ROYAL GOLD INC
Form 10-K
August 26, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the Fiscal Year Ended June 30, 2010

or

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

For the Transition Period From to
Commission File Number 001-13357

Royal Gold, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**84-0835164** (I.R.S. Employer Identification No.)
1660 Wynkoop Street, Suite 1000 **Denver, Colorado** (Address of Principal Executive Offices)	**80202** (Zip Code)

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

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

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

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

None

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

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

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 ý No o

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

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

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

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

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

Aggregate market value of the voting common stock held by non-affiliates of the registrant, based upon the closing sale price of Royal Gold common stock on December 31, 2009, as reported on the NASDAQ Global Select Market was $1,794,606,869. There were 53,671,158 shares of the Company's common stock, par value $0.01 per share, outstanding as of August 24, 2010. In addition, as of such date, there were 1,610,464 exchangeable shares of RG Exchangeco Inc., a subsidiary of registrant, outstanding which are exchangeable at any time into shares of the Company's common stock on a one-for-one basis and entitle their holders to dividend and other rights economically equivalent to those of the Company's common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2010 Annual Meeting of Stockholders scheduled to be held on November 17, 2010, and to be filed within 120 days after June 30, 2010, are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

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

PART I

ITEM 1. BUSINESS

Overview

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

As of June 30, 2010, the Company owns royalties on 33 producing properties, 23 development stage properties and over 130 exploration stage properties, of which the Company considers 37 to be evaluation stage projects.32 producing properties. 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 compliance costs or other operating costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2010, we focused on the management of our existing royalty interests, the acquisition of royalty interests, the acquisition and integration of International Royalty Corporation ("IRC"), and the creation of royalty and similar interests through financing and strategic exploration alliances.

As discussed in further detail throughout this report, some significant developments to our business during fiscal year 2010 were as follows:

(1) Our royalty revenues increased 85% to $136.6 million, compared with $73.8 million during fiscal year 2009;

(2) On January 25, 2010, we acquired an interest in the gold produced from the sulfide portion of the Andacollo project in Chile ("Andacollo Royalty") for $217.9 million in cash and 1,204,136 shares of our common stock (valued at approximately $53.4 million on the date of acquisition);

(3) On February 22, 2010, we, through RG Exchangeco Inc. (formerly known as 7296355 Canada Ltd.), a wholly-owned Canadian subsidiary of Royal Gold ("RG Exchangeco") acquired all of the issued and outstanding common shares of IRC, a company incorporated in Canada (the "IRC Transaction"). The purchase price for the IRC Transaction consisted of approximately $350.0 million in cash, 5,234,086 shares of Royal Gold common stock (valued at $230.4 million on the date of acquisition) and 1,806,649 exchangeable shares of

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RG Exchangeco (valued at $79.5 million on the date of acquisition) that are exchangeable at any time into shares of our common stock on a one-for-one basis ("Exchangeable Shares");

(4) In June 2010, we sold 5,980,000 shares of our common stock, at a price of $48.50 per share, resulting in net proceeds to us of approximately $276.2 million; and

(5) We increased our calendar year dividend to $0.36 per basic share, which is paid in quarterly installments throughout calendar year 2010. This represents a 12.5% increase compared with the dividend paid during calendar year 2009.

Certain Definitions

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

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

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

g/t: A unit representing grams per tonne.

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

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

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

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

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

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

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

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

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

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

Our Producing Royalty Interests

Our producing royalty interests on mines that were in production and generated revenue for the Company during all or part of fiscal year 2010 are shown in the following table. The number of properties listed here as production stage could change periodically due to developments at the properties. Please see Item 2, Properties, of this report for further discussion of our principal producing royalty interests.

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Cortez	Nevada, USA	Barrick Gold Corporation ("Barrick")	GSR1: 0.40%-5.0% sliding-scale GSR GSR2: 0.40%-5.0% sliding-scale GSR GSR3: 0.71% GSR NVR1: 0.39% NVR
Robinson	Nevada, USA	QuadraFNX Mining Ltd. ("Quadra")	3.0% NSR (copper, gold, silver, molybdenum)
Leeville	Nevada, USA	Newmont Mining Corporation ("Newmont")	1.8% NSR
Goldstrike	Nevada, USA	Barrick	0.9% NSR
Bald Mountain	Nevada, USA	Barrick	1.75%-3.5% sliding-scale NSR
Twin Creeks	Nevada, USA	Newmont	2.0% GPR
Wharf	South Dakota, USA	Goldcorp Inc. ("Goldcorp")	0.0%-2.0% sliding-scale NSR
Skyline(1)	Utah, USA	Arch Coal, Inc.	1.41% GOR
Dolores	Chihuahua, Mexico	Minefinders Corporation, Ltd. ("Minefinders")	3.25% NSR; 2.0% NSR (silver)
El Chanate(2)	Sonora, Mexico	Capital Gold Corporation	2.0%-4.0% sliding-scale NSR
Mulatos(3)	Sonora, Mexico	Alamos Gold, Inc. ("Alamos")	1.0%-5.0% sliding-scale NSR
Peñasquito(4)	Zacatecas, Mexico	Goldcorp	2.0% NSR (gold, silver, lead, zinc)
Las Cruces(1)	Andalucía, Spain	Inmet Mining ("Inmet")	1.5% NSR (copper)
Taparko(5)	Namantenga, Burkina Faso	High River Gold Mines Ltd. ("High River")	15% GSR (TB-GSR1); 0%-10% sliding-scale GSR (TB-GSR2)
Inata(1)	Soum, Burkina Faso	Avocet Mining PLC	2.5% NSR
Siguiri(6)	Kankan, Guinea	AngloGold Ashanti Limited	0.0%-1.875% sliding-scale NSR

Martha	Santa Cruz Province, Argentina	Coeur d'Alene Mines Corporation	2.0% NSR (gold and silver)
Don Mario	Chiquitos Province, Bolivia	Orvana Minerals Corp.	3.0% NSR

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Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Andacollo(7)	Region IV, Chile	Compañía Minera Teck Carmen de Andacollo ("CDA")	75% of gold produced
El Toqui	Region XI, Chile	Breakwater Resources	1.0%-3.0% sliding-scale NSR (gold, lead and zinc)
Voisey's Bay(1)	Labrador, Canada	Vale Ltd. ("Vale")	2.7% NSR (nickel, copper, cobalt)
Williams	Ontario, Canada	Barrick	0.97% NSR
Allan	Saskatchewan, Canada	Potash Corporation of Saskatchewan	$0.36-$1.44 per ton sliding-scale; $0.25 per ton (potash)
El Limon	El Limon, Nicaragua	B2Gold Corp. (95%) and Inversiones Mineras S.A. (5%)	3.0% NSR
Balcooma	Queensland, Australia	Kagara Ltd.	1.5% NSR (gold, silver, lead, copper and zinc)
Gwalia Deeps(1)	Western Australia, Australia	St. Barbara Limited ("St. Barbara)	1.5% NSR
Mt. Goode (Cosmos South)	Western Australia, Australia	Xstrata PLC	1.5% NSR (nickel)
South Laverton(1)	Western Australia, Australia	Saracen Mineral Holdings Limited	1.5% NSR
Southern Cross(1)	Western Australia, Australia	St. Barbara	1.5% NSR

(1) Royalty acquired as part of the IRC transaction as discussed within Item 7, MD&A, of this report. Three oil and gas royalty interests, not shown here, were also acquired as part of the IRC transaction.

(2) Royalty is capped once payments of approximately $17.0 million have been received. As of June 30, 2010, approximately $12.4 million remains under the cap.

(3) Royalty is capped at 2.0 million gold ounces of production. Approximately 581,000 cumulative ounces of gold have been produced as of June 30, 2010.

(4) The Peñasquito project consists of oxide and sulfide ores, each processed by different methods. The sulfide portion began production during the fourth quarter of calendar 2009.

(5) TB-GSR1 will remain in effect until cumulative production of 804,420 ounces of gold is achieved or until cumulative payments of $35.0 million have been made to Royal Gold, whichever occurs first. TB-GSR2 will remain in effect until the termination of TB-GSR1. As of June 30, 2010, we have recognized approximately $30.6 million in royalty revenue associated with TB-GSR1, which is attributable to cumulative production of 202,000 ounces of gold. Management expects the dollar cap could be reached during the third quarter of calendar year 2010.

(6) Royalty is subject to a dollar cap of approximately $12.0 million. As of June 30, 2010, approximately $1.8 million remains under the cap. Management expects the cap could be reached sometime during the last half of calendar 2010.

