding sentence shall be construed to impose any duty on the Senior Debt Representative or the Purchaser (or any third party acting on either such Person’s behalf) with respect to such Collateral or provide the Purchaser, the Senior Debt Representative or any other Senior Debt Secured Party, as applicable, with any rights with respect to such Collateral beyond those specified in this Agreement, the Senior Debt Security Documents and the Royal Gold Security Documents, as applicable, provided that subsequent to the occurrence of the Senior Debt Obligations Payment Date (so long as the Royal Gold Obligations Payment Date shall not have occurred), the Senior Debt Representative shall (i) deliver to the Purchaser, at the Vendor’s sole cost and expense, the Collateral in its possession or control together with any necessary endorsements to the extent required by the Royal Gold Documents or (ii) direct and deliver such Collateral as a court of competent jurisdiction otherwise directs; provided, further, that subsequent to the occurrence of the Royal Gold Obligations Payment Date (so long as the Senior Debt Obligations Payment Date shall not have occurred), the Purchaser shall (i) deliver to the Senior Debt Representative, at the Vendor’s sole cost and expense, the Collateral in its possession or control together with any necessary endorsements to the extent required by the Senior Debt Documents or (ii) direct and deliver such Collateral as a court of competent jurisdiction otherwise directs; provided, further, that (i) prior to the occurrence of the Royal Gold Obligations Payment Date, upon the request of the Purchaser, the Senior Debt Representative shall turn over to the Purchaser any Royal Gold Priority Collateral of which it has physical possession, and (ii) prior to the occurrence of the Senior Debt Obligations Payment Date, upon the request of the Senior Debt Representative, the Purchaser shall turn over to the Senior Debt Representative any Senior Debt Priority Collateral of which it has physical possession. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the Senior Debt Secured Parties and the Purchaser and shall not impose on the Senior Debt Secured Parties or the Purchaser any obligations in respect of the disposition of any Collateral (or any proceeds thereof) that would conflict with prior perfected Liens or any claims thereon in favor of any other Person that is not a Secured Party.

SECTION 3. *Enforcement Rights.*

3.1 Exclusive Enforcement. Until the Senior Obligations Payment Date has occurred, whether or not an Insolvency Proceeding has been commenced by or against the Vendor, the Senior Secured Parties shall have the exclusive right to take and continue any Enforcement Action (including the right to credit bid their debt) with respect to the Senior Collateral, without any consultation with or consent of any Junior Secured Party, but subject to Section 3.2(b) and Section 4.1 and the provisos set forth in Section 3.2(a) and Section 5.1. Upon the occurrence and during the continuance of a default or an event of default under the Senior Documents but subject to the terms and conditions of the Senior Documents, the Senior Representative and the other Senior Secured Parties may take and continue any

Enforcement Action with respect to the Senior Obligations and the Senior Collateral in such order and manner as they may determine in their sole discretion.

3.2 Standstill and Waivers. (a) Each Junior Representative, on behalf of itself and the other Junior Secured Parties, agrees that, until the Senior Obligations Payment Date has occurred, but subject to the proviso set forth in Section 5.1 :

(i) they will not take or cause to be taken any action, the purpose or effect of which is to make any Lien on any Senior Collateral that secures any Junior Obligation pari passu with or senior to, or to give any Junior Secured Party any preference or priority relative to, the Liens on the Senior Collateral securing the Senior Obligations;

(ii) they will not contest, oppose, object to, interfere with, hinder or delay, in any manner, whether by judicial proceedings (including without limitation the filing of an Insolvency Proceeding) or otherwise, any foreclosure, sale, lease, exchange, transfer or other disposition of the Senior Collateral by any Senior Secured Party or any other Enforcement Action taken (or any forbearance from taking any Enforcement Action) in respect of the Senior Collateral by or on behalf of any Senior Secured Party;

(iii) they have no right to (x) direct either the Senior Representative or any other Senior Secured Party to exercise any right, remedy or power with respect to the Senior Collateral or pursuant to the Senior Security Documents in respect of the Senior Collateral or (y) consent or object to the exercise by the Senior Representative or any other Senior Secured Party of any right, remedy or power with respect to the Senior Collateral or pursuant to the Senior Security Documents with respect to the Senior Collateral or to the timing or manner in which any such right is exercised or not exercised (or, to the extent they may have any such right described in this clause (iii), whether as a junior lien creditor in respect of the Senior Collateral or otherwise, they hereby irrevocably waive such right);

(iv) they will not institute any suit or other proceeding or assert in any suit, Insolvency Proceeding or other proceeding any claim against any Senior Secured Party seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to, and no Senior Secured Party shall be liable for, any action taken or omitted to be taken by any Senior Secured Party with respect to the Senior Collateral or pursuant to the Senior Documents in respect of the Senior Collateral;

(v) they will not commence judicial or nonjudicial foreclosure proceedings with respect to, seek to have a trustee, receiver, liquidator or similar official appointed for or over, attempt any action to take possession of any Senior Collateral, exercise any right, remedy or power with respect to, or otherwise take any action to enforce their interest in or realize upon, the Senior Collateral; and

(vi) they will not seek, and hereby waive any right, to have the Senior Collateral or any part thereof marshaled upon any foreclosure or other disposition of the Senior Collateral.

provided that, notwithstanding the foregoing, the Purchaser may exercise its rights and remedies in respect of the Collateral under the Royal Gold Security Documents or applicable law after the passage of a period of 120 days (the “Standstill Period”) from the date of delivery of a notice in writing to the Senior Debt Representative of its intention to exercise such rights and remedies, which notice may only be delivered following the occurrence of a Royal Gold Trigger Event; provided, further, however, that,

notwithstanding the foregoing, in no event shall the Purchaser exercise or continue to exercise any such rights or remedies if, notwithstanding the expiration of the Standstill Period, (i) the Senior Debt Representative shall have commenced and be diligently pursuing the exercise of any of its rights and remedies with respect to all or any material portion of the Collateral (prompt notice of such exercise to be given to the Purchaser), (ii) there is a stay or prohibition against the Senior Debt Representative's exercise of any of its rights and remedies with respect to all or material portion of the Collateral and the Senior Debt Representative shall be diligently attempting in good faith to vacate such stay or prohibition, or (iii) an Insolvency Proceeding in respect of the Vendor shall have been commenced and the Senior Debt Representative is continuing to monitor and taking other reasonable actions as are necessary to diligently pursue and protect its rights and interest in such Insolvency Proceeding; and provided, further, that (x) in any Insolvency Proceeding commenced by or against the Vendor, the Purchaser may take any action expressly permitted by Section 5 and (y) the Purchaser may, prior to a Royal Gold Trigger Event, seek remedies intended to ensure performance by the Vendor of its obligations under the Royal Gold Purchase Agreement so long as such remedies do not involve the appointment of a Receiver or similar Person with respect to the Vendor or any Collateral or do not involve any Enforcement Action with respect to the Collateral or any sale, foreclosure, restriction or limitation on the Collateral or otherwise impair or interfere with the rights of the Senior Secured Parties under the Senior Debt Documents or this Agreement (it being understood that in no event may the Purchaser exercise remedies as a "secured party" in violation of this Agreement).

(b) Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall prevent the Senior Debt Representative, on behalf of itself and the other Senior Debt Secured Parties, in an Insolvency Proceeding or otherwise, from commencing, taking and continuing any Enforcement Action against all Collateral; provided that, any sale or disposition of the Royal Gold Priority Collateral pursuant to such Enforcement Action shall be in accordance with the requirements set forth in Section 4.1(a)(i) and the proceeds thereof shall be distributed in the order set forth in Section 4.1(a)(ii).

3.3 Judgment Creditors. In the event that the Purchaser becomes a judgment lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor, such judgment lien shall be subject to the terms of this Agreement for all purposes (including in relation to the Senior Debt Liens and the Senior Debt Obligations) to the same extent as all other Liens securing the Royal Gold Obligations are subject to the terms of this Agreement. In the event that any Senior Debt Secured Party becomes a judgment lien creditor in respect of Collateral as a result of its enforcement of its rights as an unsecured creditor, such judgment lien shall be subject to the terms of this Agreement for all purposes (including in relation to the Royal Gold Liens and the Royal Gold Obligations) to the same extent as all other Liens securing the Senior Debt Obligations are subject to the terms of this Agreement.

3.4 Cooperation. The Purchaser agrees that it shall take such actions as the Senior Debt Representative shall request in connection with the exercise by the Senior Debt Secured Parties of their rights set forth herein in respect of the Senior Debt Priority Collateral. The Senior Debt Representative, on behalf of itself and the other Senior Debt Secured Parties, agrees that each of them shall take such actions as the Purchaser shall request in connection with the exercise by the Purchaser of their rights set forth herein in respect of the Royal Gold Priority Collateral.

3.5 No Additional Rights For the Vendor Hereunder. Except as provided in Section 3.6 hereof, if any Senior Debt Secured Party or the Purchaser shall enforce its rights or remedies in violation of the terms of this Agreement, the Vendor shall not be entitled to use such violation as a defense to any action by any Senior Debt Secured Party or the Purchaser, nor to assert such violation as a counterclaim or basis for set off or recoupment against any Senior Debt Secured Party or the Purchaser.

3.6 Actions Upon Breach. (a) If any Senior Debt Secured Party or the Purchaser, contrary to this Agreement, commences or participates in any action or proceeding against the Vendor or the Collateral, the Vendor, with the prior written consent of the Senior Debt Representative or the Purchaser, as applicable, may interpose as a defense or dilatory plea the making of this Agreement, and any Senior Debt Secured Party or the Purchaser, as applicable, may intervene and interpose such defense or plea in its or their name or in the name of such Note Party.

(b) Should any Senior Debt Secured Party or the Purchaser, contrary to this Agreement, in any way take, attempt to or threaten to take any action with respect to the Collateral (including, without limitation, any attempt to realize upon or enforce any remedy with respect to this Agreement), or fail to take any action required by this Agreement, any Senior Debt Secured Party or the Purchaser (in its own name or in the name of the relevant Note Party), as applicable, or the relevant Note Party, may obtain relief against such Senior Debt Secured Party or the Purchaser, as applicable, by injunction, specific performance and/or other appropriate equitable relief, it being understood and agreed by each of the Senior Debt Representative on behalf of each Senior Debt Secured Party and the Purchaser that (i) the Senior Debt Secured Parties' or Purchaser', as applicable, damages from its actions may at that time be difficult to ascertain and may be irreparable, and (ii) the Purchaser or Senior Debt Secured Party, as applicable, waives any defense that the Vendor and/or the Purchaser and/or Senior Debt Secured Parties, as applicable, cannot demonstrate damage and/or be made whole by the awarding of damages.

SECTION 4. *Application of Proceeds of Senior Collateral; Dispositions and Releases of Lien; Notices and Insurance.*

4.1 Disposition and Application of Proceeds.

(a) Disposition and Application of Proceeds of Senior Collateral.

(i) Prior to the occurrence of a Royal Gold Trigger Event, the Purchaser agrees that it will not oppose any sale or disposition of any Collateral consented or made by the Senior Debt Representative so long as (A) the transferee pursuant to such sale or disposition agrees in writing that (x) such transferee's interests in the Collateral are subject to the rights of the Purchaser under the Royal Gold Purchase Agreement and the liens granted pursuant to the Royal Gold Security Documents and (y) such transferee acknowledges and agrees to the terms of this Agreement and (B) such sale or disposition does not result in a breach of the obligations of the Vendor under the Royal Gold Purchase Agreement. The Purchaser further agrees that prior to the Royal Gold Trigger Event, the Purchaser shall not sell or dispose of, in whole or in part, its interests in or rights under the Royal Gold Purchase Agreement, including the Royal Gold Priority Collateral, or release the Royal Gold Lien in connection with such sale or disposal, unless the transferee pursuant to such sale or disposition shall acknowledge and agree to the terms of this Agreement, it being understood and agreed by the parties hereto that the Purchaser or any affiliate of the Purchaser may sell, transfer or otherwise dispose of Refined Gold (not obtained as a result of an Enforcement Action, unless the Senior Debt Representative shall agree to such further sale, transfer or disposition) in the ordinary course without any further action or agreement by the transferee of such Refined Gold, which sale, transfer or other disposition shall be made free and clear of all liens or other encumbrances arising under the Royal Gold Documents or the Senior Debt Documents. The Senior Debt Secured Parties agree that transferees of their interests shall be bound by the terms of this Agreement as a result of the execution of this Agreement by the Senior Debt Representative on their behalf.

(ii) After the occurrence of a Royal Gold Trigger Event, the Senior Representative and Junior Representative hereby agree that all Senior Collateral, and all Proceeds thereof, received by either of them in connection with the collection, sale or disposition of Senior Collateral shall be applied:

first, to the payment of costs and expenses (including reasonable attorneys' fees and expenses and court costs) of the Senior Representative in connection with such Enforcement Action,

second, to the payment of the Senior Obligations in accordance with the Senior Documents until the Senior Obligations Payment Date,

third, to the payment of the Junior Obligations in accordance with the Junior Documents, and

fourth, the balance, if any, to the Vendor or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

(b) Limited Obligation or Liability. In exercising remedies, whether as a secured creditor or otherwise, the Senior Representative shall have no obligation or liability to the Junior Representative or to any Junior Secured Party, regarding the adequacy of any Proceeds or for any action or omission, save and except solely for an action or omission that breaches the express obligations undertaken by each party under the terms of this Agreement.

(c) Segregation of Collateral. Until the occurrence of the Senior Obligations Payment Date, any Senior Collateral that may be received by any Junior Secured Party in violation of this Agreement shall be segregated and held in trust and promptly paid over to the Senior Representative, for the benefit of the Senior Secured Parties, in the same form as received, with any necessary endorsements, and each Junior Secured Party hereby authorizes the Senior Representative to make any such endorsements as agent for the Junior Representative (which authorization, being coupled with an interest, is irrevocable).

4.2 Releases of Liens. (a) (i) Upon any release, sale or disposition of Senior Debt Priority Collateral permitted pursuant to the terms of the Senior Debt Documents that results in the release of the Senior Debt Lien (other than release of the Senior Debt Lien due to the occurrence of the Senior Debt Obligations Payment Date, and any release of the Senior Debt Lien after the occurrence and during the continuance of any event of default under the Royal Gold Purchase Agreement) on any Senior Debt Priority Collateral, the Royal Gold Lien on such Senior Debt Priority Collateral (excluding any portion of the proceeds of such Senior Debt Priority Collateral remaining after the Senior Debt Obligations Payment Date occurs) shall be automatically and unconditionally released with no further consent or action of any Person so long as such release, sale or disposition of Senior Debt Priority Collateral is permitted pursuant to the terms of the Royal Gold Documents.

(ii) Upon any release, sale or disposition of Senior Debt Priority Collateral pursuant to any Enforcement Action that results in the release of the Senior Debt Lien (other than release of the Senior Debt Lien due to the occurrence of the Senior Debt Obligations Payment Date) on any Senior Debt Priority Collateral pursuant to any Enforcement Action, the Royal Gold Lien on such Senior Debt Priority Collateral (excluding any portion of the proceeds of such Senior Debt Priority Collateral remaining after the Senior Debt Obligations Payment Date occurs) shall be automatically and unconditionally released with no further consent or action of any Person so long as the proceeds of such Senior Debt Priority Collateral are applied in accordance with Section 4.1(a) (with, in the case of Senior Debt Obligations consisting of debt of a revolving nature, a corresponding permanent reduction in the commitments thereto).

(iii) The Purchaser shall promptly execute and deliver such release documents and instruments and shall take such further actions as the Senior Debt Representative shall request in writing

to evidence any release of the Royal Gold Lien described herein. The Purchaser hereby appoints the Senior Debt Representative and any officer or duly authorized person of the Senior Debt Representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power of attorney in the place and stead of the Purchaser and in the name of the Purchaser or in the Senior Debt Representative's own name, from time to time, in the Senior Debt Representative's sole discretion, for the purposes of carrying out the terms of this Section 4.2, to take any and all appropriate action and to execute and deliver any and all documents and instruments as may be necessary or desirable to accomplish the purposes of this Section 4.2, including, without limitation, any financing statements, endorsements, assignments, releases or other documents or instruments of transfer (which appointment, being coupled with an interest, is irrevocable).

(b) (i) Subject to the next succeeding sentence, upon any release, sale or disposition of Royal Gold Priority Collateral permitted pursuant to the terms of the Royal Gold Documents that results in the release of the Royal Gold Lien (other than release of the Royal Gold Lien due to the occurrence of the Royal Gold Obligations Payment Date, and any release of the Royal Gold Lien after the occurrence and during the continuance of any event of default under the Senior Debt Agreement) on any Royal Gold Priority Collateral, the Senior Debt Lien on such Royal Gold Priority Collateral (excluding any portion of the proceeds of such Royal Gold Priority Collateral remaining after the Royal Gold Obligations Payment Date occurs) shall be automatically and unconditionally released with no further consent or action of any Person so long as such release, sale or disposition of Royal Gold Priority Collateral is permitted pursuant to the terms of the Senior Debt Documents. Notwithstanding the foregoing, any sale, release or disposition of Royal Gold Priority Collateral prior to the Royal Gold Trigger Event, shall be subject to the requirements set forth in Section 4.1(a)(i).

(ii) Upon any release, sale or disposition of Royal Gold Priority Collateral pursuant to any Enforcement Action that results in the release of the Royal Gold Lien (other than release of the Royal Gold Lien due to the occurrence of the Royal Gold Obligations Payment Date) on any Royal Gold Priority Collateral pursuant to any Enforcement Action, the Senior Debt Lien on such Royal Gold Priority Collateral (excluding any portion of the proceeds of such Royal Gold Priority Collateral remaining after the Royal Gold Obligations Payment Date occurs) shall be automatically and unconditionally released with no further consent or action of any Person so long as the proceeds of such Royal Gold Priority Collateral are applied in accordance with Section 4.1(a) (with, in the case of Royal Gold Obligations consisting of debt of a revolving nature, a corresponding permanent reduction in the commitments thereto).

(iii) The Senior Debt Representative shall promptly execute and deliver such release documents and instruments and shall take such further actions as the Purchaser shall request in writing to evidence any release of the Senior Debt Lien described herein. The Senior Debt Representative hereby appoints the Purchaser and any officer or duly authorized person of the Purchaser, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power of attorney in the place and stead of the Senior Debt Representative and in the name of the Senior Debt Representative or in the Purchaser's own name, from time to time, in the Purchaser's sole discretion, for the purposes of carrying out the terms of this Section 4.2, to take any and all appropriate action and to execute and deliver any and all documents and instruments as may be necessary or desirable to accomplish the purposes of this Section 4.2, including, without limitation, any financing statements, endorsements, assignments, releases or other documents or instruments of transfer (which appointment, being coupled with an interest, is irrevocable).