(7) Production at Andacollo began during the second quarter of calendar 2010. The royalty is 75% of the gold produced from the sulfide portion of the deposit until 910,000 payable ounces have been sold and 50% of the gold produced in excess of 910,000 payable gold ounces.

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Our Development Stage Royalty Interests

We own royalty interests that are currently in development stage. We categorize development stage royalties as properties that are not yet in production or not yet generating revenue for the Company. Please see Item 2, Properties, of this report for further discussion on our principal development stage royalty interests.

The following royalty interests are currently in development stage because they have not yet provided revenue to the Company. These royalties are associated with properties currently in production.

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Marigold(1)	Nevada, USA	Goldcorp	2.0% NSR
Troy(2)	Montana, USA	Revett Minerals, Inc.	3.0% GSR (silver and copper)
Taparko	Burkina Faso, West Africa	High River	2.0% GSR (TB-GSR3); 0.75% milling royalty (TB-MR1)
Avebury(3)	Tasmania, Australia	Minerals and Metals Group	2% NSR (nickel)
Koolanooka	Western Australia, Australia	Sinosteel Midwest Corporation Ltd.	AUD$0.25 per ton (iron ore fines)
Meekatharra(3) (Yaloginda)	Western Australia, Australia	Mercator Gold PLC	0.45% NSR
Reedy's Burnakura(4)	Western Australia, Australia	Jinka Metals Ltd.	1.5%-2.5% NSR

(1) Our royalty interest on the Marigold mine covers the majority of six sections of land, containing a number of open pits, but does not cover the current mining in the Basalt/Antler area. Approximately 45% of the current Marigold reserves are covered by this royalty.

(2) Royalty became effective July 1, 2010.

(3) Royalty acquired as part of the IRC transaction, as discussed below within Item 7, MD&A, of this report.

(4) Royalty becomes payable after 300,000 gold ounces have been produced from the property. After an additional 75,000 gold ounces have been produced from the property, the royalty rate increases from a 1.5% NSR to a 2.5% NSR.

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The following royalty interests are currently in development stage because the properties are being developed by their operators but are not yet in production.

Mine	Location	Operator	Royalty (Gold unless otherwise stated)
Soledad Mountain(1)	California, USA	Golden Queen Mining Co. Ltd.	3.0% NSR (gold and silver)
Gold Hill(2)	Nevada, USA	Kinross Gold Corporation (50%), Barrick (50%)	1.0% to 2.0% sliding-scale NSR and 0.9% NSR (MACE claims)
Relief Canyon	Nevada, USA	Firstgold Incorporated	3.0% NSR and 1.0% NSR
Pascua-Lama(2,3)	Region III, Chile	Barrick	0.67% to 4.48% sliding-scale NSR and 1.05% fixed rate royalty (copper)
Bundarra(1)	Western Australia, Australia	Terrain Minerals Ltd.	1.5% NSR
Meekatharra(2) (Paddy's Flat)	Western Australia, Australia	Mercator Gold	A$10.00 per gold ounce produced and 1.5% NSR
Tarmoola(1)	Western Australia, Australia	St. Barbara	1.5% NSR
Schaft Creek(1)	British Columbia, Canada	Copper Fox Metals Inc.	3.5% NPI (gold, silver, copper, molybdenum)
Pine Cove	Newfoundland, Canada	New Island Resources Inc. (70%), Anaconda Mining Inc. (30%)	7.5% NPI
Rambler North	Newfoundland, Canada	Rambler Metals and Mining PLC	1.0% NSR
Holt(4)	Ontario, Canada	St Andrew Goldfields Ltd. ("St Andrew")	0.00013 × quarterly average gold price
Caber(1)	Quebec, Canada	Breakwater Resources Ltd.	1.0% NSR (copper, zinc)
Canadian Malartic(5)	Quebec, Canada	Osisko Mining Corporation ("Osisko")	2.0% to 3.0% sliding-scale NSR
Wolverine(1)	Yukon, Canada	Yukon Zinc Corporation ("Yukon Zinc")	0.00% to 9.45% sliding-scale NSR (gold and silver)
Lluvia deOro(6)	Sonora, Mexico	NWM Mining Corp.	4.0% NSR
Tambor(1)	South-Central, Guatemala	Radius Gold Inc.	4.0% NSR

(1) Royalty acquired as part of the IRC Transaction, as discussed below within Item 7, MD&A, of this report.

(2) A portion of the royalty was acquired as part of the IRC Transaction, as discussed below within Item 7, MD&A, of this report.

(3) See "Recent Developments, Business Developments" within Item 7, MD&A, of this report for a further discussion on recent developments at Pascua-Lama.

(4) See "Recent Developments, Property Developments" within Item 7, MD&A, of this report for a further discussion on recent developments at Holt.

(5) The royalty is subject to a buy-down right for $1.0 to $1.5 million. If the buy-down right is exercised by Osisko, the sliding-scale NRS would be reduced to range between 1.0% and 1.5%.

(6) The various parties claiming interest in the mining concessions subject to this royalty have disputed any royalty obligation.

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Our Exploration Stage Royalty Interests

We own royalty interests on over 130 exploration stage projects on six continents. None of our exploration stage projects contain proven and probable reserves as of December 31, 2009, as determined by the owner or operator of such projects.

Our Operational Information

Financial Information about Geographic Areas

Royal Gold's royalty revenue and long-lived assets (royalty interests in mineral properties, net) are geographically distributed as shown in the following table. Please refer to Item 2, Properties, for further discussion of our principal royalty interests on producing mineral properties.

	Royalty Revenue Fiscal Year Ended June 30,			Royalty Interests in Mineral Property, net Fiscal Year Ended June 30,		
	2010	2009	2008	2010	2009	2008
United States	40%	56%	79%	5%	13%	18%
Africa(1)	29%	21%	11%	2%	8%	12%
Mexico	15%	15%	4%	13%	45%	55%
Australia	5%	2%		6%	6%	
Canada	4%	2%	1%	27%	19%	1%
Chile	4%	1%		42%	6%	7%
Other	3%	3%	5%	5%	3%	7%

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

Our financial results are primarily tied to the price of gold, silver, copper and other metals, as well as production from our producing royalty interests. For the fiscal years ended June 30, 2010, 2009 and 2008, gold, silver and copper price averages and percentage of royalty revenues by metal were as follows:

	Fiscal Year Ended					
	June 30, 2010		June 30, 2009		June 30, 2008	
Metal	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold ($/ounce)	$ 1,089	81%	$ 874	84%	$ 821	74%
Silver ($/ounce)	$ 16.85	3%	$ 12.91	3%	$ 15.40	3%
Copper ($/pound)	$ 3.03	9%	$ 2.25	11%	$ 3.53	23%
Other	N/A	7%	N/A	2%	N/A	0%

Our financial results are discussed in further detail within Part II, Item 7, MD&A, and within our audited consolidated financial statements which are included in Part II, Item 8, Financial Statements and Supplementary Data. The risks associated with the operations of our royalty interests in various geographic regions are discussed in Item 1A, Risk Factors.

Competition

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

Regulation

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

Corporate Information

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

Available Information

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

Company Personnel

We currently have 20 employees, all of whom are located in Denver, Colorado. Our employees are not subject to a labor contract or a collective bargaining agreement. We consider our employee relations to be good.

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

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ITEM 1A. RISK FACTORS

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

Risks Related to Our Business

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

All of our current revenue is derived from royalties on properties operated by third parties. The holder of a royalty interest typically has no authority regarding the development or operation of a mineral property. Therefore, we are not in control of decisions regarding development or operation of any of the properties on which we hold a royalty interest, and we have limited or no legal rights to influence those decisions.

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

Volatility in gold, silver, copper and other metal prices may have an adverse impact on the value of our royalty interests and reduce our royalty revenues. Certain of our royalty contracts have features that may amplify the negative effects of a drop in commodity prices.

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

Furthermore, if the market price of gold, copper or certain other metals should drop, then our royalty revenues would also drop. Our sliding-scale royalties, such as those at Cortez, Taparko, Mulatos and other properties, amplify this effect. When the gold price falls below a certain mark in a sliding-

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scale royalty, we receive a lower royalty rate on production. In addition, certain royalty agreements, such as our royalty agreement for the Robinson mine and the Peñasquito mine are based on the operator's concentrate sales to smelters, which include price adjustments between the operator and the smelter based on commodity prices at a later date, three to four months in the case of Robinson. In such cases, our royalty payments from the operator include a component of these later adjustments, which can result in decreased royalty revenue in later periods if commodity prices have fallen.

Volatility in gold, silver and copper prices is demonstrated by the annual high and low prices for those metals from selected years during the past decade. High and low gold prices per ounce, based on the London Bullion Market Association P.M. fix, have ranged from $293 to $256 in 2001, from $537 to $411 in 2005, from $1212 to $810 in 2009, and from $1,261 to $1,058 year to date. High and low silver prices per ounce, based on the London Bullion Market Association P.M. fix, have ranged from $4.82 to $4.07 in 2001, from $9.23 to $6.39 in 2005, from $19.18 to $10.51 in 2009, and from $19.64 to $15.14 year to date. High and low cooper prices per pound, based on the London Metal Exchange cash settlement price for copper Grade A, have ranged from $0.81 to $0.62 in 2001, from $2.08 to $1.44 in 2005, from $3.33 to $1.38 in 2009, and from $3.61 to $2.76 year to date.

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

Although we are not required to pay capital costs or operating costs, our financial results are indirectly subject to hazards and risks normally associated with developing and operating mining properties where we hold royalty interests. These risks include:

- insufficient ore reserves;
- fluctuations in production costs incurred by operators or third parties that may make mining of ore uneconomical or impact the amount of reserves;
- declines in the price of gold and other metals;
- mine operating and ore processing facility problems;
- economic downturns and operators' insufficient financing;
- significant environmental and other regulatory permitting requirements and restrictions and any changes thereto;
- challenges by non-mining interests to existing permits and mining rights, and to applications for permits and mining rights;
- community unrest, labor disputes or work stoppages at mines;
- geological problems;
- pit wall or tailings dam failures or any underground stability issues;
- natural catastrophes such as floods or earthquakes;

- the risk of injury to persons, property or the environment; and

- uncertain foreign political and economic environments.

Operating cost increases can have a negative effect on the value of and income from our royalty interests by potentially causing an operator to curtail, delay or close operations at a mine site.

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

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

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

Our royalty payments are calculated by the operators of the properties on which we have royalties based on their reported production. Each operator's calculation of our royalty payments is subject to and dependent upon the adequacy and accuracy of its production and accounting functions, and errors may occur from time to time in the calculations made by an operator. For example, the complex nature of mining and ownership of mining interests can result in errors regarding allocation of production, such as those that occurred in connection with our restatement of our consolidated financial statements for fiscal 2008. Certain royalty agreements require the operators to provide us with production and operating information that may, depending on the completeness and accuracy of such information, enable us to detect errors in the calculation of royalty payments that we receive. We do not, however, have the contractual right to receive production information for all of our royalty interests. As a result, our ability to detect royalty payment errors through our royalty monitoring program and its associated internal controls and procedures is limited, and the possibility exists that we will need to make retroactive royalty revenue adjustments. Some of our royalty contracts provide us the right to audit the operational calculations and production data for the associated royalty payments; however, such audits may occur many months following our recognition of the royalty revenue and may require us to adjust our royalty revenue in later periods.

If the current global financial conditions and challenging credit markets are prolonged, it may affect the ability of the operators of the properties on which we have royalties to meet liquidity needs or operate profitably, which in turn could have material adverse effects on the value of and revenue from our royalty interests. In addition, current global financial conditions may adversely affect our ability to obtain financing for additional royalty acquisitions.

Current global financial conditions have been subject to increased volatility and uncertainty. The development and operation of mines is very capital intensive, and if the operators of the properties on which we have royalties do not have, in light of prevailing economic conditions, the financial strength or sufficient credit or other financing capability to cover the costs of developing or operating a mine, the operator may curtail, delay or cease development of or operations at a mine site. Many of our principal royalty interests are on development stage properties that require very significant capital to bring the properties into production and our revenues would be materially adversely affected if operators are unable to continue developing or operating a mine in accordance with their expectations due to insufficient financing or if any of the operators enter into bankruptcy or liquidation, or undergo a change of control. If any of the operators of the properties on which we have royalties suffer these material adverse effects, then our royalty interests and the value of and revenue from our royalty interests may be materially adversely affected. In addition, if we are unable to obtain debt or equity financing, our ability to acquire additional assets would be adversely affected.

We received significant revenue from royalties on five properties and adverse developments at those properties, as well as depleting resources, could adversely affect our revenue.

Approximately 64% of our revenues were derived from our royalty interests at Taparko, Cortez, Robinson, Leeville and Mulatos in fiscal years 2010 and 2009. We expect that these royalties will continue to be significant contributors to our revenue in future periods. Adverse developments affecting the operation of those properties, including unusual and unexpected geophysical conditions, previously unknown historic underground workings and other matters adversely affecting mining, milling and processing operations, could have a material adverse effect on our revenue from those properties and our results of operations.

As mines on which we have royalties mature, we can expect overall declines in production over the years unless operators are able to replace reserves that are mined through mine expansion or successful new exploration. There can be no assurance that the operators of Cortez or our other properties will be able to maintain or increase production or replace reserves as they are mined.

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

Some royalty interests are subject to limitations, such that the royalty will extinguish after threshold production is achieved or royalty payments at stated thresholds are made. For example, two of our four royalties at Taparko will terminate once we have received an aggregate of $35 million in revenue from TB-GSR1. We expect that the $35 million payment threshold could be achieved during the first quarter of fiscal year 2011. When the threshold amount is paid, TB-GSR1 and TB-GSR2 will expire and be replaced by TB-GSR3, an ongoing 2% GSR, which will significantly reduce our Taparko revenue. We also expect that the payment cap on our royalty at Siguiri could be reached in the second quarter of fiscal year 2011, at which time we will no longer receive any royalty from Siguiri. Furthermore, other of our royalty agreements contain rights that favor the operator or third parties. Osisko, the operator of Canadian Malartic, one of our principal development properties, has a buy-down right that, if exercised, would reduce our royalty interest. Also, certain individuals from whom we purchased portions of our royalty interest at Pascua-Lama, another of our principal development properties, are entitled to one-time payments if the price of gold exceeds certain thresholds. If any of these thresholds are met or rights are exercised, our future royalty revenue could be reduced.

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

We are engaged in a continual review of opportunities to acquire existing royalties, to create new royalty assets or similar interests through the financing of mining projects or to acquire companies that hold royalties. We currently, and generally at any time, have acquisition opportunities in various stages of active review, including, for example, our engagement of consultants and advisors to analyze particular opportunities, technical, financial and other confidential information, submission of indications of interest, obtaining or providing debt commitments for acquisition financing, participation in discussions regarding serving as a financing source in connection with royalty acquisitions, and involvement as a bidder in competitive auctions. Any such acquisition could be material to us and could significantly increase the size and scope of our business. In such event, we could issue substantial amounts of common stock or incur substantial additional indebtedness to fund the acquisition.

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Issuances of common stock would dilute the ownership of our existing stockholders and could reduce some or all of our financial measures on a per share basis.

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

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

During the fiscal year 2010, the Company borrowed $255 million under its existing credit facilities. As a result of this indebtedness, we are required to use a portion of our cash flow to service the principal and interest on our debt. This limits the cash flow available to fund acquisitions and dividends and other general corporate purposes. In addition, we may incur substantial additional indebtedness in connection with financing acquisitions, strategic transactions or for other purposes. If we were to incur substantial additional indebtedness, it may become difficult for us to satisfy our debt obligations, increase our vulnerability to general adverse economic and industry conditions or require us to dedicate a substantial portion of our cash flow from operations and proceeds of any equity issuances to payments on our indebtedness, any of which results may place us at a competitive disadvantage to our competitors that have less debt or have other adverse effects upon us.

We may be unable to successfully acquire additional royalty and other similar interests.

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

On July 15, 2010, we entered into a letter agreement pursuant to which we agreed to acquire 25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia from Thompson Creek Metals Company Inc. or its affiliate ("Thompson Creek") concurrent with the closing of Thompson Creek's proposed acquisition of Terrane Metals Corp. ("Terrane"). There can be no assurance that Thompson Creek's proposed acquisition of Terrane will be successful, and therefore, there can be no assurance that we will be successful in acquiring 25% of the payable gold produced from the Mt. Milligan project.

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

Production estimates are prepared by the operators of mining properties. There are numerous uncertainties inherent in estimating anticipated production attributable to our royalty interests, including many factors beyond our control and the control of the operators of properties in which we

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have royalty interests. We do not participate in the preparation or verification of production estimates and have not independently assessed or verified the accuracy of such information. The estimation of anticipated production is a subjective process and the accuracy of any such estimates is a function of the quality of available data, reliability of production history, variability in grade encountered, mechanical or other problems encountered, engineering and geological interpretation and operator judgment. Rates of production may be less than expected. Results of drilling, metallurgical testing and production, changes in commodity prices, and the evaluation of mine plans subsequent to the date of any estimate may cause actual production to vary materially from such estimates.