4.3 Certain Real Property Notices; Insurance. (a) The Senior Debt Representative shall give the Purchaser at least 30 days notice prior to commencing any Enforcement Action against any Real

Property owned by the Vendor at which Royal Gold Priority Collateral is stored or otherwise located or to dispossess any Note Party from such Real Property.

(b) Proceeds of Collateral include insurance proceeds and therefore the Lien Priority shall govern the ultimate disposition of casualty insurance proceeds. The Senior Debt Representative and Purchaser shall be named as additional insureds and loss payees with respect to all insurance policies relating to Collateral. The Senior Debt Representative shall have the sole and exclusive right, as against the Purchaser, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of Senior Debt Priority Collateral. The Purchaser shall have the sole and exclusive right, as against the Senior Debt Representative, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of Royal Gold Priority Collateral. All proceeds of such insurance shall be remitted to the Senior Debt Representative or the Purchaser, as the case may be, and each of the Purchaser and Senior Debt Representative shall cooperate (if necessary) in a reasonable manner in effecting the payment of insurance proceeds in accordance with Section 4.1.

SECTION 5 . *Insolvency Proceedings.*

5.1 Filing of Motions. Subject to Section 3.2(b), until the Senior Obligations Payment Date has occurred, the Junior Representative agrees on behalf of itself and the other Junior Secured Parties that no Junior Secured Party shall, in or in connection with any Insolvency Proceeding, file any pleadings or motions, take any position at any hearing or proceeding of any nature, or otherwise take any action whatsoever, in each case in respect of any of the Senior Collateral, including, without limitation, with respect to the determination of any Liens or claims held by the Senior Representative (including the validity and enforceability thereof) or any other Senior Secured Party in respect of any Senior Collateral or the value of any claims of such parties under Section 506(a) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law; provided that the Junior Representative may (i) file a proof of claim in an Insolvency Proceeding, (ii) file any necessary or appropriate responsive or defensive pleadings in opposition of any motion or other pleadings made by any Person objecting to or otherwise seeking the disallowance or subordination, in whole or in part, of its claims, subject to the limitations contained in this Agreement, and (iii) take any other action with the consent of the Senior Representative.

5.2 Financing Matters. (a) If the Vendor becomes subject to any Insolvency Proceeding at any time prior to the Senior Debt Obligations Payment Date, and if the Senior Debt Representative or the other Senior Debt Secured Parties desire to consent (or not object) to the use of cash collateral under any Insolvency Law, to the extent applicable or to provide financing to the Vendor under applicable Insolvency Laws or to consent (or not object) to the provision of such financing to any Note Party by any third party (any such financing, “Senior Debt DIP Financing”), then the Purchaser agrees that the Purchaser (i) (x) will consent and (and will be deemed hereunder to have consented) to, will raise no objection to, nor support any other Person objecting to, the use of such cash collateral or to such Senior Debt DIP Financing on the grounds of a failure to provide “adequate protection” for the Royal Gold Lien on the Collateral to secure the Royal Gold Obligations or on any other grounds and (y) will not request any adequate protection, to the extent applicable in subject Insolvency Proceeding, solely as a result of such Senior Debt DIP Financing except, to the extent applicable, as set forth in Section 5.4 below and (ii) will subordinate (and will be deemed hereunder to have subordinated) the Royal Gold Liens on any Senior Debt Priority Collateral (A) to such Senior Debt DIP Financing on the same terms as the Senior Debt Liens are subordinated thereto (and such subordination will not alter in any manner the terms of this Agreement), (B) to any adequate protection provided to the Senior Debt Secured Parties, (C) to any “carve-out” agreed to by the Senior Debt Representative or the other Senior Debt Secured Parties and (D) to any court-ordered charge ranking senior to the Senior Debt Liens agreed to by the Senior Debt Representative or other Senior Debt Parties, so long as (x) the Purchaser retains its Lien on the Collateral

to secure the Royal Gold Obligations (in each case, including Proceeds thereof arising after the commencement of the Insolvency Proceeding) and, as to the Royal Gold Priority Collateral only, such Lien has the same priority as existed prior to the commencement of the case under applicable Insolvency Law and any Lien securing such Senior Debt DIP Financing is junior and subordinate to the Lien of the Purchaser on the Royal Gold Priority Collateral, (y) all Liens on Senior Debt Priority Collateral securing any such Senior Debt DIP Financing shall be senior to or on a parity with the Liens of the Senior Debt Representative and the Senior Debt Lenders securing the Senior Debt Obligations on Senior Debt Priority Collateral and (z) if the Senior Debt Representative receives a replacement or adequate protection Lien on post-petition assets of the debtor to secure the Senior Debt Obligations, and such replacement or adequate protection Lien is on any of the Royal Gold Priority Collateral, (1) such replacement or adequate protection Lien on such post-petition assets which are part of the Royal Gold Priority Collateral (the “Royal Gold Post-Petition Assets”) is junior and subordinate to the Lien in favor of the Purchaser on the Royal Gold Priority Collateral and (2) the Purchaser also receives a replacement or adequate protection Lien on such Royal Gold Post-Petition Assets of the debtor to secure the Royal Gold Obligations. In no event will any of the Senior Debt Secured Parties seek to obtain a priming Lien to secure any Senior Debt DIP Financing on any of the Royal Gold Priority Collateral and nothing contained herein shall be deemed to be a consent by the Purchaser to any adequate protection payments using Royal Gold Priority Collateral. Without prejudice to the rights of the Purchaser under this Agreement, the Senior Debt Representative may seek the appointment of a Receiver by the court over all of the Collateral (including all or any part of the Royal Gold Priority Collateral) and propose to the court that it grant the Receiver priming liens over all such Collateral for funding the costs of the receivership as is customary in Canadian receivership proceedings; provided, however, the Senior Debt Representative will not commence any Insolvency Proceeding for the appointment of a Receiver by a court with less notice to the Purchaser than is required by the applicable rules of court procedure, unless (i) the Senior Debt Representative reasonably determines that such an action is necessary to preserve and/or protect such Collateral from immediate damage or significant diminution in value and (ii) the Senior Debt Representative provides the Purchaser with no less than three (3) business day’s prior written notice of the hearing of the application to the court, to the extent possible; provided, however, that the Senior Debt Representative will not have any personal liability to the Purchaser for failure to provide the Purchaser with such prior written notice. The immediately forgoing sentence is not intended and shall not be construed as a waiver by the Purchaser of any statutory right to receive earlier notice from the Senior Debt Representative or other Person in connection with the appointment of a Receiver or an application to the court for the appointment of a Receiver. In no event shall the Purchaser sell or obtain a priming lien on any Senior Debt Priority Collateral in any Insolvency Proceedings or otherwise. Notwithstanding the granting of any priming liens by a court in favor of a Receiver over such Collateral, all rights and obligations of the Purchaser and the Senior Debt Representative are intended to be and shall be deemed to be subject to the Lien Priority and other terms and conditions of this Agreement.

(b) All Liens granted to the Purchaser or the Senior Debt Representative in any Insolvency Proceeding, whether as adequate protection or otherwise, are intended to be and shall be deemed to be subject to the Lien Priority and the other terms and conditions of this Agreement.

5.3 Relief from the Automatic Stay. Until the Senior Debt Obligations Payment Date, the Purchaser agrees, that it will not seek relief from the automatic stay or from any other stay in any Insolvency Proceeding or take any action in derogation thereof, in each case in respect of any Senior Debt Priority Collateral, without the prior written consent of the Senior Debt Representative. Until the Royal Gold Obligations Payment Date, the Senior Debt Representative agrees, on behalf of itself and the other Senior Debt Secured Parties, that none of them will seek relief from the automatic stay or from any other stay in any Insolvency Proceeding or take any action in derogation thereof, in each case in respect of any

Royal Gold Priority Collateral, without the prior written consent of the Purchaser. In addition, neither the Purchaser nor the Senior Debt Representative shall seek any relief from the automatic stay with respect to any Collateral without providing 30 days' prior written notice to the other, unless otherwise agreed by both the Senior Debt Representative and the Purchaser.

5.4 Adequate Protection. (a) The Purchaser agrees that, prior to the Senior Debt Obligations Payment Date, so long as the Senior Debt Representative and the other Senior Debt Secured Parties comply with Section 5.4(b), it shall not object, contest, or support any other Person objecting to or contesting, (i) any request by the Senior Debt Representative or the other Senior Debt Secured Parties for adequate protection of its interest in the Collateral or any adequate protection provided to the Senior Debt Representative or the other Senior Debt Secured Parties or (ii) any objection by the Senior Debt Representative or any other Senior Debt Secured Parties to any motion, relief, action or proceeding based on a claim of a lack of adequate protection in the Collateral or (iii) the payment of interest, fees, expenses or other amounts to the Senior Debt Representative or any other Senior Debt Secured Party under Section 506(b) or 506(c) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law; provided that any action described in the foregoing clauses (i) and (ii) does not violate Section 5.2. The Purchaser, further agrees that, prior to the Senior Debt Obligations Payment Date, none of them shall assert or enforce any claim under Section 506(b) or 506(c) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law that is senior to or on a parity with the Senior Debt Liens for costs or expenses of preserving or disposing of any Senior Debt Priority Collateral. Notwithstanding anything to the contrary set forth in this Section and in Section 5.2(a)(i)(y), but subject to all other provisions of this Agreement (including, without limitation, Section 5.2(a)(i)(x) and Section 5.3), in any Insolvency Proceeding, if the Senior Debt Secured Parties (or any subset thereof) are granted adequate protection consisting of additional collateral that constitutes Senior Debt Priority Collateral (with replacement liens on such additional collateral) and superpriority claims in connection with any Senior Debt DIP Financing or use of cash collateral, and the Senior Debt Secured Parties do not object to the adequate protection being provided to them, then in connection with any such Senior Debt DIP Financing or use of cash collateral the Purchaser, may, as adequate protection of their interests in the Senior Debt Priority Collateral, seek or accept (and the Senior Debt Representative and the Senior Debt Secured Parties shall not object to) adequate protection consisting solely of (x) a replacement Lien on the same additional collateral, subordinated to the Liens securing the Senior Debt Obligations and such Senior Debt DIP Financing on the same basis as the other Royal Gold Liens on the Senior Debt Priority Collateral are so subordinated to the Senior Debt Obligations under this Agreement and (y) superpriority claims junior in all respects to the superpriority claims granted to the Senior Debt Secured Parties, provided, however, that the Purchaser shall have irrevocably agreed, pursuant to Section 1129(a)(9) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law in any stipulation and/or order granting such adequate protection, that such junior superpriority claims may be paid under any plan of reorganization in any combination of cash, debt, equity or other property having a value on the effective date of such plan equal to the allowed amount of such claims.

(b) The Senior Debt Representative, on behalf of itself and the other Senior Debt Secured Parties, agrees that, prior to the Royal Gold Obligations Payment Date, so long as the Purchaser complies with Section 5.4(a), none of them shall object, contest, or support any other Person objecting to or contesting, (i) any request by the Purchaser for adequate protection of its interest in the Collateral or any adequate protection provided to the Purchaser or (ii) any objection by the Purchaser to any motion, relief, action or proceeding based on a claim of a lack of adequate protection in the Collateral or (iii) the payment of interest, fees, expenses or other amounts to the Purchaser under Section 506(b) or 506(c) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law; provided that any action described in the foregoing clauses (i) and (ii) does not violate Section 5.2. The Senior Debt

Representative, on behalf of itself and the other Senior Debt Secured Parties, further agrees that, prior to the Royal Gold Obligations Payment Date, none of them shall assert or enforce any claim under Section 506(b) or 506(c) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law that is senior to or on a parity with the Royal Gold Liens for costs or expenses of preserving or disposing of any Royal Gold Priority Collateral. Notwithstanding anything to the contrary set forth in this Section and in Section 5.2(b)(i)(y), but subject to all other provisions of this Agreement (including, without limitation, Section 5.2(b)(i)(x) and Section 5.3), in any Insolvency Proceeding, if the Purchaser is granted adequate protection consisting of additional collateral that constitutes Royal Gold Priority Collateral (with replacement liens on such additional collateral) and superpriority claims in connection with any DIP Financing or use of cash collateral, and the Purchaser does not object to the adequate protection being provided to it, then in connection with any such DIP Financing or use of cash collateral the Senior Debt Representative, on behalf of itself and any of the Senior Debt Secured Parties, may, as adequate protection of their interests in the Royal Gold Priority Collateral, seek or accept (and the Purchaser shall not object to) adequate protection consisting solely of (x) a replacement Lien on the same additional collateral, subordinated to the Liens securing the Royal Gold Obligations on the same basis as the other Senior Debt Liens on the Royal Gold Priority Collateral are so subordinated to the Royal Gold Obligations under this Agreement and (y) superpriority claims junior in all respects to the superpriority claims granted to the Purchaser, provided, however, that the Senior Debt Representative shall have irrevocably agreed, pursuant to Section 1129(a)(9) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law, on behalf of itself and the Senior Debt Secured Parties, in any stipulation and/or order granting such adequate protection, that such junior superpriority claims may be paid under any plan of reorganization in any combination of cash, debt, equity or other property having a value on the effective date of such plan equal to the allowed amount of such claims.

5.5 Avoidance Issues. If any Senior Secured Party is required in any Insolvency Proceeding or otherwise to disgorge, turn over or otherwise pay to the estate of the Vendor, because such amount was avoided or ordered to be paid or disgorged for any reason, including without limitation because it was found to be a fraudulent or preferential transfer, any amount (a “Recovery”), whether received as proceeds of security, enforcement of any right of set-off or otherwise, then the Senior Obligations shall be reinstated to the extent of such Recovery and deemed to be outstanding as if such payment had not occurred and the Senior Obligations Payment Date shall be deemed not to have occurred. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto. The Junior Secured Parties agree that none of them shall be entitled to benefit from any avoidance action affecting or otherwise relating to any distribution or allocation made in accordance with this Agreement, whether by preference or otherwise, it being understood and agreed that the benefit of such avoidance action otherwise allocable to them shall instead be allocated and turned over for application in accordance with the priorities set forth in this Agreement.

5.6 Asset Dispositions in an Insolvency Proceeding. (a) The Purchaser shall not, in an Insolvency Proceeding or otherwise, oppose any sale or disposition of any Senior Debt Priority Collateral that is supported by the Senior Debt Secured Parties, and the Purchaser will consent (and will be deemed hereunder to have consented), under the applicable Insolvency Laws to any sale of any Senior Debt Priority Collateral supported by the Senior Debt Secured Parties and to have released the Junior Liens on such assets. Notwithstanding the foregoing, it is agreed that no Senior Debt Secured Party shall convey or approve a transfer of any mineral tenures necessary or desirable for the extraction of gold at the Milligan Property without requiring such transferee to agree in writing that its interests in such mineral tenures are subject to the obligations of the Vendor under the Royal Gold Purchase Agreement; provided that the

Purchaser shall not oppose any such transfer of mineral tenures in compliance with the foregoing requirement.

(b) Neither the Senior Debt Representative nor any Senior Debt Secured Party shall, in an Insolvency Proceeding or otherwise, oppose any sale or disposition of any Royal Gold Priority Collateral that is supported by the Purchaser, and the Senior Debt Representative and the Senior Debt Secured Parties will consent (and will be deemed hereunder to have consented) under Section 363 of the Bankruptcy Code or similar provision of any other applicable Insolvency Law, to any sale of any Royal Gold Priority Collateral supported by the Purchaser and to have released the Junior Liens on such assets.

5.7 Other Matters. To the extent that the Senior Representative or any Senior Secured Party has or acquires rights, under Section 363 or Section 364 of the Bankruptcy Code or similar provision of any other applicable Insolvency Law, with respect to any of the Collateral on which it has a Junior Lien, such Senior Representative agrees, on behalf of itself and the other Senior Secured Parties, not to assert any of such rights without the prior written consent of the Junior Representative; provided that if requested by the Junior Representative, such Senior Representative shall timely exercise such rights in the manner requested by the Junior Representative, including any rights to payments in respect of such rights.

5.8 Effectiveness in Insolvency Proceedings. This Agreement, which the parties hereto expressly acknowledge is a “subordination agreement” under section 510(a) of the Bankruptcy Code or similar provision of any other applicable Insolvency Law, shall be effective before, during and after the commencement of an Insolvency Proceeding.

SECTION 6. *Royal Gold Documents and Senior Debt Documents.*

(a) The Vendor and the Purchaser agrees that it shall not at any time execute or deliver any amendment or other modification to any of the Royal Gold Documents in violation of this Agreement.

(b) The Vendor and the Senior Debt Representative, on behalf of itself and the Senior Debt Secured Parties, agrees that it shall not at any time execute or deliver any amendment or other modification to any of the Senior Debt Documents in violation of this Agreement.

(c) In the event the Senior Debt Representative enters into any amendment, waiver or consent in respect of any of the Senior Security Documents for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Security Document or changing in any manner the rights of any parties thereunder, in each case solely with respect to any Senior Collateral, then such amendment, waiver or consent shall apply automatically to any comparable provision of the Comparable Security Document without the consent of or action by any Junior Secured Party (with all such amendments, waivers and modifications subject to the terms hereof); provided that, (i) no such amendment, waiver or consent shall have the effect of removing assets subject to the Lien of any Junior Security Document, except to the extent that a release of such Lien is permitted by Section 4.2, (ii) any such amendment, waiver or consent that materially and adversely affects the rights of the Junior Secured Parties and does not affect the Senior Secured Parties in a like or similar manner shall not apply to the Junior Security Documents without the consent of the Junior Representative, (iii) no such amendment, waiver or consent with respect to any provision applicable to the Junior Representative under the Junior Note Documents shall be made without the prior written consent of the Junior Representative, (iv) notice of such amendment, waiver or consent shall be given to the Junior Representative no later than 30 days after its effectiveness, provided that the failure to give such notice shall not affect the effectiveness and validity thereof and (v) such amendment, waiver or modification to the applicable Junior Security Documents shall be approved by the Issuer in writing.

SECTION 7 . *Reliance; Waivers; etc.*

7.1 Reliance . The Senior Debt Documents are deemed to have been executed and delivered, and all extensions of credit thereunder are deemed to have been made or incurred, in reliance upon this Agreement. The Purchaser expressly waives all notice of the acceptance of and reliance on this Agreement by the Senior Debt Representative and the other Senior Debt Secured Parties. The Royal Gold Documents are deemed to have been executed and delivered and all extensions of credit thereunder are deemed to have been made or incurred, in reliance upon this Agreement. The Senior Debt Representative, on behalf of itself and the other Senior Debt Secured Parties, expressly waives all notices of the acceptance of and reliance on this Agreement by the Purchaser.