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

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

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

Management has concluded that as of the period ended June 30, 2010, our disclosure controls and procedures and our internal control over financial reporting were effective. Such controls and procedures, however, may not be adequate to prevent or identify existing or future internal control weaknesses due to inherent limitations that are beyond our control, including, but not limited to, our dependence on operators for the calculations of royalty payments as discussed in the above risk factor. There is a risk that material misstatements in results of operations and financial condition may not be prevented or detected on a timely basis by our internal controls over financial reporting and may require us to restate our financial statements, as we did in fiscal year 2008. This could, in turn, adversely affect the trading price of our common stock and there is a risk that repeated restatements could result in an investigation by the SEC.

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

We sometimes acquire portfolios of royalty interests. For example, we acquired 80 royalty interests when we acquired IRC. While Royal Gold seeks to confirm the existence, validity, enforceability and geographic extent of the royalties it acquires, there can be no assurance that disputes over these and other matters will not arise. Royalty interests in mining projects or properties generally are subject to uncertainties and complexities arising from the application of contract and property laws governing

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private parties and/or local or national governments in the jurisdiction where mining projects are located. For example, the validity of unpatented mining claims, which constitute a significant portion of the properties on which we hold royalties in the United States, is often uncertain and such validity is always subject to contest. Unpatented mining claims are generally considered subject to greater title risk than patented mining claims, or real property interests that are held by absolute title to the land (known legally as "fee simple" ownership). Furthermore, royalties in many jurisdictions are contractual in nature, rather than interests in land, and therefore are subject to change of control, bankruptcy or insolvency of operators, and to challenges of various kinds brought by operators or third parties. We do not usually have the protection of security interests over property that we could liquidate to recover all or some part of our investment in the royalty. Disputes could also arise challenging, among other things, the existence or geographic extent of the royalty, third party claims to the same royalty asset or to the property on which we have a royalty, various rights of the operator or third parties in or to the royalty, methods for calculating the royalty, production and other thresholds and caps applicable to royalty payments, the obligation of an operator to make royalty payments, and various defects in the royalty agreement itself. Unknown defects in the royalties we acquire may prevent us from realizing the anticipated benefits from the acquisition, and could materially adversely affect our revenue and results of operations.

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

A number of the properties on which we have royalties are located on U.S. federal lands that are subject to federal mining and other public land laws. Changes in federal or state laws or the regulations promulgated under them could affect mine development and expansion, significantly increase regulatory obligations and compliance costs with respect to mine development and mine operations, increase the cost of holding mining claims or impose additional taxes on mining operations, all of which could adversely affect our royalty revenue from such properties. In recent years, the United States Congress has considered a number of proposed major revisions to the General Mining Law of 1872 (the "General Mining Law"), which governs the creation, maintenance and possession of mining claims and related activities on federal public lands in the United States. Four such proposals are currently pending. Bills H.R. 699 and S. 140 were introduced in the Congress in January 2009 and S. 796 and H.R. 3201 were introduced in April and July, 2009, respectively. Provisions in these proposed bills, if enacted, would impose royalties payable to the government on production, increase land holding fees, impose federal reclamation fees, impose additional environmental operating standards and afford greater public involvement and regulatory discretion in the mine permitting process. If enacted, legislation such as H.R. 699, S. 140, S. 796 and H.R. 3201 could adversely affect the development of new mines and the expansion of existing mines, as well as increase the cost of all mining operations on federal lands, perhaps materially and adversely affecting mine operators and, therefore, our royalty revenue. By way of example, if a royalty, assessment, production tax, or other levy imposed on and measured by production is charged to the operator at Cortez, which is largely located on U.S. federal lands, the amount of that charge would be deducted from gross proceeds for calculation of our GSR1, GSR2 and GSR3 royalties, which would reduce our royalty revenues from these royalty interests.

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

We derived approximately 60% of our revenues from foreign sources during fiscal 2010, compared to 44% in fiscal 2009. Our principal producing royalties on properties outside of the United States are located in Australia, Burkina Faso, Canada, Mexico and Spain. We currently have interests in mines and projects outside of the United States in Argentina, Australia, Bolivia, Brazil, Burkina Faso, Canada, Chile, Colombia, Dominican Republic, Finland, Ghana, Guatemala, Honduras, Mexico, Nicaragua, Peru, the Republic of Guinea, Russia, Spain and Tunisia. Our foreign activities are subject to the risks normally associated with conducting business in foreign countries. These risks include, depending on the country, such things as volatile exchange controls and currency fluctuations, inflation, limitations on repatriation of earnings, foreign taxation, enforcement of unfamiliar or uncertain foreign real estate, contract and environmental laws, expropriation or nationalization of property, labor practices and disputes, changes in legislation that could substantially increase the cost of mining operations, war, civil unrest and uncertain political and economic environments. Recently proposed tax legislation in Australia, Chile and other foreign jurisdictions could impose large tax obligations on operators that could materially adversely affect the feasibility of new mine development and the profitability of existing mining operations. In addition, many of our operators are organized outside of the United States. Our royalty interests may be subject to the application of foreign laws to our operators, and their stockholders, including laws relating to foreign ownership structures, corporate transactions, creditors' rights, bankruptcy and liquidation. Foreign operations also could be adversely impacted by laws and policies of the United States affecting foreign trade, investment and taxation.

The mining industry is subject to significant environmental risks.

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

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

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

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

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

Risks Related to Our Common Stock

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

The market price of our common stock has fluctuated and may decline in the future. The high and low sale prices of our common stock on the NASDAQ Global Select Market were $35.42 and $23.85 for the fiscal year ended June 30, 2008, $49.81 and $22.75 for the fiscal year ended June 30, 2009 and $55.96 and $37.35 for the fiscal year ended June 30, 2010. The fluctuation of the market price of our common stock has been affected by many factors that are beyond our control, including:

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

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

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

We may change our practice of paying dividends.

We have paid a cash dividend on our common stock for each fiscal year beginning in fiscal year 2000. Our board of directors has discretion in determining whether to declare a dividend based on a number of factors, including prevailing gold prices, economic market conditions and funding requirements for future opportunities or operations. If our board of directors declines to declare dividends in the future or reduces the current dividend level, then our stock price could fall, and the success of an investment in our common stock would depend solely upon any future stock price appreciation. We have increased our dividends in prior years. There can be no assurance, however, that we will continue to do so. For example, if we were to materially increase our borrowings to conduct a material acquisition, our board of directors could elect to modify our practice of paying dividends and potentially reduce or eliminate dividends on common stock.

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

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

- permit our board of directors to issue preferred stock that has rights senior to the common stock without stockholder approval;
- provide for three classes of directors serving staggered, three-year terms; and
- require certain advanced notice of information relating to stockholder nominations and proposals.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We do not own or operate the properties in which we have royalty interests and therefore much of the information disclosed in this Form 10-K regarding these properties is provided to us by the operators. For example, the operators of the various properties provide us information regarding metals production, estimates of mineral reserves and additional mineralized material. Reserves are summarized below in this report in Item 2, Properties, Reserve Information. Our rights to information from the operators under our royalty agreements vary by royalty and by operator and we may not be entitled to information regarding certain properties. We do not participate in the preparation or calculation of the operators' estimates, production reports or reserve calculations and have not independently assessed or verified the accuracy of such information.

There is more information available to the public regarding certain properties in which we have royalties, including reports filed with the SEC or with the Canadian securities regulatory agencies available at www.sec.gov or www.sedar.com, respectively. For risks to our business associated with operations of mining properties by third parties see generally the risks described under Part I, Item 1A, Risk Factors. For risks associated with the operators' reserve estimates, please see Part I, Item 1A, Risk

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Factors, *Estimates of reserves and mineralization by the operators of mines in which we have royalty interests are subject to significant revision*, of this report for further detail.

The description of our principal royalties set forth in this Item 2, Properties, includes the location, operator, reserves and our royalty rate and interests. The descriptions do not include material current developments at each property. Material current developments announced by the operators are discussed in Item 7, MD&A, of this report.

Principal Royalties on Producing Properties

Recent activities and further information for each of the principal producing properties in which we have a royalty interest are described in the following pages. The Company considers both historical and future potential revenues in determining which royalties in our portfolio are principal to our business. Estimated future potential royalty revenues from both producing and development properties are based on a number of factors, including reserves subject to our royalty interests, production estimates, feasibility studies, metal price assumptions, mine life, legal status and other factors and assumptions, any of which could change and could cause Royal Gold to conclude that one or more of such royalties are no longer principal to our business. Reserves for all of our producing properties are summarized in this report in Item 2, Properties, Reserve Information. As of June 30, 2010, the Company considers the properties discussed below principal to our business.