7.2 No Warranties or Liability . The Purchaser and the Senior Debt Representative acknowledge and agree that neither has made any representation or warranty with respect to the execution, validity, legality, completeness, collectability or enforceability of any other Senior Debt Document or any Royal Gold Document. Except as otherwise provided in this Agreement, the Purchaser and the Senior Debt Representative will be entitled to manage and supervise the respective extensions of credit to the Vendor in accordance with law and their usual practices, modified from time to time as they deem appropriate.

7.3 No Waivers . No right or benefit of any party hereunder shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of such party or any other party hereto or by any noncompliance by the Vendor with the terms and conditions of any of the Senior Debt Documents or the Royal Gold Documents.

SECTION 8 . *Obligations Unconditional.*

All rights, interests, agreements and obligations hereunder of the Senior Representative and the Senior Secured Parties in respect of any Collateral and the Junior Representative and the Junior Secured Parties in respect of such Collateral shall remain in full force and effect regardless of:

- (a) any lack of validity or enforceability of any Senior Document or any Junior Document and regardless of whether the Liens of the Senior Representative and Senior Secured Parties are not perfected or are voidable for any reason;
- (b) any change in the time, manner or place of payment of, or in any other terms of, all or any of the Senior Obligations or Junior Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof or any refinancing, whether by course of conduct or otherwise, of the terms of any Senior Document or any Junior Document;
- (c) any exchange, release, order of perfection or lack of perfection of any Lien on any Collateral or any other asset, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Obligations or Junior Obligations or any guarantee thereof;
- (d) the commencement of any Insolvency Proceeding in respect of the Vendor; or
- (e) any other circumstances which otherwise might constitute a defense available to, or a discharge of, the Vendor in respect of any Secured Obligation or of any Junior Secured Party in respect of this Agreement.

SECTION 9 . Miscellaneous.

9.1 Rights of Subrogation . The Purchaser agrees that no payment to the Senior Debt Representative or any Senior Debt Secured Party pursuant to the provisions of this Agreement shall entitle the Purchaser to exercise any rights of subrogation in respect thereof until the Senior Debt Obligations Payment Date. Following the Senior Debt Obligations Payment Date, the Senior Debt Representative agrees to execute such documents, agreements, and instruments as the Purchaser may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the Senior Debt Obligations resulting from payments to the Senior Debt Representative by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by the Senior Debt Representative are paid by such Person upon request for payment thereof. The Senior Debt Representative, for and on behalf of itself and the Senior Debt Secured Parties, agrees that no payment to the Purchaser pursuant to the provisions of this Agreement shall entitle the Senior Debt Representative or any Senior Debt Secured Party to exercise any rights of subrogation in respect thereof until the Royal Gold Obligations Payment Date. Following the Royal Gold Obligations Payment Date, the Purchaser agrees to execute such documents, agreements, and instruments as the Senior Debt Representative or any Senior Debt Secured Party may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the Royal Gold Obligations resulting from payments to the Purchaser by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by the Purchaser are paid by such Person upon request for payment thereof.

9.2 Further Assurances . Each of the Purchaser and the Senior Debt Representative will, at their own expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the other party may reasonably request, in order to protect any right or interest granted or purported to be granted hereby or to enable the Senior Debt Representative or the Purchaser to exercise and enforce its rights and remedies hereunder; provided, however, that no party shall be required to pay over any payment or distribution, execute any instruments or documents, or take any other action referred to in this Section 9.2, to the extent that such action would contravene any law, order or other legal requirement or any of the terms or provisions of this Agreement, and in the event of a controversy or dispute, such party may interplead any payment or distribution in any court of competent jurisdiction, without further responsibility in respect of such payment or distribution under this Section 9.2.

9.3 Conflicts . In the event of any conflict between the provisions of this Agreement and the provisions of any Senior Debt Document or any Royal Gold Document, the provisions of this Agreement shall govern.

9.4 Continuing Nature of Provisions . Subject to Section 5.5, this Agreement shall continue to be effective, and shall not be terminable by any party hereto, until the earlier of (i) the Senior Debt Obligations Payment Date and (ii) the Royal Gold Obligations Payment Date; provided that if an Additional Senior Debt Agreement or Replacement Royal Gold Agreement, as applicable, is entered into following such termination, the relevant Secured Parties agree to, upon the request of the Vendor, restore this Agreement on the terms and conditions set forth herein until the earlier to occur of the next following Senior Debt Obligations Payment Date or Royal Gold Obligations Payment Date. This is a continuing agreement and the Senior Debt Secured Parties and the Purchaser may continue, at any time and without notice to the other parties hereto, to extend credit and other financial accommodations, lend monies and provide indebtedness to, or for the benefit of, the Vendor on the faith hereof. In furtherance of the foregoing:

Upon receipt of a notice from the Vendor stating that the Vendor have entered into entered into an Additional Senior Debt Agreement (which notice shall include the identity of the new Senior Debt Representative), the Purchaser shall promptly (i) enter into such documents and agreements (including amendments or supplements to this Agreement) as the Vendor or the new Senior Debt Representative shall reasonably request in order to provide to the new Senior Debt Representative the rights contemplated hereby, in each case consistent in all material respects with the terms of this Agreement, (ii) deliver to the new Senior Debt Representative any Senior Debt Priority Collateral held by it, together with any necessary endorsements (or otherwise allow the new Senior Debt Representative to obtain control of such Senior Debt Priority Collateral), and (iii) take such other actions as the Vendor or the new Senior Debt Representative may reasonably request to provide the new Senior Debt Representative or the applicable the Senior Debt Creditors the benefits of this Agreement. The new Senior Debt Representative shall agree in a writing addressed to the Purchaser to be bound by the terms of this Agreement.

9.5 Amendments; Waivers. (a) No amendment or modification of or supplement to any of the provisions of this Agreement shall be effective unless the same shall be in writing and signed by the Senior Debt Representative and the Purchaser, and, in the cases of (i) amendments or modifications of Sections 2.6(b), 3.5, 3.6, 4.2, 6, 9.4, 9.5, 9.7 or 9.8 that indirectly or directly affect the rights or duties of the Vendor and (ii) amendments or modifications of or supplements to this Agreement that directly affect the rights or duties of the Vendor, the Vendor. The Senior Debt Representative and the Purchaser shall notify the Issuer at the address specified in the signature pages to this Agreement of any amendment or modification of or supplement to any provisions of this Agreement which does not need to be signed by the Vendor and provide the Issuer with a copy of such amendment, modification or supplement.

(b) It is understood that the Senior Debt Representative and the Purchaser, without the consent of any other Senior Debt Secured Party or the Purchaser, may in their discretion determine that a supplemental agreement (which may take the form of an amendment and restatement of this Agreement) is necessary or appropriate to facilitate having additional indebtedness or other obligations (“ Additional Debt”) of the Vendor become Senior Debt Obligations or Royal Gold Obligations, as the case may be, under this Agreement, which supplemental agreement shall specify whether such Additional Debt constitutes Senior Debt Obligations or Royal Gold Obligations, provided, that such Additional Debt is permitted to be incurred by the Senior Debt Agreement and Royal Gold Purchase Agreement then extant, and is permitted by such agreements to be subject to the provisions of this Agreement as Senior Debt Obligations or Royal Gold Obligations, as applicable, including, without limitation, pursuant to Section 8.6(a) of the Royal Gold Purchase Agreement.

(c) Notwithstanding the terms of Section 9.5(a) and (b), in the event that the Purchaser does not take the actions contemplated by clause (i) of the second paragraph of Section 9.4 in connection with any permitted Additional Debt within 10 days after the delivery of a written request to do so, the Senior Debt Representative, without the consent of the Purchaser, may modify this Agreement (which modification may take the form of an amendment and restatement of this Agreement) solely for the purpose of having any Additional Senior Debt Agreement or Additional Debt of the Vendor become Senior Debt Obligations under this Agreement, which agreement shall specify that such Additional Senior Debt Agreement or Additional Debt constitutes Senior Debt Obligations, provided, that such Additional Debt is permitted to be incurred pursuant to each Royal Gold Purchase Agreement then extant, and is permitted by such agreements (as determined by the Senior Debt Representative in good faith and certified by an officer of the Issuer to the Purchaser) to be subject to the provisions of this Agreement as Senior Debt Obligations, as applicable.

9.6 Information Concerning Financial Condition of the Vendor; Notice of Event of Default. Each of the Purchaser and the Senior Debt Representative hereby assume responsibility for keeping itself

informed of the financial condition of the Vendor and all other circumstances bearing upon the risk of nonpayment of the Senior Debt Obligations or the Royal Gold Obligations. The Purchaser and the Senior Debt Representative hereby agree that no party shall have any duty to advise any other party of information known to it regarding such condition or any such circumstances (except as otherwise provided in the Senior Debt Documents and Royal Gold Documents). In the event the Purchaser or the Senior Debt Representative, in its sole discretion, undertakes at any time or from time to time to provide any information to any other party to this Agreement, it shall be under no obligation (a) to provide any such information to such other party or any other party on any subsequent occasion, (b) to undertake any investigation not a part of its regular business routine, or (c) to disclose any other information. Notwithstanding the foregoing, (i) the Purchaser hereby agrees to promptly notify the Senior Debt Representative in writing of any material breach under any Royal Gold Document, including a Vendor Event of Default or any other event of default as defined in any document, instrument or agreement delivered by the Vendor in connection with any Royal Gold Document and (ii) the Senior Debt Representative hereby agrees to promptly notify the Purchaser in writing of any event of default as defined in any Senior Debt Document or any other document, instrument or agreement delivered by the Vendor in connection with any Senior Debt Document; provided that failure by the Purchaser or the Senior Debt Representative to deliver such notice shall not be deemed to be a waiver of any of its respective rights or remedies under this Agreement.

9.7 Agreement Effective Date. This Agreement shall become effective on November 27, 2012 (the "Agreement Effective Date"), the date of closing of the Senior Secured Notes offering and the date of termination of that certain Credit Agreement, dated December 10, 2010, as subsequently amended, among Thompson Creek Metals Company, Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto. It shall be a condition to effectiveness on the Agreement Effective Date that this Agreement shall have been executed by the parties hereto.

9.8 Governing Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK ARE GOVERNED BY THE LAWS OF SUCH JURISDICTION.

9.9 Submission to Jurisdiction; JURY TRIAL WAIVER. (a) Each Senior Debt Secured Party, the Purchaser and the Vendor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each such party hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each such party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the any Senior Debt Secured Party or the Purchaser may otherwise have to bring any action or proceeding against the Vendor or its properties in the courts of any jurisdiction.

(b) Each Senior Debt Secured Party, the Purchaser and each Vendor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so (i) any objection it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to

this Agreement in any court referred to in paragraph (a) of this Section and (ii) the defense of an inconvenient forum to the maintenance of such action or proceeding.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.10. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(d) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

9.10 Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, or sent by overnight express courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or five days after deposit in the United States mail (certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section 9.9) shall be as set forth below each party's name on the signature pages hereof, or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

9.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and each of the Senior Debt Secured Parties and the Purchaser and their respective successors and assigns, and nothing herein is intended, or shall be construed to give, any other Person any right, remedy or claim under, to or in respect of this Agreement or any Collateral.

9.12 Headings. Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

9.13 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

9.14 Other Remedies. For avoidance of doubt, it is understood that nothing in this Agreement shall prevent any Senior Debt Secured Party or the Purchaser from exercising any available remedy to accelerate the maturity of any indebtedness or other obligations owing under the Senior Debt Documents or the Royal Gold Documents, as applicable, or to demand payment under any guarantee in respect thereof.

9.15 Counterparts; Integration. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of

which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means of transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

[SIGNATURE PAGES TO FOLLOW]

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

VALIANT TRUST COMPANY, as Senior Debt Representative for and
on behalf of the Senior Debt Secured Parties

By: /s/Dan Sander

Name: Dan Sander

Title: Director, Trust Services

By: /s/Tara Bouchard

Name: Tara Bouchard

Title: Senior Manager, Corporate Actions

Address for Notices:

Valiant Trust Company

#310, 606 4th Street S.W.

Calgary, Alberta, Canada T2P 1T1

Attention: Senior Manager, Corporate Trust

Fax: (403) 233-2857

RGLD GOLD AG

By: /s/Stefan Wenger

Name: Stefan Wenger

Title: Vice Chairman

Address for Notices:

RGLD Gold AG

c/o SchelPart AG

Baarerstrasse 53,

P O Box 4559,

CH - 6304 Zug, Switzerland

Attention: Dr. Martin Weber

Telecopy No: +41 41 729 20 77

E-mail: Martin.Weber@swlegal.ch

With a copy, which shall not constitute notice, to:

RGLD Gold AG

c/o Royal Gold, Inc.

1660 Wynkoop St., Suite 1000

Denver, CO 80202-1132

Attention: General Counsel

Telecopy No: (303) 595-9385

E-mail: bkirchhoff@rgldgoldag.com

TERRANE METALS CORP.

By: /s/Pamela Saxton

Name: Pamela L. Saxton

Title: Chief Financial Officer

Address for Notices:

Thompson Creek Metals Company Inc.

26 West Dry Creek Circle, Suite 810

Littleton, CO 80120

Attention: Chief Financial Officer

Telecopy No: (303) 762-3507

SECOND AMENDING AGREEMENT

THIS SECOND AMENDING AGREEMENT made with effect as of the 13th day of December, 2012

BETWEEN:

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

AND:

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

WHEREAS:

- A. RGLD Gold Canada, Inc. (“ **RGLD** ”) and Seabridge entered into an option agreement dated as of June 16, 2011 (as amended by an amending agreement dated as of October 28, 2011, the “ **Option Agreement** ”).
- B. Royal Gold was created pursuant to an amalgamation of RGLD, 7550359 Canada Inc. and RG Exchange Co Inc. under the *Canada Business Corporations Act* 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 further amendments to the Option Agreement on the terms and conditions of this Second 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 Second 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 Second Amending Agreement had been included in the Option Agreement at the Effective Date.
- 3. The Option Agreement is hereby amended as follows:
 - (a) Section 1.01(56) of the Option Agreement is deleted in its entirety and replaced with the following:

“(56) “ **Second Option Conditions** ” means:

- (a) the First Option Notice has been delivered by Royal Gold in accordance with Section 4.01; and
- (b) the closing of the Second Tranche Subscription has occurred in accordance with the Second Tranche Subscription Agreement;”
- (b) Section 3.02(1)(b) of the Option Agreement is deleted in its entirety and replaced with the following:
 - “(b) a price equal to a premium of fifteen percent (15%) to the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending two (2) trading days prior to the delivery of the Second Tranche Exercise Notice,”
- (c) Section 3.02(5)(a)(iii) of the Option Agreement is deleted in its entirety and replaced with the following:
 - “(iii) upon completion of the Alternative Subscription, paragraph (b) of the definition of “Second Option Conditions” shall be deemed to have been satisfied for the purposes of Section 4.02; or”
- (d) Section 3.02(5)(b) of the Option Agreement is deleted in its entirety and replaced with the following:
 - “(b) in all other circumstances, including an acquisition of all of the Shares by a private entity, paragraph (b) of the definition of “Second Option Conditions” shall be deemed to have been satisfied for the purposes of Section 4.02.”
- (e) Section 4.03 of the Option Agreement is deleted in its entirety and replaced with the following:

“ **4.03 Satisfaction of First Option Conditions**

For the purposes of determining whether paragraph (b) of the First Option Conditions has 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, 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; and

- (b) for greater certainty, all short positions of Royal Gold (or its relevant Affiliate) in respect of the Shares, if any, shall be deducted from the long positions of Royal Gold (or its relevant Affiliate) in respect of the Shares;

provided that, if Royal Gold is not capable of satisfying paragraph (b) of the First Option Conditions as a result of:

- (c) a compulsory acquisition of the relevant Shares 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
- (d) Seabridge 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,

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

- (f) Section 5.02 of the Option Agreement is deleted in its entirety and replaced with the following:

“ **5.02** **Additional Royal Gold Covenants**

Royal Gold shall provide prompt written notice to Seabridge if, at any time during the First Option Exercise Period, it fails to meet the requirements of paragraph (b) of the First Option Conditions .”

- 4. Concurrently with the execution of this Second Amending Agreement, Royal Gold and Seabridge shall execute and deliver the Second Tranche Subscription Agreement substantially in the form attached hereto as Schedule A.
- 5. This Second 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.
- 6. This Second Amending Agreement shall be construed in accordance with and governed by the laws of British Columbia and the laws of Canada applicable therein.
- 7. A conformed version of the Option Agreement, as amended by this Second Amending Agreement, is attached hereto as Schedule B.

[Remainder of Page Intentionally Left Blank]

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

SEABRIDGE GOLD INC.

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

RG EXCHANGE CO INC.

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

SCHEDULE A
SECOND TRANCHE SUBSCRIPTION AGREEMENT

[See attached]

SUBSCRIPTION AGREEMENT

THIS AGREEMENT IS MADE AS OF THE 13th DAY OF DECEMBER, 2012

BETWEEN:

RG EXCHANGE CO INC., a body corporate subsisting under the laws of Canada and having a registered office at 10060 Jasper Avenue, 1201 Scotia Tower 2, Edmonton, Alberta, T5J 4E5

(“Royal Gold”)

AND

SEABRIDGE GOLD INC., a body corporate subsisting under the laws of Canada and having an office at 106 Front Street East, Suite 400, Toronto, Ontario, M5A 1E1

(“Seabridge”)

WHEREAS:

- A. RGLD Gold Canada, Inc. (**“RGLD”**) and Seabridge entered into an option agreement dated as of June 16, 2011 (as amended by an amending agreement dated as of October 28, 2011, the **“Option Agreement”**).
- B. Royal Gold was created pursuant to an amalgamation of RGLD, 7550359 Canada Inc. and RG Exchange Co Inc. under the *Canada Business Corporations Act* 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. Pursuant to the terms of the Option Agreement and a Second Tranche Exercise Notice dated as of the date hereof delivered by Royal Gold to Seabridge, Royal Gold and Seabridge are entering into this Agreement in order to complete the Second Tranche Subscription on the terms and conditions contained herein.
- D. Royal Gold wishes to subscribe for, and Seabridge wishes to issue, that number of common shares in the capital of Seabridge (the **“Common Shares”**) equal to the Purchase Price (as defined below) divided by the Subscription Price (as defined below).
- E. The parties have entered into this Agreement in order to set out the terms and conditions on which Royal Gold and Seabridge will complete the Second Tranche Subscription.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants made herein and in the Option Agreement and the exchange of cash for Common Shares as contemplated hereby, the parties hereto covenant and agree as follows:

1. **Capitalized Terms.** Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Option Agreement. Unless something in the subject matter or context is inconsistent therewith, references in this Agreement to Sections and Schedules are to Sections of and Schedules to this Agreement.
 2. **Subscription.** Royal Gold hereby agrees to subscribe for and agrees to purchase (the **“Subscription”**) from Seabridge the Purchased Shares (as defined below) at the Subscription Price (as defined below) for aggregate consideration of CDN\$18,000,000 (the **“Purchase Price”**), upon and subject to the terms and conditions, and the covenants, representations and warranties set forth herein. The Purchased Shares
-

will be issued and registered in the name of Royal Gold at the address indicated under “Certificate Registration Instructions” in Schedule A of this Agreement, and delivered as directed by Royal Gold.

3. **Determination of Subscription Price and Purchased Shares.** For the purposes of Section 2:

- (a) the subscription price per Common Share (the “**Subscription Price**”) shall be equal to a premium of 15% to the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) for the five trading day period ending two trading days prior to the delivery of the Second Tranche Exercise Notice; and
- (b) the number of Common Shares subscribed for by Royal Gold hereunder (the “**Purchased Shares**”) shall be equal to the Purchase Price divided by the Subscription Price.

4. **Closing Date.** The closing date (the “**Closing Date**”) for the Subscription shall be the date hereof or such later date as agreed to in writing by Seabridge and Royal Gold.

5. **Conditions to the Subscription.** The obligations of the parties to complete the Subscription are subject to the following conditions being satisfied by the Closing Date:

- (a) each party has delivered to the other party an executed copy of this Agreement (including, with respect to Royal Gold, an executed copy of Schedule B);
- (b) the conditional approval (the “**Exchange Approvals**”) of the TSX and the New York Stock Exchange (collectively, the “**Exchanges**”) to issue and list the Purchased Shares shall have been obtained by Seabridge (such approvals to be subject only to the filing of the customarily required documents and payment of the required fees within the time stipulated by the Exchanges) and Closing shall be in compliance with such approvals;
- (c) (i) if the Closing Date is the date hereof, Seabridge has delivered to Royal Gold an officer’s certificate confirming that Seabridge’s representations and warranties under the Option Agreement are true and correct in all material respects as of the Closing Date, and (ii) if the Closing Date is later than the date hereof, each party has delivered to the other party an officer’s certificate confirming that the representations and warranties of the delivering party contained in this Agreement (and, with respect to Seabridge, its representations and warranties under the Option Agreement) are true and correct in all material respects as of the Closing Date;
- (d) no cease trade order, injunction, prohibition or other lawful order shall exist that precludes the Subscription; and
- (e) no action or proceeding shall be pending or threatened to enjoin or prohibit the issuance of the Purchased Shares.

6. **Additional Conditions to the Subscription for the benefit of Royal Gold.** In addition to the conditions set out in Section 5, the obligation of Royal Gold to complete the Subscription is also subject to the following conditions being satisfied by the Closing Date:

- (a) no material adverse change affecting the Project, the Subject Properties, the Common Shares or Seabridge shall have occurred between the execution date of this Agreement and the Closing Date; and
- (b) the delivery of legal opinions satisfactory to Royal Gold.

7. **Deliveries and Payment.**

- (a) Royal Gold will deliver concurrently with the execution of this Agreement, a duly completed and executed copy of Schedule B hereto;
- (b) Royal Gold will deliver on or prior to 12:00 p.m. (Toronto time) on the Closing Date payment of the Purchase Price (in CDN\$) for the Purchased Shares by certified cheque or bank draft payable to Seabridge or evidence of payment having been made by wire transfer to:

BENEFICIARY BANK:	BANK OF MONTREAL MAIN BRANCH TORONTO FIRST CANADIAN PLACE TORONTO, ONTARIO M5X 1A3 CANADA Ph. 416-867-5050
INSTITUTION CODE:	001
TRANSIT:	00022
ACCOUNT NO.:	1644630
SWIFT BIC ADDRESS:	BOFMCAM2

- (c) Seabridge will deliver to Royal Gold at the completion of the Subscription (the “**Closing**”) on the Closing Date:
 - (i) one or more certificates each representing such number of Common Shares as may be requested by Royal Gold, and representing in aggregate the Purchased Shares; and
 - (ii) a copy of the Exchange Approvals; and
- (d) Seabridge and Royal Gold agree that the funds referred to in Section 7(b) will be held in escrow and shall only be released from escrow upon confirmation by each of Seabridge and Royal Gold (or its Canadian counsel) that the closing conditions referred to in this Agreement have been satisfied. In the event that the Closing does not occur on or before 4:00 p.m. (Toronto time) on the Closing Date, then unless Seabridge and Royal Gold otherwise agree in writing, Seabridge will return the funds referred to in Section 7(b) to Royal Gold as soon as practicable in accordance with written instructions provided by Royal Gold to Seabridge.

- 8. **Termination by Subscriber.** If the Closing does not occur by 4:00 p.m. (Toronto time) on the date that is 10 days after the date of this Agreement, or such later date as may be agreed to in writing by the parties, Royal Gold may at any time thereafter in its discretion terminate this Agreement whereupon Seabridge will return the funds referred to in Section 7(b) to Royal Gold as soon as practicable in accordance with written instructions provided by Royal Gold to Seabridge.
- 9. **Use of Proceeds.** The net proceeds of the Purchase Price will be used by Seabridge for general corporate purposes, including funding for Exploration and Development of the Project.
- 10. **Representations and Warranties of Seabridge.** By accepting this offer, Seabridge represents and warrants to Royal Gold that as of the date hereof and as of the Closing Date:

- (a) Seabridge and its material subsidiaries, if any, (the “**Subsidiaries**”) are valid and subsisting corporations duly incorporated and in good standing under the laws of the jurisdictions in which they are incorporated, continued or amalgamated and have all requisite corporate power and authority to carry on their respective businesses, as now conducted and as presently proposed to be conducted and to own their respective assets;
- (b) Seabridge and its Subsidiaries are duly registered and licensed to carry on business in the jurisdictions in which they carry on business or own property where so required by the laws of that jurisdiction;
- (c) Seabridge is a reporting issuer under the securities laws of British Columbia, Alberta, Ontario and the United States and Seabridge is not in material default of any of the requirements of the securities laws of such jurisdictions or any of the administrative policies or notices of the Exchanges;
- (d) the Common Shares are listed and posted for trading on the Exchanges;
- (e) the authorized capital of Seabridge consists of an unlimited number of Common Shares without par value and an unlimited number of Preferred shares issuable in series, of which 44,551,885 Common Shares and no Preferred shares were issued and outstanding on December 12, 2012;
- (f) no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, for the issue or allotment of any unissued shares in the capital of Seabridge or its Subsidiaries or any other security convertible into or exchangeable for any such shares, or to require Seabridge or its Subsidiaries to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital except for, as at December 12, 2012, an aggregate of 2,483,300 Common Shares reserved for issue pursuant to outstanding stock options;
- (g) Seabridge has filed all material forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities laws or otherwise, with the Exchanges or the applicable securities commissions or other securities regulatory authorities of the provinces of Canada as the context requires (the “**Regulatory Authorities**”) since January 1, 2008 (the “**Disclosure Documents**”), and no material change has occurred in relation to Seabridge which has not been publicly disclosed since December 31, 2011 and Seabridge has not filed any confidential material change reports which continue to be confidential. As of the time of each of the Disclosure Documents being filed with the applicable securities regulators and on SEDAR, none of the Disclosure Documents contained any misrepresentation (as defined in applicable securities laws);
- (h) Seabridge has and on the Closing Date will have all requisite legal and corporate power and authority to execute and deliver this Agreement, to sell and issue the Purchased Shares, and to carry out and perform its obligations under this Agreement;
- (i) all corporate action on the part of Seabridge and its directors, for the authorization, execution, delivery, and performance of its obligations under this Agreement by Seabridge has been taken and upon Closing this Agreement shall constitute legal, valid and binding obligations of Seabridge, enforceable against Seabridge. The Purchased Shares have been or will be prior to the Closing duly authorized, executed and delivered and when issued will be validly issued, fully paid and non-assessable shares in the capital of Seabridge;

- (j) the issuance and sale of the Purchased Shares by Seabridge and the performance by Seabridge of its obligations under this Agreement does not and will not conflict with and does not and will not result in a breach of any of the terms, conditions or provisions of its constating documents or result in the breach of, or accelerate the performance required by, any agreement to which Seabridge is a party;
- (k) the Disclosure Documents do not contain any material misrepresentation or omit any material fact relating to Seabridge;
- (l) except as qualified by the Disclosure Documents, Seabridge is the beneficial owner of the properties, business and assets or the interests in the properties, business or assets referred to in the Disclosure Documents;
- (m) Seabridge and its Subsidiaries have filed all federal, provincial, local and foreign tax returns which are required to be filed, or have requested extensions thereof, and have paid all taxes required to be paid by them and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except for such assessments, fines and penalties which are currently being contested in good faith, and such returns are true and correct in all material respects;
- (n) Seabridge and its Subsidiaries have established on their books and records, as may be applicable, reserves which are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of Seabridge or its Subsidiaries except for taxes not yet due, and there are no audits of any of the tax returns of Seabridge or its Subsidiaries which are known by Seabridge's management to be pending, and there are no claims which have been or may be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a material adverse effect on the properties, business or assets of Seabridge or its Subsidiaries;
- (o) the financial statements of Seabridge contained in the Disclosure Documents; (i) were reported in accordance with Canadian generally accepted accounting principles (which, for financial years beginning on or after January 1, 2011, incorporate International Financial Reporting Standards as issued by the International Accounting Standards Board) applied on a basis consistent with that of the preceding periods; and (ii) presented fairly the consolidated financial position of Seabridge and its Subsidiaries, if any, as of the respective dates thereof and the consolidated results of operations of Seabridge and its Subsidiaries, if any, for the periods covered thereby and accurately reflect all material liabilities (accrued, absolute, contingent or otherwise) of Seabridge and its Subsidiaries, if any, for the periods covered thereby and no adverse material changes in the financial position of Seabridge (on a consolidated basis) have taken place since the date thereof;
- (p) no order ceasing, halting or suspending trading in securities of Seabridge nor prohibiting the sale of such securities has been issued to and is outstanding against Seabridge or, to the best of Seabridge's knowledge, against its directors, officers or promoters or any other companies that have common directors, officers or promoters, and to the best of Seabridge's knowledge, no investigations or proceedings for such purposes are pending or threatened; and
- (q) the representations and warranties of Seabridge set out in Section 2.02 of the Option Agreement are true and correct as of the date hereof and the Closing Date (and Seabridge is hereby deemed to have repeated such representations and warranties as of the date hereof and the Closing Date).

11. **Risks of Private Placement and Offshore Purchaser.** Royal Gold acknowledges that:
- (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Purchased Shares;
 - (b) there is no government or other insurance covering the Purchased Shares;
 - (c) there are risks associated with the purchase of the Purchased Shares;
 - (d) there are restrictions on Royal Gold's ability to resell the Purchased Shares and it is the responsibility of Royal Gold to find out what those restrictions are and to comply with them before selling the Purchased Shares; and
 - (e) Seabridge has advised Royal Gold that Seabridge is relying on exemptions from the requirements to provide Royal Gold with a prospectus and to sell the Purchased Shares through a person registered to sell securities under the securities legislation of Ontario and Royal Gold's jurisdiction of residence and, as a consequence of acquiring the Purchased Shares pursuant to these exemptions, certain protections, rights and remedies provided by such securities legislation, including statutory rights of rescission or damages, will not be available to Royal Gold.
12. **Purchasing as Principal.** Royal Gold represents and warrants that:
- (a) the Purchased Shares are being purchased by Royal Gold as principal for its own account and not for the benefit of any other person;
 - (b) Royal Gold was not created and is not being used solely to purchase or hold the Purchased Shares in reliance on the exemption from the prospectus requirement set out in Subsection 2.10(1) of National Instrument 45-106 (" **NI 45-106** ") of the Canadian Securities Administrators ; and
 - (c) Royal Gold is purchasing sufficient Purchased Shares such that the aggregate acquisition cost of the Purchased Shares is not less than CDN\$150,000 payable in cash and Royal Gold is not a Person (within the meaning of applicable Canadian securities laws) created or being used solely to permit the purchase of the Purchased Shares by a group of Persons (within the meaning of applicable Canadian securities laws) whose individual share of the aggregate acquisition cost of the Purchased Shares is less than CDN\$150,000.
13. **Capacity, Authority and Compliance.** Royal Gold represents and warrants that:
- (a) Royal Gold is a valid and subsisting corporation, has the necessary corporate capacity and authority to enter into and to observe and perform its covenants and obligations under this Agreement and has taken all necessary corporate action in respect thereof;
 - (b) this Agreement has been duly authorized and validly executed by Royal Gold and upon acceptance by Seabridge of this Agreement this Agreement will constitute a legal, valid and binding contract of Royal Gold, enforceable against Royal Gold in accordance with its terms;
 - (c) the entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any terms or provisions of any law applicable to, or, if applicable, the constating documents of, Royal Gold, or any agreement, written or oral, to which Royal Gold may be a party or by which Royal Gold is or may be bound; and

- (d) no person has represented that such person or another person will resell or repurchase any of the Purchased Shares or refund all or any of the purchase price of the Purchased Shares, and that no person has given an undertaking relating to the future value or price of any the Purchased Shares.
14. **No Offering Memorandum.** Royal Gold acknowledges that Royal Gold has not been furnished with, nor does it need to receive, an offering memorandum or other document prepared by Seabridge describing its business or affairs, in order to assist it in making an investment decision in respect of the Purchased Shares.
15. **Knowledge and Experience.** Royal Gold represents and warrants that Royal Gold has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of the investment hereunder and is able to bear the economic risk of loss of such investment.
16. **No U.S. Registration.** Royal Gold is aware and accepts that the Purchased Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”), or the securities laws of any state of the United States and, subject to certain exemptions, may not be offered or sold in the United States or to, or for the account or benefit of, any U.S. Person. “**U.S. Person**” has the meaning set forth in Rule 902 of Regulation S under the U.S. Securities Act. Royal Gold acknowledges that, subject to certain exceptions provided under the U.S. Securities Act, the Purchased Shares may not be offered, sold or otherwise transferred to, any person in the United States or any U.S. Person or person acting for the account or benefit thereof, unless such Purchased Shares are registered under the U.S. Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available, and Royal Gold understands that certificates representing the Purchased Shares issued to it will so indicate. “United States” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.
17. **U.S. Registration Exemption.** Royal Gold represents and warrants that Royal Gold has completed and executed the Certification of Purchaser attached hereto as Schedule B and hereby confirms the truth and accuracy of all statements made therein by the Subscriber and that such statements will be true and accurate on the Closing Date.
18. **Residence.** Royal Gold represents and warrants that Royal Gold has a registered office and is otherwise subject to the laws of, the jurisdiction disclosed under “Certificate Registration Instructions — Subscriber’s Address” in Schedule A of this Agreement.
19. **Resale Restrictions and Legends.**
- (a) Royal Gold understands and acknowledges that the Purchased Shares will be subject to certain resale and transfer restrictions under applicable securities laws; and
- (b) Royal Gold acknowledges that it has been advised to consult its own legal advisors with respect to applicable resale and transfer restrictions, that it is solely responsible for complying with such restrictions and Royal Gold covenants and agrees to comply with the restrictions referred to in subparagraph (a) above and all other applicable resale and transfer restrictions.
20. **Notations Regarding Resale Restrictions.** Royal Gold acknowledges and agrees that Seabridge shall make a notation on its records or give instructions to the transfer agent of Royal Gold’s Purchased Shares in order to implement the restrictions on transfer set out in applicable legislation.
21. **PFIC.** Seabridge shall promptly provide Royal Gold with such tax and financial information relating to Seabridge’s status as a Passive Foreign Investment Company (“**PFIC**”) on an annual basis as may be

reasonably requested by Royal Gold. If at any time Seabridge is or becomes a PFIC, then Seabridge will assist Royal Gold in providing any information required for any related U.S. tax filings as requested by Royal Gold.

22. **Material Adverse Change.** Seabridge shall promptly notify Royal Gold in writing of any material adverse change affecting the Project, the Subject Properties, the Common Shares or Seabridge between the execution date of this Agreement and the Closing Date.
23. **Costs.** Royal Gold acknowledges and agrees that all costs incurred by Royal Gold (including any fees and disbursements of any legal counsel retained by Royal Gold) relating to the sale of the Purchased Shares to Royal Gold shall be borne by Royal Gold.
24. **Indemnification.** Each party shall indemnify and save the other harmless from any loss, expense, liability, actual or threatened claim, count, cause of action, action, suit, proceeding or demand of any kind or nature arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement. A party may waive the breach by the other party of any of such party's representations, warranties, covenants, agreements or conditions in whole or in part at any time without prejudice to its right in respect of any other breach of the same or any other representation, warranty, covenant, agreement or condition.
25. **Survival.** The representations, warranties and agreements set forth in this Agreement shall survive the termination of this Agreement for a period of two years.
26. **Governing Law and Attornment.** This Agreement and all related agreements between the parties hereto shall be governed by and construed in accordance with the laws of the Province of British Columbia, without reference to its rules governing the choice or conflict of laws. The parties hereto irrevocably attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario, sitting in the city of Toronto, with respect to any dispute to or arising out of this Agreement.
27. **Further Assurances.** Royal Gold and Seabridge agree that they each will execute or cause to be executed and delivered all such further and other documents and assurances, and do and cause to be done all such further acts and things as may be necessary or desirable to carry out this Agreement according to its true intent, and to secure the approval of the Regulatory Authorities hereto.
28. **Consent to the Disclosure of Information .** This Agreement and the attachments hereto require Royal Gold to provide certain personal information to Seabridge. Such information is being collected by Seabridge for the purposes of completing the private placement of the Purchased Shares, which includes, without limitation, determining Royal Gold's eligibility to purchase Royal Gold's Purchased Shares under applicable securities legislation, preparing and registering any certificates representing Royal Gold's Purchased Shares to be issued to Royal Gold, completing filings required by the Exchanges or other Regulatory Authorities, indirect collection of information by the Exchanges or Regulatory Authority under authority granted in applicable securities legislation and the administration and enforcement of the applicable securities legislation by the Regulatory Authorities. Royal Gold acknowledges that Royal Gold's personal information including Royal Gold's full name, registered address, telephone number and other details of its subscription hereunder will be disclosed by Seabridge to: (a) the Exchanges and other Regulatory Authorities; (b) Seabridge's registrar and transfer agent; and (c) any of the other parties involved in the private placement, including legal counsel to Seabridge; and may be disclosed by Seabridge to (d) the Canada Revenue Agency; and (e) any other person to whom it is required to disclose such information under applicable legislation or authority. By executing this Agreement, Royal Gold consents to and authorizes the foregoing collection, use and disclosure of Royal Gold's personal information. Royal Gold also consents to and authorizes the filing of copies or originals of any of this Agreement (including attachments) as may be required to be filed with the Exchanges or

other Regulatory Authorities in connection with the transactions contemplated hereby. In addition, Royal Gold consents to and authorizes the collection, use and disclosure of all such personal information by the Exchanges and other Regulatory Authorities in accordance with their requirements, including the provision to third party service providers, from time to time. The contact information for the officer of Seabridge who can answer questions about this collection of information is as follows:

Chris Reynolds, Chief Financial Officer
Seabridge Gold Inc.
106 Front Street East, Suite 400
Toronto, Ontario
M5A 1E1
Telephone: (416) 367-9292

If Royal Gold has any questions about the collection of Personal Information by the Ontario Securities Commission, please contact the Administrative Assistant to the Director of Corporate Finance, Suite 1903, Box 5520 Queen Street West, Toronto, Ontario, M5H 3S8, Tel: (416) 593-8086.