Andacollo (Region IV, Chile)

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

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

As of December 31, 2009, Teck estimated that at a $500 per ounce gold price, proven and probable reserves were 437.2 million tons, at an average grade of 0.004 ounces per ton containing 1.631 million ounces of gold.

Please refer to Item 7, MD&A, of this report for further discussion on the Andacollo Royalty.

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The following aerial photo depicts the area subject to our royalty interest at Andacollo:

Voisey's Bay (Labrador, Canada)

As a result of the IRC Transaction, we own an effective 2.7% NSR royalty on the Voisey's Bay nickel-copper-cobalt mine located in Newfoundland and Labrador, Canada and operated by Vale. The Company owns 90% of a 3.0% NSR (or 2.7%) while a non-controlling interest owns the remainder. The Voisey's Bay project is located on the northeast coast of Labrador, on a peninsula bordered to the north by Anaktalak Bay and to the south by Voisey's Bay. The nearest communities are Nain, approximately 20 miles northeast, and Natuashish, approximately 50 miles southeast. The property is 205 miles north of Happy Valley-Goose Bay, in south-central Labrador, and 560 miles north-northwest of St. John's, the capital of the Province. Access to the property is by helicopter, small aircraft or tracked vehicles during the winter.

As of December 31, 2009, Vale reported that nickel, copper and cobalt reserves were 27.6 million tons, at an average grade of 2.71% nickel, 1.58% copper and 0.13% cobalt containing 1,493 million pounds of nickel, 873 million pounds of copper and 74 million pounds of cobalt. Reserves were calculated at $11.01 or less per pound of nickel, $2.91 or less per pound of copper, and $22.70 or less per pound of cobalt.

Please refer to Item 7, MD&A, of this report for a further discussion on the IRC Transaction.

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The following aerial photo depicts the area subject to our royalty interest at Voisey's Bay:

Cortez (Nevada, USA)

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

The royalty interests we hold at Cortez include:

(a) *Reserve Claims ("GSR1").* This is a sliding-scale GSR royalty for all products from an area originally known as the "Reserve Claims," which includes the majority of the Pipeline and South Pipeline deposits. As defined in our royalty agreement with Cortez, our GSR royalty applies to revenues attributed to products mined and removed, with no deduction for any costs paid by or charged to Cortez, except for deductions for refining and transportation of doré and Mining Law reform costs. Mining Law reform costs include all amounts paid by or charged to Cortez for any royalty, assessment, production tax or other levy imposed on and measured by production, to the extent that any such levy is hereafter imposed by the United States in connection with reform of the General Mining Law or otherwise. As defined, no such Mining Law reform costs are currently deducted since no such reform has occurred. The revenues attributed to Cortez are determined on a deemed market value basis of total production for each calendar quarter outturned to Cortez's account at the refiner. The GSR

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royalty rate on the Reserve Claims is tied to the gold price as shown in the table below and does not include indexing for inflation or deflation.

(b)

GAS Claims ("GSR2"). This is a sliding-scale GSR royalty for all products from an area outside of the Reserve Claims, originally known as the "GAS Claims," which encompasses approximately 50% of the GAP deposit and all of the Crossroads deposit. The GSR royalty rate on the GAS Claims, as shown in the table below, is tied to the gold price, without indexing for inflation or deflation, and applies to revenues attributed to products mined and removed, with no deduction of costs, except for refining and transportation of doré and Mining Law reform costs, if any. The GSR2 royalty applies to the mining claims that comprise the Crossroads deposit and approximately 50% of the GAP deposit.

(c)

Reserve and GAS Claims Fixed Royalty ("GSR3"). The GSR3 royalty is a fixed rate GSR royalty of 0.7125% and originally covered the same cumulative area as is covered by our two sliding-scale GSR royalties, GSR1 and GSR2. However, our GSR3interest does not cover the mining claims that comprise the undeveloped Crossroads deposit.

(d)

Net Value Royalty ("NVR1"). This is a fixed 1.25% NVR on production from the GAS Claims located on a portion of Cortez that excludes the Pipeline open pit. The Company owns 31.6% of the 1.25% NVR (or 0.39%) while limited partners (including certain directors of the Company) in the partnership, which is consolidated in our financial statements, own the remaining portion of the 1.25% NVR. This NVR1 royalty is calculated by deducting contract defined processing-related and associated capital costs, but not mining costs, from the revenue received by the operator for production from the area covered by the royalty. Our 0.39% portion of the NVR1 royalty does not cover the mining claims that comprise the undeveloped Crossroads deposit.

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

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

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

Under certain circumstances we would be entitled to delayed production payments (*i.e.*, payments not recoupable by Cortez) of $400,000 per year.

Barrick estimated that at an $825 per ounce gold price, proven and probable reserves related to our royalty interests at Cortez includes 134.2 million tons of ore, at an average grade of 0.039 ounces per ton, containing approximately 5.244 million ounces of gold as of December 31, 2009.

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Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Cortez.

The following aerial photo depicts the area subject to our royalty interests at Cortez:

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Taparko (Burkina Faso, West Africa)

We own a 15.0% GSR royalty (TB-GSR1) and a sliding-scale GSR royalty (TB-GSR2), ranging from 0% to 10.0% depending on the price of gold, on all gold produced from the Taparko open pit gold mine. The Taparko mine is located in Burkina Faso, West Africa, and is operated by Somita, a subsidiary of High River. The Taparko mine is accessible by paved roads and is approximately 125 miles northeast of Ouagadougou, the capital of Burkina Faso.

TB-GSR1 will remain in effect until cumulative production of 804,420 ounces of gold is achieved or until cumulative payments of $35 million have been made to Royal Gold, whichever is earlier. TB-GSR2 will remain in effect until the termination of TB-GSR1. Production at the Taparko mine commenced during our first fiscal quarter of 2008. As of June 30, 2010, we have recognized royalty revenue associated with the TB-GSR1 royalty totaling $30.6 million, which is attributable to cumulative production of approximately 202,000 ounces of gold. Management estimates that, based on Taparko's last three quarters of production and its calendar 2010 production guidance, the $35 million cap associated with TB-GSR1 could be met during the third calendar quarter of 2010.

We also own a perpetual 2.0% GSR royalty (TB-GSR3) on all gold produced from the Taparko mine that applies to production following the termination of TB-GSR1 and TB-GSR2 royalties. A portion of the TB-GSR3 royalty is associated with existing proven and probable reserves and has been classified as a development stage royalty interest. The remaining portion of the TB-GSR3 royalty, which is not currently associated with proven and probable reserves, is classified as an exploration stage royalty interest.

In addition, we own a 0.75% milling fee royalty (TB-MR1) on all gold processed through the Taparko mine processing facilities that is mined from any area outside of the Taparko mine area, subject to a maximum of 1.1 million tons per year. There currently are no proven and probable reserves associated with TB-MR1, and this royalty is classified as an exploration stage royalty interest.

As of December 31, 2009, High River estimated that at an $800 per ounce gold price, proven and probable reserves include 8.0 million tons of ore, at an average grade of 0.085 ounces per ton, containing 0.683 million ounces of gold. Management estimates that as of December 31, 2009, 0.132 million contained ounces will be depleted to reach the $35 million cap on TB-GSR1 royalty. Upon meeting the $35 million cap, the remaining 0.551 million contained ounces of estimated gold will be associated with the TB-GSR3 royalty once it becomes effective.

Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Taparko.

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The following aerial photo depicts the area subject to our royalty interests at the Taparko mine:

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Robinson Mine (Nevada, USA)

We own a 3.0% NSR royalty on all mineral production from the Robinson open pit mine operated by a subsidiary of Quadra. The Robinson mine produces two flotation concentrates for sale to third party smelters. One concentrate contains copper, gold and silver. The second is a molybdenum concentrate. Access to the property is via Nevada State Highway 50, 6.5 miles west of Ely, Nevada, in White Pine County.

As of December 31, 2009, Quadra informed us that the copper and gold reserves were 113.6 million tons, at an average grade of 0.006 ounces per ton of gold, containing 0.704 million ounces of gold and a copper grade of 0.53% containing 1,203 million pounds of copper. The reserves were calculated at $2.00 per pound of copper and $800 per ounce of gold. Silver and molybdenum reserves were not reported but are produced and sold as by-products.

Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Robinson.

The following aerial photo depicts the area subject to our royalty interest at the Robinson mine:

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Leeville (Nevada, USA)

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

At Leeville, proven and probable reserves, at an $800 per ounce gold price, include 5.3 million tons of ore, at an average grade of 0.338 ounces per ton, containing 1.790 million ounces of gold as of December 31, 2009.

The following aerial photo depicts the area subject to our royalty interest at Leeville:

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Mulatos (Sonora, Mexico)

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

The Mulatos royalty is capped at 2.0 million gold ounces of production. As of June 30, 2010, approximately 581,000 cumulative ounces of gold have been produced.

As of December 31, 2009, based upon a gold price of $800 per ounce, Alamos has reported proven and probable reserves of 67.9 million tons, at an average grade of 0.035 ounces per ton, containing 2.387 million ounces of gold.

Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Mulatos.

The following aerial photo depicts the area subject to our royalty interest at the Mulatos mine:

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Peñasquito (Zacatecas, Mexico)

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

Goldcorp estimates that at a gold price of $825 per ounce and a silver price of $13 per ounce, proven and probable oxide reserves as of December 31, 2009 total 79.9 million tons of ore, at an average gold grade of 0.005 ounces per ton, containing 0.400 million ounces of gold, and at an average silver grade of 0.43 ounces per ton containing 34.5 million ounces of silver. Estimates for the sulfide reserves use the same gold and silver prices as the oxide reserve and include lead and zinc reserve estimates at a reserve price of $0.60 per pound for lead and $0.80 per pound for zinc. Proven and probable sulfide reserves as of December 31, 2009 include 1,261.9 million tons of ore, at an average gold grade of 0.014 ounces per ton, a silver grade of 0.82 ounces per ton, a lead grade of 0.29% and a zinc grade of 0.63% yielding contained metal of 17.420 million ounces of gold, 1,035.6 million ounces of silver, 7,211 million pounds of lead and 15,930 million pounds of zinc.

Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Peñasquito.

The following aerial photo depicts the area subject to our royalty interest at Peñasquito:

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Dolores (Chihuahua, Mexico)

We own a 1.25% NSR royalty on gold and a 2.0% NSR royalty on both gold and silver from the Dolores project located in Chihuahua, Mexico, and operated by Minefinders. The Dolores project is located approximately 155 miles west of the city of Chihuahua, Mexico. The property can be accessed by approximately 56 miles of recently upgraded access road from Yepachi, Chihuahua, to the mine site. Access to the property can also be achieved by light aircraft landing on a dirt strip located about five miles from the mine site.

As of December 31, 2008, based upon a gold and silver price of $600 and $10 per ounce, respectively, Minefinders reported proven and probable gold reserves of 109.5 million tons, at an average gold grade of 0.022 ounces per ton, and an average silver grade of 1.16 ounces per ton, containing 2.444 million ounces of gold and 126.6 million ounces of silver. The Company did not receive updated reserve information as of December 31, 2009 from the operator.

Please refer to Item 7, MD&A, of this report for further discussion of recent developments at Dolores.

The following map depicts the area subject to our royalty interests at Dolores:

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Las Cruces (Andalucía, Spain)

As a result of the IRC Transaction, we own a 1.5% NSR royalty on the Las Cruces copper project located in Andalucía, Spain and operated by Inmet. The Las Cruces mine is located in the Sevilla Province of southern Spain, about 12 miles northwest of the Province capital city of Seville. Access to the site is by well-maintained paved roads.

As of December 31, 2009, Inmet reported copper reserves of 18.2 million tons, at an average grade of 6.3% copper, containing 2,304 million pounds of copper. Reserves were calculated at $2.00 per pound of copper.

Please refer to Item 7, MD&A, of this report for a further discussion of the IRC Transaction.

The following aerial photo depicts the area subject to our royalty interest at Las Cruces:

Gwalia Deeps (Western Australia, Australia)

As a result of the IRC Transaction, we own a 1.5% NSR royalty on gold produced from the Gwalia Deeps mine located near the town of Leonora, Western Australia and operated by St. Barbara. The Gwalia Deeps mine in an underground mine within St. Barbara's Leonora operations. The mine can be accessed by taking the Goldfields Highway north out of Kalgoorlie for approximately 245 miles to the town of Leonora.

As of June 30, 2009, St. Barbara Limited reported gold reserves of 8.7 million tons, at an average grade of 0.227 ounces per ton, containing 1.980 million ounces of gold. Reserves were calculated at

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A$1,250 (Australian dollars) for the operator's fiscal 2010 and at A$850 (Australian dollars) per ounce of gold thereafter.

Please refer to Item 7, MD&A, of this report for a further discussion on the IRC Transaction.

The following aerial photo depicts the area subject to our royalty interest at Gwalia Deeps:

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Principal Royalties on Development Stage Properties

The following is a description of our principal royalty interests on development stage properties. There are proven and probable reserves associated with these properties as indicated below. These development stage royalty interests are not currently in production. Reserves for all of our development stage properties are summarized below in this report in Item 2, Properties Reserve Information.

Pascua-Lama Project (Region III, Chile)

As of June 30, 2010, we own a 0.67% to 4.48% sliding-scale NSR royalty on the Pascua-Lama project located on both sides of the border between Argentina and Chile, and operated by Barrick. Our royalty interest is applicable to all gold production from the portion of the Pascua-Lama project lying on the Chilean side of the border. As discussed in further detail in Item 7, MD&A, under "Recent Developments, Business Developments," on July 1, 2010, the Company entered into two separate assignment of rights agreements with two private Chilean citizens whereby Royal Gold acquired (i) a 0.35% sliding-scale NSR royalty and (ii) the right to acquire an additional 0.40% sliding-scale NSR royalty on the Pascua-Lama project. Upon the closing of the 0.40% sliding-scale NSR royalty acquisition, which is expected to occur during the second quarter of fiscal 2011, the Company's sliding-scale NSR on the Pascua-Lama project will be 0.78% to 5.23%. The Company has certain contingent rights and obligation with respect to the portion of the Pascua-Lama royalty acquired in the IRC Transaction. Please refer to Item 7, MD&A, under "Recent Developments, Business Developments" for further discussion on the contingent rights and obligations.

The Pascua-Lama project is located within 7 miles of Barrick's operating Veladero mine. Access to the project is from the city of Vallenar, Region III, Chile, via secondary roads C-485 to Alto del Carmen, Chile, and C-489 from Alto del Carmen to El Corral, Chile.

As of June 30, 2010, the sliding-scale NSR royalty is based upon the gold prices as shown in the following table.

London Bullion Market Association P.M. Monthly Average Price of Gold per Ounce (US$)	NSR Royalty Percentage
less than $325	0.67%
$400	1.34%
$500	2.33%
$600	3.05%
$700	3.76%
$800 or greater	4.48%

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

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Upon completion of the acquisition of the additional royalty interest, the sliding-scale NSR royalty is based upon the gold prices as shown in the following table:

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

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

The Company will own an additional royalty equivalent to 1.05% upon completion of acquisition of the additional royalty interest of proceeds from copper produced from the Chilean portion of the project, net of allowable deductions, sold on or after January 1, 2017.

The Pascua-Lama project is currently under construction. Barrick has estimated commissioning in late calendar 2012 and production in early calendar 2013.

As of December 31, 2008, Barrick estimated proven and probable reserves at a $750 per ounce gold price, totaled 324.7 million tons, at an average of 0.045 ounces per ton, containing 14.615 million ounces of gold.

Please refer to Item 7, MD&A, of this report for further discussion on our Pascua-Lama interest.

Canadian Malartic (Quebec, Canada)

We own a 2.0% to 3.0% sliding-scale NSR royalty on the Canadian Malartic gold project located in Quebec, Canada, and owned by Osisko. The Canadian Malartic gold property is located in the Abitibi Gold Belt in Quebec, Canada, immediately south of the town of Malartic, Quebec, approximately 16 miles west of the town of Val d'Or. The northern extents of the Canadian Malartic property can be accessed directly from the Trans Canadian Highway 117.

As of December 31, 2008, Osisko announced the completion of a positive feasibility study resulting in proven and probable reserves at a $775 gold price of 150.6 million tons of ore, at a grade of 0.031 ounces per ton, and containing 4.727 million ounces of gold that are subject to our royalty interest.

The royalty is subject to a buy-down right for $1.0 to $1.5 million. If the buy down right is exercised by Osisko, the sliding-scale NSR royalty would be reduced to range between 1.0% and 1.5%. There is no expiration date on the buy down right.