29. **Proceeds of Crime.** Royal Gold represents and warrants that no portion of the Purchase Price to be advanced by Royal Gold to Seabridge hereunder will represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “**PCMLA**”) and Royal Gold acknowledges that Seabridge may in the future be required by law to disclose Royal Gold’s name and other information relating to this Agreement and Royal Gold’s subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of the knowledge of Royal Gold (i) no portion of the Purchase Price to be provided by Royal Gold (A) has been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States or any other jurisdiction, or (B) is being tendered on behalf of a person or entity who has not been identified to Royal Gold, and (ii) it shall promptly notify Seabridge if Royal Gold discovers that any of such representations ceases to be true, and to provide Seabridge with appropriate information in connection therewith.
30. **Notice .** Documents will be considered to have been delivered (i) on the date of transmission, if delivered by fax or e-mail, (ii) the date of delivery, if delivered by hand during normal business hours or by prepaid courier, or (iii) five business days after the date of mailing, if delivered by mail, to Seabridge or to Royal Gold at the address set forth on the face page of this Agreement.
31. **The Agreement.** This Agreement includes all schedules hereto, and all of the statements of Royal Gold in such schedules are incorporated into this Agreement for the benefit of Seabridge. This Agreement and the Option Agreement constitutes the entire agreement between the parties in respect of the subject matter hereof and supersedes any and all prior agreements, representations, warranties or covenants, express or implied, written or verbal, except as may be expressed herein.
32. **Currency.** All references to currency herein are to lawful money of Canada.
33. **Instrument in Writing.** Subject to the terms hereof, neither this Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
34. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and their respective heirs, executors, administrators and successors but otherwise cannot be assigned.

35. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when delivered, either in original, scanned or facsimile or other electronic form, shall be deemed to be an original and all of which together shall constitute one and the same document.

[Remainder of Page Intentionally Left Blank]

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

RG EXCHANGECO INC.

Authorized signatory

SEABRIDGE GOLD INC.

Authorized signatory

SCHEDULE A

SUBSCRIPTION INFORMATION

TO: SEABRIDGE GOLD INC. (the “Issuer”)

RE: SUBSCRIPTION FOR SECURITIES OF THE ISSUER

RG EXCHANGE CO INC. (the “ **Subscriber** ”) either *[check appropriate box]* :

☐ owns directly or indirectly, or exercises control or direction over, no Common Shares or securities convertible into Common Shares;
or

☒ owns directly or indirectly, or exercises control or direction over, 1,019,000 Common Shares and convertible securities entitling the holder thereof to acquire an additional Nil Common Shares.

Please register the Purchased Shares as follows:

Certificate Registration Instructions :

RG EXCHANGE CO INC.
Name

Account reference, if applicable

10060 JASPER AVENUE, 1201 SCOTIA TOWER 2
Subscriber’s Address

EDMONTON, ALBERTA T5J 4E5

The telephone number of the Subscriber is (303) 573-1660 .

SCHEDULE B

CERTIFICATION OF PURCHASER

TO: SEABRIDGE GOLD INC. (the “Issuer”)

RE: SUBSCRIPTION FOR SECURITIES OF THE ISSUER

Capitalized terms not specifically defined in this certification have the meaning ascribed to them in the Subscription Agreement to which this Schedule B is attached. In the event of a conflict between the terms of this certification and such Subscription Agreement, the terms of this certification shall prevail.

In addition to the covenants, representations and warranties contained in the Subscription Agreement to which this Schedule B is attached, the undersigned Subscriber covenants, represents and warrants to the Issuer that:

- (a) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Purchased Shares and it is able to bear the economic risk of loss of its entire investment.
 - (b) The Issuer has provided to it the opportunity to ask questions and receive answers concerning the terms and conditions of its subscription for Common Shares of the Issuer and it has had access to such information concerning the Issuer as it has considered necessary or appropriate in connection with its investment decision to acquire the Purchased Shares, including access to the Issuer’s public filings available on the Internet at www.sedar.com, and that any answers to questions and any request for information have been complied with to the Subscriber’s satisfaction.
 - (c) It is acquiring the Purchased Shares for its own account and not with a view to any resale, distribution or other disposition of the Purchased Shares in violation of the United States federal or state securities laws.
 - (d) It understands (i) the Purchased Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or the securities laws of any state of the United States and will be “restricted securities”, as defined in Rule 144 under the U.S. Securities Act; (ii) the sale contemplated hereby is being made to “accredited investors” (as defined in Rule 501(a) of Regulation D under the Securities Act) in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 506 of Regulation D thereunder; and (iii) the Purchased Shares may not be offered, sold, pledged or transferred in the United States or by or on behalf of a U.S. Person unless the Purchased Shares are registered under the U.S. Securities Act and applicable state securities laws, or unless an exemption from such registration requirements is available.
 - (e) The Subscriber is an “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act by virtue of being a corporation with total assets in excess of US\$5,000,000.
 - (f) The Subscriber has not purchased the Purchased Shares as a result of any form of general solicitation or general advertising (as those terms are used in Regulation D under the U.S. Securities Act).
 - (g) It understands and agrees that the Purchased Shares may not be acquired in the United States or by or on behalf of a U.S. Person or a person in the United States unless registered under the U.S. Securities Act and any applicable state securities laws or unless an exemption from such registration requirements is available.
-

- (h) If the Subscriber decides to offer, sell, pledge or otherwise transfer any of the Purchased Shares, it will not offer, sell, pledge or otherwise transfer any of the Purchased Shares directly or indirectly, other than pursuant to registration under or an exemption or exclusion from the U.S. Securities Act and any applicable state laws.
- (i) The certificates representing the Purchased Shares issued hereunder, as well as all certificates issued in exchange for or in substitution of the foregoing, until such time as is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws, will bear, on the face of such certificate, the following legends:

“ THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE COMPANY THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IF REGISTERED UNDER THE U.S. SECURITIES ACT OR (A) TO SEABRIDGE GOLD INC. (THE “COMPANY”); (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (D), THE SELLER FURNISHES TO THE COMPANY AN OPINION OF COUNSEL OF RECOGNIZED STANDING OR OTHER EVIDENCE IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN OR UNITED STATES STOCK EXCHANGE.”

- (j) It undertakes to notify the Issuer immediately of any change in any representation, warranty or other information relating to the Subscriber which takes place prior to the time of Closing.

Dated December , 2012.

X
Authorized signatory (if Subscriber is **not** an individual)

RG Exchangeco Inc.
Name of Subscriber (**please print**)

Stefan Wenger
Name of authorized signatory (**please print**)

Vice President and Treasurer
Official capacity of authorized signatory (**please print**)

SCHEDULE B
CONFORMED OPTION AGREEMENT

[See attached]

OPTION AGREEMENT

- between -

SEABRIDGE GOLD INC.

- and -

RGLD GOLD CANADA, INC.

June 16, 2011

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OPTION AGREEMENT

THIS AGREEMENT made as of the 16th day of June, 2011 (the “**Effective Date**”)

BETWEEN:

SEABRIDGE GOLD INC. , a corporation existing under the laws of Canada

(“**Seabridge**”)

AND:

RGLD GOLD CANADA, INC. , a corporation existing under the laws of Canada

(“**Royal Gold**”)

WHEREAS:

- A. Seabridge owns and operates the Project.
- B. Subject to, and in consideration of, Royal Gold entering into the First Tranche Subscription Agreement with Seabridge pursuant to which Royal Gold will subscribe for the First Tranche Shares at a subscription price which reflects a 15 percent premium to the market value of the Shares, Seabridge wishes to grant, and Royal Gold wishes to receive, the First Option to purchase the Royalty at a Royalty Percentage of 1.25 percent.
- C. Subject to, and in consideration of, Royal Gold exercising the Second Tranche Option pursuant to which Royal Gold will subscribe for the Second Tranche Shares at a subscription price which reflects a 15 percent premium to the market value of the Shares, Seabridge wishes to grant, and Royal Gold wishes to receive, the Second Option to increase the Royalty Percentage by 0.75 percent.
- D. The Parties wish to enter into this Agreement in order to set out the terms and conditions on which the Parties will complete the foregoing transactions.

NOW THEREFORE, in consideration of the covenants and agreements herein contained, and other good and valuable consideration, the Parties agree as follows:

SECTION 1 - INTERPRETATION

1.01 Definitions

For the purposes of this Agreement the following words and phrases shall have the following meanings:

- (1) “ **Affiliate** ” means, with respect to any Person, any Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person;
- (2) “ **Agreement** ” means this agreement, including its recitals and schedules, as amended from time to time;
- (3) “ **Alternative Subscription** ” has the meaning given to such term in Section 3.02(5)(a)(i);
- (4) “ **Applicable Laws** ” means all applicable federal, state and local laws (statutory or common), rules, ordinances (including zoning and mineral removal ordinances), regulations, judgments, decrees, and other valid governmental restrictions, including permits and other similar requirements, whether legislative, municipal, administrative or judicial in nature and includes any Environmental Laws;
- (5) “ **Business Day** ” in any jurisdiction means a day, other than a Saturday or Sunday, on which banks in such jurisdiction are generally open for business;
- (6) “ **Committed Funding** ” shall include any of, or any combination of:
- (a) a binding commitment from a bona fide lender or other financial partner under which the lender or financial partner commits, subject to the conditions therein, to provide funds for the purposes of construction of the Project and commencing commercial production at the Project; and/or
- (b) the respective boards of directors Seabridge and/or a Transferee making a decision to proceed with Development and to fund Development of the Project through to commencement of commercial production at the Project with its own financial resources, provided that Seabridge and/or such Transferee has a balance sheet and current and projected revenues, together with any commitments from a lender or other financial partner under paragraph (a) above, that reasonably evidences the ability to fund Development;
- (7) “ **Confidential Information** ” has the meaning given to such term in Section 7.01(1);
- (8) “ **Deed of Accession** ” has the meaning given to such term in Section 6.02(3);
- (9) “ **Development** ” means all preparation (other than Exploration) for the removal and recovery of mineral deposits from the Subject Properties, including the acquisition of equipment and the construction or installation of any improvements to be used for the mining, handling, processing or other beneficiation of mineral deposits from the Subject Properties, related Environmental Compliance and financing;
- (10) “ **Disclosure Letter** ” means the letter delivered to Royal Gold from Seabridge concurrently with the execution of this Agreement and as may thereafter be updated in accordance with Sections 4.01(1)(b) and 4.02(1)(b);

(11) “**Dispute**” means a dispute arising out of, or in connection with, this Agreement or any legal relationship associated with, or derived from, this Agreement;

(12) “**Effective Date**” means the date of this Agreement, as first set out above;

(13) “**Environmental Compliance**” means actions performed during or after Operations to comply with the requirements of all Environmental Laws or contractual commitments related to reclamation of the Mineral Tenures or other compliance with Environmental Laws;

(14) “**Environmental Laws**” means Governmental Requirements relating to pollution or protection of human health or the environment, including Governmental Requirements relating to emissions, discharges, or releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment (including ambient air, surface water, ground water, aquifers, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes which are applicable to the Subject Properties, the Project, the other assets owned, controlled or managed by Seabridge which are used on or in connection with the Subject Properties or the Project or to the activities of Seabridge on or in connection with the Subject Properties or the Project;

(15) “**Environmental Liabilities**” means any and all claims, actions, causes of action, damages, losses, liabilities, obligations, penalties, judgments, amounts paid in settlement, assessments, costs, disbursements, or expenses (including, attorneys’ fees and costs, experts’ fees and costs, and consultants’ fees and costs) of any kind or of any nature whatsoever that are asserted against Seabridge, the Subject Properties or the Project by any third party (as the case may be), alleging liability (including liability for studies, testing or investigatory costs, cleanup costs, response costs, removal costs, remediation costs, containment costs, restoration costs, corrective action costs, closure costs, reclamation costs, natural resource damages, property damages, business losses, personal injuries, penalties or fines) arising out of, based on or resulting from (i) the presence, release, threatened release, discharge or emission into the environment of any hazardous materials or substances existing or arising on, beneath or above the Subject Properties or the Project and/or emanating or migrating and/or threatening to emanate or migrate from the Subject Properties or the Project to off-site properties; (ii) the physical disturbance of the environment; or (iii) the violation or alleged violation of any Environmental Laws;

(16) “**Escrow Agreement**” means the escrow agreement entered into between Royal Gold, Seabridge and McCarthy Tétrault LLP, as escrow agent, concurrently with the execution of this Agreement;

(17) “**Exploration**” means all activities directed toward ascertaining the existence, location, quantity, quality or commercial value of mineral deposits on the Subject Properties, including additional drilling required after discovery of mineral deposits, and includes related Environmental Compliance;

- (18) “ **First Option** ” has the meaning given to such term in Section 4.01(1);
- (19) “ **First Option Certificate** ” has the meaning given to such term in Section 4.01(1)(b);
- (20) “ **First Option Conditions** ” means:
- (a) the closing of the First Tranche Subscription has occurred in accordance with the First Tranche Subscription Agreement; and
 - (b) Royal Gold or an Affiliate of Royal Gold has held Shares equal to the First Tranche Shares for a period of not less than 270 days from the closing date of the First Tranche Subscription;
- (21) “ **First Option Confirmation Notice** ” has the meaning given to such term in Section 4.01(1)(c);
- (22) “ **First Option Notice** ” has the meaning given to such term in Section 4.01(1);
- (23) “ **First Option Exercise Period** ” means the period commencing on the date on which the First Option Conditions have been satisfied or waived in writing by Seabridge and ending on the date that is sixty (60) days after the later of the date that Royal Gold has been provided with written evidence to its reasonable satisfaction that:
- (a) the Project has, to the extent necessary for the Development and operation of the Project, received from the relevant Governmental Authorities:
 - (i) any certificate required under the *Environmental Assessment Act* (British Columbia), or any equivalent requirement then in effect under Applicable Laws;
 - (ii) any approvals required under the *Canadian Environmental Assessment Act* (Canada), or any equivalent requirement then in effect under Applicable Laws;
 - (iii) any permit for a large mine required under the *Mines Act* (British Columbia), or any equivalent requirement then in effect under Applicable Laws;
 - (iv) any approvals or permits required under the *Water Act* (British Columbia), or any equivalent requirements then in effect under Applicable Laws;
 - (v) any approvals or permits required under the *Fisheries Act* (Canada), or any equivalent requirements then in effect under Applicable Laws;
 - (vi) any approvals or permits required under the *Environmental Management Act* (British Columbia), or any equivalent requirements then in effect under Applicable Laws; and

- (vii) all other material licences, permits and approvals from Governmental Authorities necessary for the Development and operation of the Project (except for those licenses, permits and approvals that cannot reasonably be obtained prior to commencing construction of the Project, provided that there is a reasonable degree of confidence that such licences, permits and approvals will be obtained in a timely manner at the appropriate time);
- (b) Seabridge, or its successors or assigns in accordance with Section 6.02, has received board, joint venture and all other corporate approvals necessary to commence construction of the Project; and
- (c) Seabridge, or its successors and assigns in accordance with Section 6.02, has demonstrated sufficient Committed Funding for the Development of the Project and commencement of commercial production in respect thereof, and the conditions precedent to the first advance of loan monies in respect thereof (“ **Financial Close** ”) have been fulfilled, except that, to the extent any conditions precedent to Financial Close include conditions precedent (the “ **Royal Gold Conditions** ”) that require the exercise of the First Option or the Second Option, or the payment of the First Option Purchase Price or the Second Option Purchase Price, then:
 - (i) the Royal Gold Conditions shall be deemed to have been fulfilled for the purposes of determining whether Financial Close has been achieved within the meaning of this paragraph (c); and
 - (ii) Royal Gold shall, to the extent it does not prejudice its rights hereunder and without any obligation on its part to fulfil the Royal Gold Conditions or any duty of care to Seabridge or any third party, endeavour that any exercise of the First Option or the Second Option does not unreasonably delay Financial Close or unreasonably jeopardize the Committed Funding,

provided that:

- (d) for the purposes of determining whether the Committed Funding is sufficient, the First Option Purchase Price and the Second Option Purchase Price may be considered as comprising a portion of the Committed Funding; and
- (e) in no case shall the First Option Exercise Period end prior to the date that is sixty (60) days after the First Option Conditions have been satisfied or waived in writing by Seabridge.

(24) “ **First Option Purchase Price** ” means the lesser of: (i) CDN\$100,000,000.00, and (ii) an amount in Canadian dollars equivalent to USD\$125,000,000.00 converted at the prevailing US\$/CD\$ spot market rate applicable on the day immediately prior to the date on which Royal Gold makes the first payment of the First Option Purchase Price in accordance with Section 4.01(1)(d)(i) by reference to middle-market rates quoted on the Reuters page FX= (or if such page ceases to be quoted, such replacement or substituted page as reflects substantially the same exchange rates);

- (25) “**First Option Royalty Agreement**” means the Royalty Agreement reflecting a Royalty Percentage of 1.25 percent which has been executed and delivered into escrow by the parties concurrently with the execution of this Agreement and which will be held in escrow in accordance with the terms and conditions of the Escrow Agreement and, for greater certainty, shall be of no force and effect until released in accordance with the terms and conditions of the Escrow Agreement;
- (26) “**First Tranche Shares**” means the Shares subscribed for by Royal Gold in accordance with the First Tranche Subscription Agreement;
- (27) “**First Tranche Subscription**” has the meaning given to such term in Section 3.01;
- (28) “**First Tranche Subscription Agreement**” means the subscription agreement executed substantially in the form set out as Schedule A;
- (29) “**Full Transfer**” has the meaning given to such term in Section 6.02(2)(a);
- (30) “**Good Mining Practice**” has the meaning given to such term in the Royalty Agreement;
- (31) “**Governmental Authorities**” means the government or any state, provincial, territorial, divisional, county, regional, city or other political subdivision thereof and any entity, court, arbitrator or arbitration panel, agency, department, commission, board, bureau or regulatory authority or other instrumentality of any of them exercising executive, legislative, judicial, regulatory or administrative functions that exercises valid jurisdiction, including over the Project or the Subject Properties;
- (32) “**Governmental Requirement**” means any law, statute, code, ordinance, treaty, order, rule, regulation, judgment, ruling, decree, injunction, franchise, permit, certificate, license, authorization, approval or other direction or requirement of any Governmental Authorities;
- (33) “**ICC**” has the meaning given to such term in Section 8.01(2);
- (34) “**Liens**” means, as to any property or asset owned or held by a Person, any mortgage, deed of trust, lien, pledge, charge, security interest, preferential right, assignment, option, production payment or royalty (which for greater certainty excludes any Smelter Contract or Refining Contract), or other encumbrance in, on or to, or any interest or title of any vendor, lessor, purchaser or other secured party to, or interest or title of any Person under any conditional sale or other title retention agreement or capital lease with respect to, such property or asset, the signing of any mortgage, deed of trust, pledge, charge, security agreement, assignment or similar instrument with respect to such property or asset, or the signing or filing of a financing statement with respect to such property or asset which names such Person as debtor, or the signing of any security agreement authorizing any other party as the secured party thereunder to file any financing statement with respect to such property or asset;
- (35) “**Material Agreement**” has the meaning given to such term in the Royalty Agreement;

- (36) “ **Mineral Tenures** ” has the meaning given to such term in the Royalty Agreement;
- (37) “ **Offered Interest** ” has the meaning given to such term in Section 5.01(4);
- (38) “ **Operations** ” means, from time to time, all matters, work and activities concerning, related to or in connection with the Subject Properties or the Project, including Exploration and Development;
- (39) “ **Partial Transfer** ” has the meaning given to such term in Section 6.02(2)(a);
- (40) “ **Parties** ” means Royal Gold and Seabridge, and each of them is a “ **Party** ”;
- (41) “ **Permitted Liens** ” means:
- (a) security interests or other Liens created to secure loans or advances made by, or debt obligations issued by Seabridge to, any lender or syndicate of lenders for the bona fide purpose of obtaining financing for the Development of the Project; and
- (b) the Permitted Royalties;
- (42) “ **Permitted Royalties** ” means the royalties described in Schedule C (in their form as at the Effective Date or as subsequently amended or varied with Royal Gold’s prior written consent but not as may be otherwise subsequently amended or varied);
- (43) “ **Person** ” means an individual, partnership, corporation (including a business trust), joint venture, limited liability company or other entity, or a Governmental Authority, and pronouns have a similarly extended meaning;
- (44) “ **Project** ” has the meaning given to such term in the Royalty Agreement;
- (45) “ **Refining Contract** ” has the meaning given to such term in the Royalty Agreement;
- (46) “ **Representatives** ” has the meaning given to such term in Section 5.01(2)(b);
- (47) “ **Required Disclosure** ” has the meaning given to such phrase in Section 7.01(3);
- (48) “ **Royal Gold** ” has the meaning set forth in the introductory paragraph of this Agreement;
- (49) “ **Royalty** ” has the meaning given to such term in the Royalty Agreement;
- (50) “ **Royalty Agreement** ” means the form of royalty agreement set out as Schedule B;
- (51) “ **Royalty Percentage** ” has the meaning given to such term in the Royalty Agreement;

- (52) “ **Sale Terms** ” has the meaning given to such term in Section 5.01(4);
- (53) “ **Seabridge** ” has the meaning set forth in the introductory paragraph of this Agreement;
- (54) “ **Second Option** ” has the meaning given to such term in Section 4.02(1);
- (55) “ **Second Option Certificate** ” has the meaning given to such term in Section 4.02(1)(b);
- (56) “ **Second Option Conditions** ” means:
- (a) the First Option Notice has been delivered by Royal Gold in accordance with Section 4.01; and
 - (b) the closing of the Second Tranche Subscription has occurred in accordance with the Second Tranche Subscription Agreement;
- (57) “ **Second Option Confirmation Notice** ” has the meaning given to such term in Section 4.02(1)(c);
- (58) “ **Second Option Notice** ” has the meaning given to such term in Section 4.02(1);
- (59) “ **Second Option Exercise Period** ” means the period commencing on the date on which the Second Option Conditions have been satisfied or waived in writing by Seabridge and ending on the same expiry date as provided in the definition of “First Option Exercise Period”, provided that in no case shall the Second Option Exercise Period end prior to the date that is sixty (60) days after the Second Option Conditions have been satisfied or waived in writing by Seabridge;
- (60) “ **Second Option Purchase Price** ” means the lesser of: (i) CDN\$60,000,000.00, and (ii) an amount in Canadian dollars equivalent to USD\$75,000,000.00 converted at the prevailing US\$/CD\$ spot market rate applicable on the day immediately prior to the date on which Royal Gold makes the first payment of the Second Option Purchase Price in accordance with Section 4.02(1)(d)(i) by reference to middle-market rates quoted on the Reuters page FX= (or if such page ceases to be quoted, such replacement or substituted page as reflects substantially the same exchange rates);
- (61) “ **Second Option Royalty Agreement** ” means the Royalty Agreement reflecting a Royalty Percentage of 2 percent which has been executed and delivered into escrow by the parties concurrently with the execution of this Agreement and which will be held in escrow in accordance with the terms and conditions of the Escrow Agreement and, for greater certainty, shall be of no force and effect until released in accordance with the terms and conditions of the Escrow Agreement;
- (62) “ **Second Tranche Exercise Notice** ” has the meaning given to such term in Section 3.02(1)

- (63) “ **Second Tranche Option** ” has the meaning given to such term in Section 3.02(1);
- (64) “ **Second Tranche Shares** ” means the Shares subscribed for by Royal Gold in accordance with the Second Tranche Subscription Agreement;
- (65) “ **Second Tranche Subscription** ” has the meaning given to such term in Section 3.02(1);
- (66) “ **Second Tranche Subscription Agreement** ” has the meaning given to such term in Section 3.02(3);
- (67) “ **Shares** ” means common shares in the capital of Seabridge;
- (68) “ **Smelter Contract** ” has the meaning given to such term in the Royalty Agreement;
- (69) “ **Subject Properties** ” has the meaning given to such term in the Royalty Agreement;
- (70) “ **Taxes** ” mean all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by or on behalf of any Governmental Authorities, including any interest, additions to tax or penalties applicable thereto;
- (71) “ **Third Party Agreement** ” has the meaning given to such term in Section 5.01(3);
- (72) “ **Transaction Documents** ” means this Agreement, the First Tranche Subscription Agreement, the Second Tranche Subscription Agreement and the Royalty Agreement;
- (73) “ **Transfer** ” means any transfer, sale, assignment, lease, conveyance, mortgage, pledge or other disposal or Lien and “Transfer” when used as a verb shall have a corresponding meaning; and
- (74) “ **TSX** ” means the Toronto Stock Exchange.

1.02 Headings

The division of this Agreement into Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Sections and Schedules are to Sections of and Schedules to this Agreement.

1.03 **Extended Meanings**

In this Agreement words importing the singular number only include the plural and *vice versa* , words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing” and the term “third party” means any Person other than Seabridge and Royal Gold.

1.04 **Statutory References**

In this Agreement, unless something in the subject matter or context is inconsistent therewith or unless otherwise herein provided, a reference to any statute is to that statute as now enacted or as the same may from time to time be amended, re-enacted or replaced and includes any regulations made thereunder.

1.05 **Schedules**

The following schedules are incorporated into this Agreement by reference and form an integral part of this Agreement:

<u>Schedules</u>		<u>Description</u>
Schedule A	-	First Tranche Subscription Agreement
Schedule B	-	Form of Royalty Agreement
Schedule C	-	Permitted Royalties

1.06 **Governing Law**

This Agreement shall be construed and governed by the laws of British Columbia and the laws of Canada applicable therein and, subject to Section 8, the Parties irrevocably submit to the exclusive jurisdiction of the courts of British Columbia.

1.07 **Severability**

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

1.08 **Meaning of Control**

For the purposes of this Agreement, an entity is controlled by a Person if:

- (a) a majority of the voting securities of the entity are held, other than by way of security only, directly or indirectly by or for the benefit of such Person; and

(b) the voting rights attached to those voting securities are entitled, if exercised, to elect a majority of the directors of the entity, and the terms “control”, “controls”, “controlling” and similar terms have a corresponding meaning.

1.09 Day Not a Business Day

In the event that any day on which any action is required to be taken hereunder is not a Business Day in the jurisdiction relevant to the action to be taken, then such action shall be required to be taken at the requisite time on the next succeeding day that is a Business Day in such jurisdiction.

1.10 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Seabridge, Seabridge confirms that it has made due and diligent inquiry of such Persons as to the matters that are the subject of the representations and warranties as it reasonably considers necessary.

SECTION 2 - REPRESENTATIONS AND WARRANTIES

2.01 Royal Gold's Representations and Warranties

As of the Effective Date, Royal Gold represents and warrants to Seabridge that:

- (a) it is a body corporate duly incorporated or continued, organized and validly subsisting under the Applicable Laws of its incorporating or continued jurisdiction;
- (b) it has full power and authority to carry on its business and to enter into this Agreement;
- (c) neither the execution and delivery of this Agreement nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement does not violate or result in the breach of the Applicable Laws of any jurisdiction applicable to Royal Gold or pertaining thereto or of its constating documents;
- (e) all corporate authorizations have been obtained for the execution of this Agreement and for the performance of its obligations hereunder; and
- (f) this Agreement constitutes a legal, valid and binding obligation of Royal Gold enforceable against it in accordance with its terms.

Seabridge's Representations and Warranties

As of the Effective Date, Seabridge represents and warrants to Royal Gold that:

- (a) it is a body corporate duly incorporated or continued, organized and validly subsisting under the Applicable Laws of its incorporating or continued jurisdiction;
- (b) it has the full power and authority to carry on its business and to enter into this Agreement;
- (c) except as provided in the Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the transactions hereby contemplated conflict with, result in the breach of or accelerate the performance required by any agreement to which it is a party;
- (d) the execution and delivery of this Agreement does not violate or result in the breach of the Applicable Laws of any jurisdiction applicable to Seabridge or pertaining thereto or of its constating documents;
- (e) all corporate authorizations have been obtained for the execution of this Agreement and for the performance of its obligations hereunder;
- (f) this Agreement constitutes a legal, valid and binding obligation of Seabridge enforceable against it in accordance with its terms;
- (g) the Mineral Tenures are in good standing under Applicable Laws;
- (h) the Mineral Tenures have been properly and legally recorded and acquired in accordance with Applicable Laws;
- (i) Seabridge is the recorded holder and the 100% legal and beneficial owner of the Mineral Tenures free and clear of all Liens (except Permitted Liens) ;
- (j) there is no adverse claim or challenge against or to ownership of or title to any of the Mineral Tenures, nor, to its knowledge, is there any basis therefore or interest therein, and there are no outstanding agreements or options to acquire or purchase the Mineral Tenures or any portion thereof, and no Person has any royalty or other interest whatsoever in production from any of the Mineral Tenures other than the Permitted Royalties;
- (k) except as provided in the Disclosure Letter, Seabridge has not received any notice and has no knowledge of any proposal to terminate or vary the terms of any rights comprised in the Mineral Tenures, from any government or other regulatory authority;
- (l) there are no civil, criminal, administrative, investigative or informal actions, audits, demands, suits, claims, arbitrations, hearings, litigations, disputes, or other

proceedings of any kind or nature pending, or to the knowledge of Seabridge, threatened, against Seabridge or materially adversely affecting or which could materially adversely affect (including any potential judgment or liability against) the Mineral Tenures or the Project at law or otherwise, in, before, by or otherwise involving, any Governmental Authority, arbitrator or other Person. To the knowledge of Seabridge, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such action described in this Section 2.02(1);

- (m) to the knowledge of Seabridge, there are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Mineral Tenures or the Project and there have been no activities on or in relation to the Mineral Tenures or the Project that are, or were, in violation of any Environmental Laws, regulations or regulatory prohibition or order, and conditions on and relating to the Mineral Tenures and the Project are in compliance in all material respects with such laws, regulations, prohibitions and orders;
- (n) to the knowledge of Seabridge, all work carried out on the Mineral Tenures by Seabridge or by any other Person, has been carried out in compliance with all Applicable Laws, including Environmental Laws and Governmental Requirements, and neither Seabridge, nor to its knowledge any Person, has received any notice of any breach of any such law and it has no knowledge of any facts which would lead a well-informed operator in the mining industry to believe there are any Environmental Liabilities associated with the Mineral Tenures and, to its knowledge, there are no environmental audits relating to the Mineral Tenures; and
- (o) all information provided by Seabridge to Royal Gold in respect of the Mineral Tenures and the Project was true and correct in all material respects at the time it was provided and no relevant material information or knowledge has been withheld from Royal Gold by Seabridge.

2.03 Indemnification Regarding Representations and Warranties

Each Party shall indemnify and save the other harmless from any loss, expense, liability, actual or threatened claim, count, cause of action, action, suit, proceeding or demand of any kind or nature arising out of or in connection with any breach of any representation, warranty, covenant, agreement or condition made by them and contained in this Agreement. A Party may waive the breach by the other Party of any of such Party's representations, warranties, covenants, agreements or conditions in whole or in part at any time without prejudice to its right in respect of any other breach of the same or any other representation, warranty, covenant, agreement or condition.

2.04 **Survival**

The representations, warranties and agreements set forth in this Section 2 shall survive the termination of this Agreement by a period of two (2) years.

2.05 **Further Action**

Seabridge will (and will cause any Affiliate to), upon request, sign and deliver to Royal Gold, and Royal Gold may register or otherwise record against titles to the Subject Properties, the form of notice or other document or documents as Royal Gold may reasonably request to give notice of the existence of this Agreement to third parties.

SECTION 3 – SUBSCRIPTIONS FOR SHARES

3.01 **First Tranche Subscription**

Concurrently with the execution of this Agreement, Royal Gold and Seabridge shall execute and deliver the First Tranche Subscription Agreement in order for Royal Gold to subscribe for the First Tranche Shares on the terms and conditions described therein (the “**First Tranche Subscription**”).

3.02 **Second Tranche Subscription**

(1) Subject to the closing of the First Tranche Subscription in accordance with the First Tranche Subscription Agreement, Seabridge hereby grants Royal Gold an irrevocable option (the “**Second Tranche Option**”), which option Royal Gold may exercise, in its sole discretion, by delivering written notice (the “**Second Tranche Exercise Notice**”) to Seabridge at any time on or before the day that is 540 days after the closing of the First Tranche Subscription (the “**Second Tranche Exercise Period**”), but subject to Section 3.02(4), to subscribe for such number of additional Shares as is equal to the quotient of:

- (a) CDN\$18,000,000.00; divided by
- (b) a price equal to a premium of fifteen percent (15%) to the volume weighted average trading price of the Shares on the TSX for the five (5) trading day period ending two (2) trading days prior to the delivery of the Second Tranche Exercise Notice,

(the “**Second Tranche Subscription**”).

(2) Except as provided in Sections 3.02(3), the terms and conditions of the Second Tranche Subscription shall be substantially the same as the First Tranche Subscription.

(3) Within ten (10) days of Royal Gold delivering the Second Tranche Exercise Notice, Royal Gold and Seabridge shall execute and deliver a subscription agreement (the “**Second Tranche Subscription Agreement**”) in substantially the same form as the First Tranche Subscription Agreement, *mutatis mutandis*, subject to such changes as may be required

to reflect the terms of the Second Tranche Subscription described in Section 3.02(1) and as may be necessary in the evaluation of legal counsel to the Parties to permit the Second Tranche Subscription to be completed on a prospectus exempt basis or otherwise as a result of any then Applicable Laws or requirements of any stock exchange or trading system on which the Shares are trading.

(4) Notwithstanding Sections 3.02(1) and 3.02(3), if at any time Royal Gold has delivered the Second Tranche Exercise Notice but is prohibited under Applicable Laws or requirements of any stock exchange on which the Shares trade from completing the Second Tranche Subscription promptly after delivery of the Second Tranche Exercise Notice, the time for execution of the Second Tranche Subscription Agreement shall be extended until the date that is thirty (30) days after Royal Gold is no longer prohibited from completing the Second Tranche Subscription under such Applicable Laws or the requirements of any such stock exchange and at a price determined under Section 3.02(1)(b) except that the applicable period for calculating the volume weighted average trading price of the Shares shall be the five (5) trading day period ending twenty (20) days after the first day on which Royal Gold is no longer prohibited from completing the Second Tranche Subscription under such Applicable Laws or the requirements of any such stock exchange. In determining whether completion of the Second Tranche Subscription is prohibited under Applicable Laws, Royal Gold agrees to give due consideration to whether or not Seabridge has imposed a trading blackout in respect of information that has been disclosed to Royal Gold as well as whether any securities regulatory authority or stock exchange may exercise its public policy jurisdiction or some other discretion to determine that any conduct is or would be unlawful or otherwise prohibited.

(5) Notwithstanding any provision to the contrary contained herein, in the event that, prior to the completion of the Second Tranche Subscription, Seabridge is no longer a reporting issuer in Canada or its Shares do not trade on a stock exchange, then:

- (a) if all of the issued and outstanding Shares are acquired by a Person that is itself a reporting issuer in Canada whose securities trade on a Canadian or United States stock exchange, such Person may elect in writing to Royal Gold (provided such election is delivered in a timely manner and does not prejudice Royal Gold's rights hereunder) requiring that the provisions of this Section 3.02 shall apply to the securities of such Person rather than the Shares, upon which:
 - (i) Royal Gold may, if it chooses to exercise the Second Tranche Option, subscribe for securities of such Person on substantially the same terms and conditions, *mutatis mutandis*, as the Second Tranche Subscription (the “**Alternative Subscription**”);
 - (ii) all other terms and conditions of this Section 3.02 shall apply, *mutatis mutandis*, to the Alternative Subscription; and
 - (iii) upon completion of the Alternative Subscription, paragraph (b) of the definition of “Second Option Conditions” shall be deemed to have been satisfied for the purposes of Section 4.02; or

- (b) in all other circumstances, including an acquisition of all of the Shares by a private entity, paragraph (b) of the definition of “Second Option Conditions” shall be deemed to have been satisfied for the purposes of Section 4.02.