Please refer to Item 7, MD&A, of this report for further discussion on recent developments at Canadian Malartic.

Holt (Ontario, Canada)

We own a sliding-scale NSR royalty on the Holt portion of the Holloway-Holt mining project located in Ontario, Canada and owned 100% by St Andrew. The Holloway-Holt project straddles Ontario Provincial Highway 101 for approximately 25 miles beginning east of Matheson, Ontario, Canada and extending to the Quebec, Canada border. The sliding-scale NSR royalty rate on gold produced from the Holt portion of the mining project is calculated by multiplying 0.00013 by the quarterly average gold price. For example, at a quarterly average gold price of $950 per ounce, the effective royalty rate payable would be 12.35%. The operator has disputed its obligation in respect of the royalty is limited to only a portion of the total royalty payable. Please refer to Item 3, Legal Proceedings, for more information regarding the dispute.

St Andrew has brought the Holloway mine back into production and is performing the necessary work to maintain the Holt mine in a condition that allows for an easy start-up of mining activities once the Holt royalty litigation is satisfactorily resolved. According to St Andrew's public filings in Canada from June 2008, at a gold price of $775 per ounce, proven and probable reserves subject to Royal Gold's royalty equal 3.0 million tons at a grade of 0.165 ounces per ton, containing 0.486 million ounces of gold.

Please refer to Item 7, MD&A, of this report for further discussion on recent developments on our Holt royalty.

Wolverine (Yukon, Canada)

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

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

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

As of October, 2007, Yukon Zinc reported reserves of 5.3 million tons, at an average grade of 0.039 ounces per ton gold and 8.13 ounces per ton silver, containing 0.205 thousand ounces of gold and 42.8 million ounces of silver. Reserves were calculated using an $80 per tonne NSR cut-off.

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Reserve Information

Table 1 below summarizes proven and probable reserves for gold, silver, copper, zinc and lead that have been reported to us by the operators of our royalty interests as of December 31, 2009. Properties are currently in production unless noted as development ("DEV") within the table. Properties for which we did not receive certain reserve breakdowns or information are noted as "DNR" within the table. Please refer to pages 39-41 for the footnotes to Table 1.

TABLE 1

Proven and Probable Gold Reserves(1)(2)(3)
As of December 31, 2009(4)

GOLD(5)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	OPERATOR	Tons of Ore (millions)	Ave. Gold Grade (oz/ton)	Gold Contained Ozs (millions)(6)	Tons of Ore (millions)	Ave. Gold Grade (oz/ton)	Gold Contained Ozs (millions)(6)	Tons of Ore (millions)	Ave. Gold Grade (oz/ton)	Gold Contained Ozs (millions)(6)
Bald Mountain(7)	Barrick	DNR	DNR	DNR	DNR	DNR	DNR	65.04	0.025	1.614
Cortez (Pipeline) GSR1	Barrick	5.18	0.090	0.469	22.96	0.046	1.058	28.14	0.054	1.527(8)
Cortez (Pipeline) GSR2	Barrick	10.56	0.040	0.423	95.53	0.034	3.294	106.08	0.035	3.717(8)
Cortez (Pipeline) GSR3	Barrick	7.87	0.068	0.532	50.32	0.032	1.610	58.19	0.037	2.142(8)
Cortez (Pipeline) NVR1	Barrick	5.99	0.049	0.293	50.03	0.032	1.579	56.02	0.033	1.872(8)
Gold Hill (DEV)	Kinross/Barrick	0.28	0.013	0.004	31.08	0.015	0.459	31.37	0.015	0.463
Goldstrike SJ Claims(7)	Barrick	DNR	DNR	DNR	DNR	DNR	DNR	47.20	0.113	5.354
Leeville	Newmont	3.00	0.360	1.078	2.31	0.309	0.712	5.30	0.338	1.790
Marigold (DEV)(7)(9)	Goldcorp/Barrick	DNR	DNR	DNR	DNR	DNR	DNR	45.57	0.015	0.681
Robinson	Quadra FNX	108.66	0.006	0.678	4.94	0.005	0.026	113.60	0.006	0.704
Soledad Mountain (DEV)	Golden Queen	30.48	0.024	0.729	20.75	0.016	0.324	51.22	0.021	1.052
Twin Creeks Section 13	Newmont	0.47	0.107	0.051	0.16	0.102	0.016	0.63	0.106	0.067
Wharf	Goldcorp	8.70	0.020	0.170	0.97	0.021	0.020	9.68	0.020	0.190
Canadian Malartic (DEV)(7)	Osisko Mining	DNR	DNR	DNR	DNR	DNR	DNR	150.56	0.031	4.727
Holt (DEV)(10)	St Andrew Goldfields	0.11	0.187	0.021	2.84	0.164	0.466	2.95	0.165	0.486
Pine Cove (DEV)	New Island Resources/Anaconda Mining	0.00	0.000	0.000	2.57	0.081	0.207	2.57	0.081	0.207
Schaft Creek (DEV)	Copper Fox	453.16	0.007	3.119	451.83	0.005	2.451	904.99	0.006	5.570
Williams	Barrick	9.06	0.068	0.614	2.93	0.084	0.247	11.99	0.072	0.861
Wolverine (DEV)	Yukon Zinc	0.64	0.036	0.023	4.63	0.039	0.182	5.27	0.039	0.205
Dolores(7)	Minefinders	DNR	DNR	DNR	DNR	DNR	DNR	109.46	0.022	2.444
El Chanate	Capital Gold	24.69	0.020	0.503	53.08	0.019	1.001	77.77	0.019	1.504
Mulatos	Alamos	11.38	0.047	0.540	56.47	0.033	1.847	67.86	0.035	2.387
Peñasquito Oxide(11)	Goldcorp	79.92	0.005	0.400	0.00	0.000	0.000	79.92	0.005	0.400
Peñasquito Sulfide(11)	Goldcorp	639.97	0.018	11.490	621.91	0.010	5.930	1261.87	0.014	17.420
Andacollo (DEV)	Teck	173.28	0.004	0.708	263.89	0.003	0.924	437.17	0.004	1.631
El Limon(7)	B2Gold	DNR	DNR	DNR	DNR	DNR	DNR	1.12	0.134	0.150
El Toqui	Breakwater	0.89	0.128	0.114	2.77	0.067	0.186	3.66	0.082	0.300
Martha	Coeur d'Alene	0.00	0.000	0.000	0.04	0.037	0.001	0.04	0.037	0.001
Pascua-Lama (DEV)(12)	Barrick	36.10	0.053	1.917	288.60	0.044	12.698	324.70	0.045	14.615(13)
Balcooma(14)	Kagara Ltd.	0.10	0.020	0.002	1.06	0.006	0.006	1.16	0.007	0.008

Gwalia	St. Barbara	0.00	0.000	0.000	8.71	0.227	1.980	8.71	0.227	1.980
Meekatharra (Paddy's Flat)	Mercator Gold	0.00	0.000	0.000	2.19	0.140	0.308	2.19	0.140	0.308
Meekatharra (Yaloginda)	Mercator Gold	0.00	0.000	0.000	2.79	0.070	0.196	2.79	0.070	0.196
South Laverton	Saracen	0.00	0.000	0.000	16.74	0.048	0.800	16.74	0.048	0.800
Southern Cross	St. Barbara	0.87	0.094	0.082	5.77	0.088	0.509	6.64	0.089	0.591
Inata	Avocet	4.93	0.067	0.329	12.07	0.051	0.615	17.00	0.056	0.944
Siguiri	AngloGold Ashanti	33.98	0.019	0.630	96.84	0.025	2.440	130.82	0.023	3.070
Taparko TB-GSR-1 and TB-GSR-2(15)(16)	High River	DNR	DNR	DNR	DNR	DNR	DNR	1.56	0.085	0.132(17)(18)
Taparko TB-GSR3	High River	DNR	DNR	DNR	DNR	DNR	DNR	6.40	0.085	0.551(18)

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Proven and Probable Silver Reserves(1)(2)(3)
As of December 31, 2009(4)