SECTION 4 - OPTIONS

4.01 Grant of First Option

- (1) Subject to the satisfaction of the First Option Conditions (or Seabridge waiving such conditions in writing), Seabridge hereby grants to Royal Gold an irrevocable option (the “**First Option**”) to acquire the Royalty at a Royalty Percentage of 1.25 percent, free and clear of all Liens, which option Royal Gold may exercise, in its sole discretion, as follows:
- (a) by Royal Gold delivering a written notice (the “**First Option Notice**”) to Seabridge at any time during the First Option Exercise Period notifying Seabridge that it may wish, but is not obliged, to exercise the First Option;
 - (b) within ten (10) days of the receipt of the First Option Notice, Seabridge shall deliver to Royal Gold a certificate (the “**First Option Certificate**”) signed by Seabridge and repeating each of the representations and warranties of Seabridge in Section 2.02 hereof, provided that, Seabridge may deliver with the First Option Certificate an updated Disclosure Letter containing such qualifications to the representations contained in Sections 2.02(i) to 2.02(o) as may be necessary to provide accurate representations and warranties as at the date of the First Option Certificate (which representations and warranties will be deemed to have been repeated on the date the First Option Confirmation Notice is delivered);
 - (c) within ten (10) days of the receipt of the First Option Certificate, by Royal Gold delivering written notice (the “**First Option Confirmation Notice**”) to Seabridge confirming that it wishes to exercise the First Option; and
 - (d) upon delivery of the First Option Confirmation Notice, by Royal Gold paying the First Option Purchase Price to Seabridge as follows:
 - (i) one-third (1/3) of the First Option Purchase Price shall be payable by Royal Gold to Seabridge upon release of the First Option Royalty Agreement from escrow in accordance with the Escrow Agreement (provided that, if the First Option Confirmation Notice and the Second Option Confirmation Notice are delivered at the same time, then such payment shall be made upon release of the Second Option Royalty Agreement from escrow in accordance with the Escrow Agreement);
 - (ii) one-third (1/3) of the First Option Purchase Price shall be payable by Royal Gold to Seabridge on or before the date that is 270 days after the delivery of the First Option Confirmation Notice; and

(iii) one-third (1/3) of the First Option Purchase Price shall be payable by Royal Gold to Seabridge on or before the date that is 540 days after the delivery of the First Option Confirmation Notice.

(2) Upon delivery of the First Option Confirmation Notice:

(a) the Royalty shall immediately vest in Royal Gold at a Royalty Percentage of 1.25 percent; and

(b) the First Option Royalty Agreement shall be released from escrow in accordance with the terms and conditions of the Escrow Agreement (provided that, if the First Option Confirmation Notice and the Second Option Confirmation Notice are delivered at the same time, then only the Second Option Royalty Agreement shall be released from escrow in accordance with Section 4.02 (2)(b)),

provided that, in the event that Royal Gold fails to complete its payment of the First Option Purchase Price in accordance with Section 4.01(1) (d), then:

(c) the First Option Royalty Agreement shall terminate;

(d) Royal Gold shall not be obligated to make any further payments in respect of the First Option Purchase Price and Seabridge shall be entitled to keep any portion of the First Option Purchase Price previously paid by Royal Gold (subject to any other remedy that Royal Gold may have under this Agreement or at law); and

(e) this Agreement shall terminate.

(3) For greater certainty, provided that the First Option Notice is delivered during the First Option Exercise Period in accordance with Section 4.01(1)(a), the delivery of the First Option Confirmation Notice and exercise of the First Option may occur after the expiry of the First Option Exercise Period.

(4) Seabridge shall use its good faith commercially reasonable endeavours to achieve fulfilment of paragraph (a) of the definition of First Option Conditions to the extent that fulfilment of such First Option Conditions is reasonably within its control.

4.02 Grant of Second Option

(1) Subject to the satisfaction of the Second Option Conditions (or Seabridge waiving such conditions in writing), Seabridge hereby grants to Royal Gold an irrevocable option (the “**Second Option**”) to increase the Royalty Percentage by 0.75 percent (that is, to a total Royalty Percentage of two (2) percent), which option Royal Gold may exercise, in its sole discretion, as follows:

(a) by Royal Gold delivering a written notice (the “**Second Option Notice**”) to Seabridge at any time during the Second Option Exercise Period notifying Seabridge that it may wish, but is not obliged, to exercise the Second Option;

- (b) within ten (10) days of the receipt of the Second Option Notice, Seabridge shall deliver to Royal Gold a certificate (the “**Second Option Certificate**”) signed by Seabridge and repeating each of the representations and warranties of Seabridge in Section 2.02 hereof, provided that, Seabridge may deliver with the Second Option Certificate an updated Disclosure Letter containing such qualifications to the representations contained in Sections 2.02(i) to 2.02(o) as may be necessary to provide accurate representations and warranties as at the date of the Second Option Certificate (which representations and warranties will be deemed to have been repeated on the date the Second Option Confirmation Notice is delivered);
- (c) within ten (10) days of the receipt of the Second Option Certificate, by Royal Gold delivering written notice (the “**Second Option Confirmation Notice**”) to Seabridge confirming that it wishes to exercise the Second Option; and
- (d) upon delivery of the Second Option Confirmation Notice, by Royal Gold paying the Second Option Purchase Price to Seabridge as follows:
 - (i) one-third (1/3) of the Second Option Purchase Price shall be payable by Royal Gold to Seabridge upon release of the Second Option Royalty Agreement from escrow in accordance with the Escrow Agreement;
 - (ii) one-third (1/3) of the Second Option Purchase Price shall be payable by Royal Gold to Seabridge on or before the date that is 270 days after the delivery of the Second Option Confirmation Notice; and
 - (iii) one-third (1/3) of the Second Option Purchase Price shall be payable by Royal Gold to Seabridge on or before the date that is 540 days after the delivery of the Second Option Confirmation Notice.
- (2) Upon delivery of the Second Option Confirmation Notice:
 - (a) the Royalty Percentage shall be deemed to have been increased by 0.75 percent (that is, to a total Royalty Percentage of two (2) percent) and shall immediately vest in Royal Gold; and
 - (b) the Second Option Royalty Agreement shall be released from escrow in accordance with the terms and conditions of the Escrow Agreement (and the First Option Royalty Agreement shall, if previously released from escrow in accordance with Section 4.01(2)(b), be returned into escrow to be held in accordance with the Escrow Agreement),

provided that, in the event that Royal Gold fails to complete its payment of the Second Option Purchase Price in accordance with Section 4.02(1)(d), then:

- (c) the Second Option Royalty Agreement shall terminate (and the First Option Royalty Agreement shall, unless the First Option Royalty Agreement has been terminated in accordance with Section 4.01(2)(c), be released from escrow in accordance with the terms and conditions of the Escrow Agreement);

- (d) Royal Gold shall not be obligated to make any further payments in respect of the Second Option Purchase Price and Seabridge shall be entitled to keep any portion of the Second Option Purchase Price previously paid by Royal Gold (subject to any other remedy that Royal Gold may have under this Agreement or at law); and
- (e) this Agreement shall terminate.
- (3) For greater certainty:
 - (a) provided that the Second Option Notice is delivered during the Second Option Exercise Period in accordance with Section 4.02(1)(a), the delivery of the Second Option Confirmation Notice and exercise of the Second Option may occur after the expiry of the Second Option Exercise Period; and
 - (b) Royal Gold may deliver the First Option Notice and the Second Option Notice at the same time (subject to meeting the First Option Conditions and the Second Option Conditions).

4.03 Satisfaction of First Option Conditions

For the purposes of determining whether paragraph (b) of the First Option Conditions has 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, 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; and
- (b) for greater certainty, all short positions of Royal Gold (or its relevant Affiliate) in respect of the Shares, if any, shall be deducted from the long positions of Royal Gold (or its relevant Affiliate) in respect of the Shares;

provided that, if Royal Gold is not capable of satisfying paragraph (b) of the First Option Conditions as a result of:

- (c) a compulsory acquisition of the relevant Shares 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
- (d) Seabridge 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,

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

4.04 Use of Purchase Price Proceeds

The proceeds from each instalment of the First Option Purchase Price and the Second Option Purchase Price will be used by Seabridge to fund Development of the Project on the Subject Properties.

SECTION 5 — ADDITIONAL COVENANTS AND ACKNOWLEDGEMENTS

5.01 Additional Seabridge Covenants

- (1) From the Effective Date until the expiry of the Second Option Exercise Period, Seabridge shall:
 - (a) preserve and maintain its existence, rights, franchises and privileges in the jurisdiction of its incorporation or formation and the qualifications required in view of its business and operations or the ownership of its properties;
 - (b) maintain, preserve, protect and defend, at its own expense, its ownership of and title to the Subject Properties, including, paying when due all fees, Taxes, Liens and assessments, and doing all other things and making all other payments necessary or appropriate to maintain the ownership, right, title and interest of Seabridge in the Subject Properties and under this Agreement;
 - (c) refrain from agreeing to any amendment to or waiver in respect of the terms of:
 - (i) the Subject Properties; and
 - (ii) any other agreement related to the Subject Properties,which may have a material adverse effect on the interests of Royal Gold under this Agreement or the Royalty Agreement without the prior written consent of Royal Gold;
 - (d) promptly deliver to Royal Gold any notices, demands, or other communications relating to the Subject Properties that Seabridge receives from any Governmental Authority, any regulatory authority or any third party, except that in the case of notices, demands or other communications from third parties, the foregoing shall only apply to notices, demands or other communications relating to the matters referred to in Sections 2.02(j), 2.02(l), 2.02(m) and 2.02(n);
 - (e) provide to Royal Gold, as and when prepared:
 - (i) notice of any material change or changes to the development plan for the Project;

- (ii) quarterly construction, operating and exploration reports concerning the Project;
 - (iii) applicable Smelter Contracts and Refining Contracts;
 - (iv) annual reserve and resource reports, including reports that identify the reserves and resources within the Subject Properties and the Project;
 - (v) any other material engineering or economic studies relating to the Project;
 - (vi) annual budget, production forecast and mine operating plan in respect of the Project; and
 - (vii) notice of any material event, including insolvency, force majeure or material breach under a Material Agreement, labour or social disruption of operations, legal action and any actual or threatened withdrawal of any government or third party approval which relates to the Project;
- (f) maintain, with financially sound and reputable insurance companies, property, liability, business interruption, construction and other insurance covering Seabridge and its operations, the Project and the Subject Properties and covering at least such risks, liabilities, damages and loss as are usually insured against at mineral projects or other operations of similar size and scope in British Columbia;
- (g) at all times comply in all material respects with all applicable Governmental Requirements relating to Seabridge's operations on or with respect to the Subject Properties and the Project, including Environmental Laws; provided, however, Seabridge shall have the right to contest any such requirements if such contest does not jeopardize title to or its operations on the Subject Properties or the Project or Royal Gold's rights under this Agreement;
- (h) timely and fully perform in all material respects all environmental protection and reclamation activities required on or with respect to the Subject Properties and the Project;
- (i) use reasonable commercial efforts in good faith to:
- (i) conduct Operations in accordance with Good Mining Practice and Governmental Requirements ;
 - (ii) subject to (but only in the case of Seabridge and not in the case of any Transferee) Section 5.03, ensure timely Development and permitting of the Project; and
 - (iii) comply with all Material Agreements.

(2) In order to assist Royal Gold in determining whether to exercise the First Option or the Second Option, Seabridge shall, from time to time as requested by Royal Gold, from the Effective Date until the expiry of the Second Option Exercise Period,

- (a) give or cause to be given to Royal Gold and its agents and representatives full access to:
 - (i) all books, records, agreements, financial and operating data and other information or documents concerning the Project and the Subject Properties in the possession or control of Seabridge; and
 - (ii) such other information relating to Seabridge, the Project and the Subject Properties that Royal Gold and its agents and representatives may reasonably request; and
- (b) at any reasonable time during normal business hours and from time to time, on reasonable prior notice, permit Royal Gold acting through its officers, employees and representatives (the “ **Representatives** ”), acting reasonably and at their own expense, to visit and inspect the Project (including the Subject Properties and all improvements thereto and operations thereon) and to discuss the operations, technical findings, affairs, finances and accounts of Seabridge and other matters affecting Seabridge and its properties with the officers of Seabridge, provided that:
 - (i) Seabridge shall not be responsible for injuries to or damages suffered by Royal Gold or its Representatives while visiting the Project unless such injuries or damages are caused or contributed to by the gross negligence or wilful misconduct of Seabridge or its representatives; and
 - (ii) such site inspection activities shall also be subject to supervision of Seabridge, conducted in compliance with Governmental Requirements and Seabridge’s safety and workplace rules and procedures.

Royal Gold and its Representatives shall not permit their activities permitted by this Section 5.01(2) to unreasonably interfere with the business and operations of Seabridge and its properties, including the Project site, and agree that such activities shall be subject to the confidentiality provisions of this Agreement.

(3) If Seabridge decides to abandon, forfeit, terminate or not renew any Mineral Tenure in the Subject Properties, Seabridge shall first give Royal Gold the right to receive such Mineral Tenure at no additional cost, provided that if Seabridge, subject to compliance with Section 6.02, enters into any arrangement (a “ **Third Party Agreement** ”) with a third party to mutually develop the Project which results in Seabridge’s direct or indirect beneficial ownership of the Subject Properties being reduced to less than 50 percent, or which otherwise results in Seabridge not having control over the abandonment, forfeiture, termination or non-renewal of any such Mineral Tenure, Royal Gold’s right of first refusal in accordance with this Section 5.01(3) shall be subordinated to the right, if any, on the part of Seabridge to receive such Mineral Tenure.

(4) Royal Gold has the right of first refusal to purchase all of any royalty, production payment, streaming or such similar right with respect to production of Subject Metals from the Subject Properties and the Project (the “ **Offered Interest** ”) proposed to be sold by Seabridge to any third party other than an Affiliate (provided that any Affiliate to which such a Transfer is made should itself be bound by this Section 5.01(4)). If Seabridge wishes to Transfer the Offered Interest to any third party other than an Affiliate and receives a bona fide offer which it is willing to consider, Seabridge must give written notice to Royal Gold of the identity of such third party and all the material terms of such proposed sale (the “ **Sale Terms** ”). The Sale Terms must be bona fide terms capable of acceptance by Royal Gold and must contain a sale price stated in cash or to the extent that there is any non-cash purchase consideration, such non-cash consideration must be converted at its fair market value into a stated cash equivalent for purposes hereof. Royal Gold shall then have 30 days from the date of receipt of such notice to elect to purchase the Offered Interest on terms no less favourable to Royal Gold than those contained in the Sale Terms. If Royal Gold does not make an election within such 30 day period, Royal Gold shall be deemed to have elected not to purchase the Offered Interest. If Royal Gold does not elect to purchase the Offered Interest, then Seabridge may sell the Offered Interest to such third party on terms no more favourable to such third party, than the terms contained in the Sale Terms within the 60 day period immediately following Royal Gold’s 30 day election period. If Seabridge does not complete the sale of the Offered Interest within such 60 day sale period, then Royal Gold shall once again have the right of first refusal to purchase all or any part of the Offered Interest not sold by Seabridge.

5.02 Additional Royal Gold Covenants

Royal Gold shall provide prompt written notice to Seabridge if, at any time during the First Option Exercise Period, it fails to meet the requirements of paragraph (b) of the First Option Conditions.

5.03 Acknowledgements

Royal Gold acknowledges that Seabridge has publicly announced that it does not anticipate commencing construction at the Project or proceeding with commencement of commercial production on its own and that Seabridge currently lacks the expertise and resources to undertake such work. Accordingly, Royal Gold acknowledges that it is the desire of Seabridge to reach an agreement to form a joint venture with a major mining company with such requisite expertise and resources or an agreement for the acquisition of some or all of Seabridge or the Subject Properties by such a major mining company. Seabridge acknowledges and agrees that any such major mining company shall be a Transferee to which the requirements of Section 6.02 shall apply and that the acknowledgements contained in this Section 5.03 shall not extend for the benefit of any such Transferee.

SECTION 6 - TRANSFERS

6.01 Limitation on Transfers by Royal Gold

Royal Gold may Transfer its interest under this Agreement to:

- (a) an Affiliate by providing 10 days' prior written notice to Seabridge; and
- (b) with the prior written consent of Seabridge, not to be unreasonably withheld, at any time after the First Option Conditions have been satisfied or waived by Seabridge, to any Person who is not an Affiliate by providing 60 days' prior written notice to Seabridge.

Before any direct or indirect Transfer by Royal Gold of its interest under this Agreement shall become effective, Royal Gold shall first have delivered to Seabridge an executed deed by the Person receiving the interest subject to the Transfer and enforceable by Seabridge, undertaking that it will be bound by the terms and conditions of this Agreement and any amendments hereto with respect to the interest subject to the Transfer.

6.02 Limitations on Transfers by Seabridge

(1) The First Option and the Second Option, subject to the satisfaction of the relevant conditions hereunder, and the Royalty, once granted hereunder, shall remain an interest in the Subject Properties and a burden upon the Project, and not merely a contractual obligation of Seabridge, notwithstanding any changes in the identity, financial condition or composition of the owner, manager or operator of the Subject Properties and the Project and in effecting any direct or indirect Transfer of any interest in the Transaction Documents (or any of them), the Project or the Subject Properties to any Transferee, Seabridge shall act in good faith to ensure that this remains the case notwithstanding such Transfer.

(2) Seabridge shall provide, at least 60 days prior to any actual direct or indirect Transfer of all or any portion of its interests in the Transaction Documents, the Project or the Subject Properties, written notice to Royal Gold of:

- (a) Seabridge's intention to potentially Transfer all (a "**Full Transfer**") or any portion of (a "**Partial Transfer**") its interests in the Transaction Documents, the Project or the Subject Properties to a potential Transferee; and
- (b) the identity of such potential Transferee,

and shall, unless otherwise requested by Royal Gold in writing, keep Royal Gold reasonably informed about the high level details of any negotiations in respect of such potential Transfer.

(3) No direct or indirect Transfer of all or any portion of Seabridge's interest in any Transaction Document, the Project or the Subject Properties (including any Transfer by merger, consolidation, amalgamation, liquidation, dissolution or otherwise by operation of law), shall become effective or relieve Seabridge of its obligations under any Transaction Document, including its obligation to grant the Royalty under this Agreement or to pay the Royalty under the Royalty Agreement, unless Seabridge shall first have delivered to Royal Gold a written undertaking (a "**Deed of Accession**"), executed by public deed in form and substance satisfactory to Royal Gold, acting reasonably, by the Transferee receiving the interest subject to the Transfer and enforceable by Royal Gold, that it will be bound by the terms and conditions of the Transaction Documents and any amendments hereto with respect to the interest subject to the Transfer. To the extent that the Project is held by a Subsidiary of Seabridge, such restrictions

shall apply to the equity interests in the Project held by Seabridge, *mutatis mutandis*. Upon Seabridge completing such a Transfer and providing Royal Gold with a compliant Deed of Accession executed by the Transferee receiving the interest subject to the Transfer, Seabridge will be relieved from its liabilities, obligations and burdens under the Transaction Documents to the extent that such liabilities, obligations and burdens have been expressly assumed by such Transferee in accordance with such Deed of Accession, but, for greater certainty, to the extent that such Transfer is a Partial Transfer and the Deed of Accession does not result in such Transferee being bound by all the liabilities, obligations and burdens of Seabridge in accordance with the Transaction Documents as if a named party in the first instance:

- (a) each of Seabridge and such Transferee shall be severally liable to Royal Gold as to each of the respective liabilities, obligations and burdens in accordance with the Transaction Documents (as read together with the Deed of Accession); and
- (b) such Deed of Accession shall also provide that, one of Seabridge or the Transferee (or one of their respective Affiliates) will be the operator of the Project following such Partial Transfer and that such operator is irrevocably appointed by each of them as its agent to calculate and pay any Royalty which is or may become payable to Royal Gold in accordance with the terms of the Transaction Documents on each of their behalf out of their respective shares of production from the Subject Properties, provided that for greater certainty such agency power shall not relieve either Seabridge or the Transferee of its obligation to comply with the Transaction Documents (as read with the Deed of Accession), including payment of the Royalties.

(4) To the extent the First Option and/or the Second Option has not been exercised by Royal Gold as at the time of any direct or indirect Transfer of all or any portion of Seabridge's interest in any Transaction Document, the Project or the Subject Properties, Seabridge and/or the Transferee under such Transfer shall, upon request by Royal Gold, promptly execute and deliver a revised First Option Royalty Agreement and/or a revised Second Option Royalty Agreement, as applicable, with such changes as may be required to reflect such Transferee as a party to such agreements, and such revised agreements shall, upon delivery in proper form, replace any agreements then held in escrow in accordance with the Escrow Agreement and shall be held in escrow on the terms and conditions contained therein.

6.03 Inurement

This Agreement shall inure to the benefit of and shall be binding on and enforceable by the Parties and, where the context so permits, their respective successors and assigns in accordance with Section 6.02.

SECTION 7 — CONFIDENTIAL INFORMATION

7.01 Confidential Information

(1) Royal Gold shall not, and shall cause its Representatives not to, without the express written consent of Seabridge, which consent shall not be unreasonably withheld or

delayed, disclose to third parties any information disclosed by Seabridge to Royal Gold under Section 5.01(2) (the “ **Confidential Information** ”). Royal Gold shall:

- (a) in respect of disclosure of Confidential Information in accordance with Section 7.01(2) only disclose it to those Representatives or third parties, on a need to know basis and where those Representatives or third parties have been informed of the confidential nature of such material and where such third parties agree in writing to be bound by such confidentiality obligations as Royal Gold would customarily require in the context of any disclosure of its own confidential information;
- (b) ensure that proper and secure storage is provided for the Confidential Information; and
- (c) ensure that none of its Representatives or third parties to which access has been granted to Confidential Information as provided herein, does any act or thing which, if done by Royal Gold, would constitute a breach of Applicable Laws or the undertakings contained in this Agreement.

(2) Notwithstanding the provisions of Section 7.01(1), Royal Gold may disclose any Confidential Information without the consent of Seabridge:

- (a) if required to be made for compliance with any law, regulation or a requirement or order of a court having jurisdiction over Royal Gold or its Affiliates, provided that Royal Gold shall disclose only such data or information as is required to be disclosed and provided further that Royal Gold shall promptly notify Seabridge in writing to permit Seabridge to have the opportunity to provide comments on the disclosure and to contest or seek to obtain an injunction or protective order or other remedy restricting the disclosure of such information;
- (b) if required by Royal Gold’s securities exchanges or securities regulatory authority, provided that Royal Gold shall (to the extent permitted by law) promptly notify Seabridge in writing to permit Seabridge to have the opportunity to provide comments on the disclosure;
- (c) to any of Royal Gold’s Representatives;
- (d) to any third party to whom Royal Gold, in good faith, anticipates directly or indirectly selling or assigning any portion of Royal Gold’s interest hereunder or with whom Royal Gold contemplates undertaking a merger or business combination, provided that any such third party has first agreed in writing to be bound by such confidentiality obligations as Royal Gold would customarily require in the context of any disclosure of its own confidential information; or
- (e) to a prospective lender to whom any portion of Royal Gold’s interest hereunder is proposed to be granted as security, provided that any such lender has first agreed in writing to be bound by such confidentiality obligations as Royal Gold would

customarily require in the context of any disclosure of its own confidential information.

(3) In the event that Royal Gold intends to make any disclosure in accordance with Sections 7.01(2)(a) or 7.01(2)(b) (the “**Required Disclosure**”), Royal Gold shall:

- (a) to the extent permitted by the relevant requirement, provide Seabridge with the full written text of the proposed Required Disclosure prior to its first publication;
- (b) consider all reasonable amendments to the Required Disclosure as may be proposed by Seabridge; and
- (c) be solely and entirely responsible for the contents of the Required Disclosure.

7.02 Prior Information and Information in Public Domain

Notwithstanding Section 7.01(1):

- (a) any information developed by Royal Gold, except to the extent that it includes Confidential Information, or which was in Royal Gold’s possession prior to the date of this Agreement shall not constitute Confidential Information; and
- (b) where Confidential Information:
 - (i) subsequently became available to Royal Gold on a non-confidential basis from a source other than Seabridge or its Representatives, provided that such source was not bound by a confidentiality agreement with Seabridge or any of its Representatives or was otherwise prohibited from transmitting the information to Royal Gold or its representatives by a contractual, legal or fiduciary obligation; and
 - (ii) becomes part of the public domain through no act or omission in breach of Section 7.01,

then such Confidential Information shall cease to be Confidential Information for the purposes of Section 7.01.

7.03 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.

SECTION 8- DISPUTE RESOLUTION

8.01 Dispute Resolution

(1) The Parties shall use reasonable commercial efforts to resolve any controversies, disputes or claims arising under this Agreement. If for any reason any Dispute arising out of this Agreement is not resolved by negotiation and agreement within thirty (30) days after the delivery of a written notice of Dispute, the Dispute shall be determined by arbitration as provided in this Section 8.

(2) All Disputes shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (“ ICC ”). The number of arbitrators shall be three. The place of Arbitration shall be Vancouver, British Columbia. The language of the Arbitration shall be English. Judgment may be entered upon an award in any court of competent jurisdiction.

(3) The Party referring a Dispute to arbitration hereunder shall appoint an arbitrator in the arbitration petition and the respondent Party shall appoint an arbitrator in its response. If within thirty (30) days after the date of the arbitration petition, the respondent has not appointed an arbitrator, such arbitrator shall be appointed by the ICC. Within thirty (30) days of their appointment, the two arbitrators so appointed shall appoint a third arbitrator who shall preside over the arbitration panel. If the two arbitrators cannot agree on a third arbitrator within such thirty (30) day period, the third arbitrator shall be appointed by the ICC.

(4) Notwithstanding the provisions of Section 8.01(1), the arbitral tribunal shall have the power to grant interim measures of protection, but, without derogating from the commitment to arbitrate or the power of the arbitral tribunal to grant such measures, it shall not be inconsistent with this Agreement for a party to apply to a court of competent jurisdiction for an interim measure of protection pending the commencement or completion of arbitration.

(5) In any arbitration, or in any court proceeding authorized to be taken under this Agreement, the arbitral tribunal or the court, as the case may be, shall in addition to any other relief, be entitled to make an award or enter a judgment, as the case may be, for reasonable attorney’s fees and disbursements, including experts witness fees, and any other costs of the proceeding. The arbitration panel may only award damages as provided for under the terms of this Agreement and in no event may punitive, consequential or special damages be awarded.

(6) If contemporaneous Disputes arise under this Agreement, a single arbitration may be commenced in respect of the Disputes.

(7) Nothing contained in this Section 8 shall prevent or restrict either Party from seeking urgent interlocutory relief from any court of competent jurisdiction.

(8) Each Party shall continue performance of its obligations under this Agreement notwithstanding the existence of a Dispute.

SECTION 9 - TERMINATION

9.01 Termination by Notice

Royal Gold may terminate this Agreement at any time on written notice to that effect to Seabridge and, on receipt of such notice by Seabridge, this Agreement shall be terminated and the Parties shall have no further obligations under this Agreement.

9.02 Termination by Failure to Satisfy First Option Conditions

In the event that either of the First Option Conditions is not satisfied or is no longer capable of being satisfied (and has not been previously waived by Seabridge), this Agreement and all obligations of the Parties hereunder shall immediately terminate as of such date.

9.03 Termination by Failure to Exercise First Option

In the event that Royal Gold fails to exercise the First Option within the First Option Exercise Period pursuant to the terms of this Agreement, the First Option shall be deemed to have lapsed without being exercised on the last day of the First Option Exercise Period and this Agreement shall thereafter terminate and the Parties shall have no further obligations under this Agreement.

9.04 Termination by Failure to Exercise Second Option

Subject to Royal Gold having completed the exercise of the First Option in accordance with Section 4.01(1), in the event that Royal Gold fails to exercise the Second Option within the Second Option Exercise Period pursuant to the terms of this Agreement, the Second Option shall be deemed to have lapsed without being exercised on the last day of the Second Option Exercise Period and this Agreement shall thereafter terminate and the Parties shall have no further obligations under this Agreement.

9.05 Termination following Exercise of Second Option

Subject to Royal Gold having completed the exercise of the First Option in accordance with Section 4.01(1), this Agreement shall terminate upon the date on which Royal Gold completes the payment of the Second Option Purchase Price.

9.06 Termination for Default

If either Party considers that the other Party has defaulted under this Agreement (the “**Defaulting Party**”), the non-Defaulting Party may give written notice to the Defaulting Party stating the specifics of the alleged default. If the Defaulting Party has failed to take reasonable steps to cure the default, has failed to dispute the notice of default or has failed to submit the matter of default to arbitration under Section 8 within sixty (60) days of such notice, then the non-Defaulting Party may terminate this Agreement by giving the Defaulting Party written notice of such termination.

9.07 **No Other Termination**

This Agreement may not be terminated by any Party except as expressly provided in Sections 4.01(2)(e), 4.02(2)(e), 9.01, 9.02, 9.03, 9.04, 9.05 or 9.06 or by mutual written agreement of the Parties.

9.08 **Effect of Termination**

For greater certainty, the termination of this Agreement shall not terminate any other Agreements between the Parties, including the First Tranche Subscription Agreement, the Second Tranche Subscription Agreement or the Royalty Agreement.

SECTION 10 - NOTICE

10.01 **Notice**

Unless otherwise provided in this Agreement, any notice or other correspondence required or permitted by this Agreement shall be deemed to have been properly given or delivered when made in writing and hand-delivered to the Party to whom directed, or when given by facsimile transmission, with all necessary delivery charges fully prepaid (or in the case of a facsimile, upon confirmation of receipt), and addressed to the Party to whom directed at the following address:

If to Royal Gold:

1660 Wynkoop Street, Suite 1000
Denver, CO 80202-1132
USA
Attention: Vice President and General Counsel
Facsimile: (303) 595-9385

With a copy to (which shall not constitute notice):

McCarthy Tétrault LLP
P.O. Box 10424, Pacific Centre
Suite 1300, 777 Dunsmuir Street
Vancouver, BC V7Y 1K2
Canada
Attention: Roger Taplin
Facsimile: (604) 622-5723

If to Seabridge, at:

106 Front Street East, Suite 400
Toronto, ON M5A 1E1
Canada

Attention: President
Fax: (416) 367-2711

With a copy to (which shall not constitute notice):

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5
Canada
Attention: C. Bruce Scott
Fax: (604) 687-8772

Any notice, direction or instrument aforesaid shall:

- (a) if delivered, be deemed to have been given or made at the time of delivery; and
- (b) if sent by facsimile or other telecommunication device or other similar form of communication, be deemed to have been given or made on the day following the Business Day on which it was sent.

Either of Seabridge or Royal Gold may at any time give to the other notice in writing of any change of its address and from and after the giving of such notice the address or addresses therein specified shall be deemed to be the address for the purposes of giving notice hereunder.

SECTION 11 - GENERAL

11.01 Entire Agreement

This Agreement and the other Transactions Documents contain the entire understanding of the Parties and supersede all prior agreements and understandings between the Parties relating to the subject matter contained herein or therein.

11.02 No Waiver of Breaches

No consent or waiver expressed or implied by either Party in respect of any breach or default by the other in the performance by such other of its obligations hereunder shall be deemed or construed to be a consent to or a waiver of any other breach or default.

11.03 Further Assurances

The Parties shall promptly execute or cause to be executed all documents, deeds, conveyances and other instruments of further assurance which may be reasonably necessary or advisable to carry out fully the intent of this Agreement or to record wherever appropriate the respective interests from time to time of the Parties in the Subject Properties and the Project.

11.04 Remedies Cumulative

The right and remedies of the Parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

11.05 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and same instrument.

[The balance of this page intentionally left blank]

11.06 Electronic Transmission

Delivery of an executed signature page to this Agreement by any Party by electronic transmission shall be as effective as delivery of a manually executed copy of this Agreement by such Party.

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

SEABRIDGE GOLD INC.

By: _____
Authorized signatory

RGLD GOLD CANADA, INC.

By: _____
Authorized signatory

SCHEDULE A
FIRST TRANCHE SUBSCRIPTION AGREEMENT

[See attached]

SCHEDULE B
FORM OF ROYALTY AGREEMENT

[See attached]

SCHEDULE C
PERMITTED ROYALTIES

1. A 1% net smelter royalty (NSR) payable to Placer Dome (KS) Limited under the Asset Purchase and Sale, Royalty and Indemnity Agreement dated March 27, 2001. This royalty is capped at \$4.5 million. This royalty applies to the Mineral Tenures listed below:

A. Mineral Claims

Claim #	Claim Name	Area (HA)	# of Cells	Map Number
516236		303.273	17	104B059
516237		71.379	4	104B059
516238		624.456	35	104B059
516239		535.513	30	104B059
516240		107.016	6	104B059
516241		142.709	8	104B059
516242		71.363	4	104B059
516245		356.921	20	104B059
516248		142.725	8	104B059
516251		321.344	18	104B059
516252		124.994	7	104B059
516253		178.622	10	104B059
516254		285.779	16	104B059
516255		214.346	12	104B049
516256		53.586	3	104B049
516258		178.573	10	104B059
516259		107.173	6	104B049
516260		107.197	6	104B049
516261		464.635	26	104B049
516262		339.526	19	104B049
516263		643.881	36	104B049
516264		393.344	22	104B049
516266		178.778	10	104B049
516267		250.242	14	104B049
516268		321.836	18	104B049
516269		107.208	6	104B049

B. Placer Claims

Claim #	Claim Name	Area (HA)	# of Cells	Map Number
516323		107.191	6	104B049
516325		125.043	7	104B049
516328		71.453	4	104B049
516330		107.185	6	104B049

516332	107.179	6	104B049
516333	89.334	5	104B049
516375	125.023	7	104B049
516676	17.9	1	104B059

2. A royalty of 2% of one-half of net smelter returns from two of the pre-converted claims (Xray 2 and 6) acquired from Placer Dome (KS) Limited, payable to Grace Dawson under the Purchase Agreement made December 31, 1990. The lands covered by these claims are now contained within the converted Xray 1 claim (Tenure No. 516245). This royalty is capped at US\$650,000 less advance royalty payments, which are required to be paid.
3. A 2% net smelter returns royalty in favor of Matt Mason under the Royalty Novation Agreement dated February 9, 2011. This royalty applies to the Mineral Tenures listed below:

Claim #	Claim Name	Area (HA)	# of Cells	Map Number
394780	BJ5	100.000		104B059
394781	BJ6	100.000		104B059
394786	BJ 11	500.000		104B059
394787	BJ 12	500.000		104B059
394788	BJ 13	100.000		104B059
394789	BJ 13A	25.000		104B059
394790	BJ 14	100.000		104B059
394791	BJ 15	250.000		104B059
394794	BJ 18	300.000		104B059
394808	BJ 31 A	375.000		104B049
394809	BJ 32	150.000		104B049
394810	BJ 33	450.000		104B049
394811	BJ 34	150.000		104B049
394812	BJ 35	450.000		104B049
683463		1246		104B059
683483		837.6		104B059

4. A 2.5% net smelter returns royalty payable to Max Minerals Ltd and a 2% net smelter returns royalty in favor of Matt Mason under the Sale and Purchase Agreement dated September 4, 2009. Seabridge is obligated to pay Matt Mason 10 annual advance royalty payments of Cdn\$100,000 each, ending in 2018. The advance royalty payments are credited against any payments that might become due under the 2% NSR. This royalty applies to the Mineral Tenures listed below:

Claim #	Claim Name	Area (HA)	# of Cells	Map Number
394782	BJ 7*	500.000		104B059
394783	BJ 8*	500.000		104B059

394784	BJ 9*	400.000	104B059
394792	BJ 16*	500.000	104B059
394793	BJ 17*	400.000	104B059
394795	BJ 19*	500.000	104B059
394796	BJ 20*	375.000	104B059
394799	BJ 23*	500.000	104B059
394800	BJ 24*	300.000	104B059
394801	BJ 25*	500.000	104B059
394802	BJ 26*	250.000	104B059
394803	BJ 27*	200.000	104B059
394804	BJ 28*	100.000	104B059
394805	BJ 29*	300.000	104B049
394806	BJ 30*	400.000	104B049
394807	BJ 31*	500.000	104B049
401548	TINA 1	500.000	104B070
401549	TINA 2	500.000	104B070
401550	TINA 3	500.000	104B070
401551	TINA 4	500.000	104B070
401552	TINA 5	500.000	104B070
401553	TINA 6	250.000	104B070

CERTIFICATION

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-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 31, 2013

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Stefan Wenger, 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-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 31, 2013

/s/Stefan Wenger

Stefan Wenger

Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Royal Gold, Inc. (the "Company"), for the period ended December 31, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tony Jensen, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

January 31, 2013

/s/Tony Jensen

Tony Jensen
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Royal Gold, Inc. (the "Company"), for the period ended December 31, 2012, 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 results of operations of the Company.

January 31, 2013

/s/ Stefan Wenger

Stefan Wenger

Chief Financial Officer and Treasurer

(Principal Financial and Accounting Officer)