SILVER(19)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	OPERATOR	Tons of Ore (millions)	Ave. Silver Grade (oz/ton)	Silver Contained Ozs (millions)(6)	Tons of Ore (millions)	Ave. Silver Grade (oz/ton)	Silver Contained Ozs (millions)(6)	Tons of Ore (millions)	Ave. Silver Grade (oz/ton)	Silver Contained Ozs (millions)(6)
Soledad Mountain (DEV)	Golden Queen	30.48	0.40	12.283	20.75	0.34	7.076	51.22	0.38	19.359
Troy	Revett	3.08	1.41	4.337	6.01	1.13	6.805	9.10	1.22	11.142
Schaft Creek (DEV)	Copper Fox	453.16	0.05	22.760	451.83	0.05	23.695	904.99	0.05	46.454
Wolverine (DEV)	Yukon Zinc	0.64	7.06	4.534	4.63	8.28	38.286	5.27	8.13	42.820
Dolores(7)	Minefinders	DNR	DNR	DNR	DNR	DNR	DNR	109.46	1.16	126.645
Peñasquito Oxide	Goldcorp	79.92	0.43	34.500	0.00	0.00	0.000	79.92	0.43	34.500
Peñasquito Sulfide	Goldcorp	639.97	0.97	618.020	621.91	0.67	417.580	1261.87	0.82	1035.600
El Toqui	Breakwater	0.89	0.23	0.208	2.77	0.26	0.728	3.66	0.26	0.936
Martha	Coeur d'Alene	0.00	0.00	0.000	0.04	33.14	1.249	0.04	32.87	1.249
Balcooma(14)	Kagara Ltd.	0.10	2.22	0.225	1.06	0.35	0.373	1.16	0.51	0.598

Proven and Probable Base Metal and Other Reserves(1)(2)(3)
As of December 31, 2009(4)

COPPER(20)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	OPERATOR	Tons of Ore (millions)	Ave. Copper Grade (% Cu)	Copper Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Copper Grade (% Cu)	Copper Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Copper Grade (% Cu)	Copper Contained Lbs (millions)(6)
Johnson Camp	Nord Resources	54.98	0.34	372	18.41	0.33	120	73.39	0.34	492
Robinson	Quadra FNX	108.66	0.53	1,161	4.94	0.42	41	113.60	0.53	1,203
Troy	Revett	3.08	0.72	45	6.01	0.49	59	9.10	0.57	104
Caber (DEV)	Breakwater	0.00	0.00	0	0.65	0.84	11	0.65	0.84	11
Schaft Creek (DEV)	Copper Fox	453.16	0.32	2,864	451.83	0.28	2,557	904.99	0.30	5,421
Voisey's Bay	Vale	24.03	1.76	846	3.53	0.38	27	27.56	1.58	873
Balcooma(14)	Kagara Ltd.	0.10	1.10	2	1.06	3.60	76	1.16	3.38	79
Las Cruces	Inmet	8.96	7.40	1,325	9.26	5.30	979	18.22	6.30	2,304

LEAD(21)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	OPERATOR	Tons of Ore (millions)	Ave. Lead Grade (% Pb)	Lead Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Lead Grade (% Pb)	Lead Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Lead Grade (% Pb)	Lead Contained Lbs (millions)(6)
Peñasquito Sulfide	Goldcorp	639.97	0.35	4,450	621.91	0.22	2,761	1261.87	0.29	7,211
El Toqui	Breakwater	0.89	0.30	5	2.77	0.30	17	3.66	0.30	22
Balcooma(14)	Kagara Ltd.	0.10	3.90	8	1.06	0.01	0	1.16	0.35	8

ZINC(22)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	OPERATOR	Tons of Ore (millions)	Ave. Zinc Grade (% Zn)	Zinc Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Zinc Grade (% Zn)	Zinc Contained Lbs (millions)(6)	Tons of Ore (millions)	Ave. Zinc Grade (% Zn)	Zinc Contained Lbs (millions)(6)

Caber (DEV)	Breakwater	0.00	0.00	0	0.65	8.58	111	0.65	8.58	111
Penasquito Sulfide	Goldcorp	639.97	0.75	9,649	621.91	0.50	6,281	1261.87	0.63	15,930
El Toqui	Breakwater	0.89	6.50	116	2.77	7.20	400	3.66	7.03	515
Balcooma(14)	Kagara Ltd.	0.10	9.60	19	1.06	0.02	0	1.16	0.86	20

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NICKEL(23)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	**OPERATOR**	**Tons of Ore (millions)**	**Ave. Nickel Grade (% Ni)**	**Nickel Contained Lbs (millions)(6)**	**Tons of Ore (millions)**	**Ave. Nickel Grade (% Ni)**	**Nickel Contained Lbs (millions)(6)**	**Tons of Ore (millions)**	**Ave. Nickel Grade (% Ni)**	**Nickel Contained Lbs (millions)(6)**
Voisey's Bay	Vale	24.03	3.01	1,447	3.53	0.66	47	27.56	2.71	1,493
Avebury (DEV)(7)	Minerals and Metals Group	DNR	DNR	DNR	DNR	DNR	DNR	6.50	0.96	123
Mt. Goode Cosmos(7)(24)	Xstrata	DNR	DNR	DNR	DNR	DNR	DNR	2.20	3.46	152

COBALT(25)

		PROVEN RESERVES			PROBABLE RESERVES			PROVEN AND PROBABLE RESERVES		
PROPERTY	**OPERATOR**	**Tons of Ore (millions)**	**Ave. Cobalt Grade (% Co)**	**Cobalt Contained Lbs (millions)(6)**	**Tons of Ore (millions)**	**Ave. Cobalt Grade (% Co)**	**Cobalt Contained Lbs (millions)(6)**	**Tons of Ore (millions)**	**Ave. Cobalt Grade (% Co)**	**Cobalt Contained Lbs (millions)(6)**
Voisey's Bay	Vale	24.03	0.15	72	3.53	0.03	2	27.56	0.13	74

(1) Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission.

"Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

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

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

(2) Royal Gold has disclosed a number of reserve estimates that are provided by mine operators that are foreign issuers and are not based on the U.S. Securities and Exchange Commission's definitions for proven and probable reserves. For Canadian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform to the Canadian Institute of Mining, Metallurgy and Petroleum definitions of these terms as of the effective date of estimation as required by National Instrument 43-101 of the Canadian Securities Administrators. For Australian issuers, definitions of "mineral reserve," "proven mineral reserve," and "probable mineral reserve" conform with the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, as amended ("JORC Code").

(3) The reserves reported are either estimates received by the various operators or are based on royalty documentation material provided to Royal Gold or which is derived from recent publicly-available information from the operators of the various properties or various recent National Instrument 43-101 or JORC Code reports filed by operators. Accordingly, Royal Gold is not able to reconcile the reserve estimates prepared in reliance on National Instrument 43-101 or JORC Code with definitions of the U.S. Securities and Exchange Commission.

(4) Reserves have been reported by the operators as of December 31, 2009, with the exception of the following properties: El Chanate October 2009; Balcooma, Gwalia, South Laverton, and Southern Cross June 2009; Inata March 2009; Canadian Malartic, Dolores, Gold Hill and Pascua-Lama December 2008; Schaft Creek September 2008; Holt June 2008; Soledad Mountain December 2007; Wolverine October 2007; and Pine Cove March 2005.

(5) Gold reserves were calculated by the operators at the following per ounce prices: $950 Martha; $825 Bald Mountain, Cortez, Goldstrike, Marigold, Peñasquito and Wharf; $800 El Chanate, Leeville, Mulatos, Robinson, Twin Creeks, Siquiri and Taparko; $775 Canadian Malartic and Holt; $750 Pascua-Lama and Williams; $725 Gold Hill; $700 El Toqui; $600 Dolores, Soledad Mountain and Wolverine; $550 El Limon and Inata; $500 Andacollo; and $425 Pine Cove. For Gwalia Deeps and Southern Cross, a price of A$1,075 was used for St. Barbara's 2010 fiscal year and A$850 per ounce thereafter; $A1,250 South Laverton. Schaft Creek is at a $5.05 net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). No gold price was reported for Balcooma, Meekatharra (Paddy's Flat) or Meekatharra (Yaloginda).

(6) "Contained ounces" or "contained pounds" do not take into account recovery losses in processing the ore.

(7) The operators at Avebury, Bald Mountain, Canadian Malartic, Dolores, El Limon, Goldstrike, Marigold and Mt. Goode did not provide a breakdown of proven and probable reserves.

(8) NVR1 and GSR3 reserves and additional mineralized material are subsets of the reserves and additional mineralized material covered by GSR1 and GSR2.

(9) The 2.0% NSR royalty interest covers the majority of six sections of land, containing a number of open pits, but does not cover the current mining in the Basalt/Antler area.

(10)

In November 2008, the operator made application to a court in Ontario, Canada for a declaration that it is not obligated to pay the entire royalty defined under the royalty agreement and to dispute the royalty rate. The operator claims that its predecessor in interest is responsible for payment of some or all of the royalty. On July 23, 2009, the Court held that Royal Gold is entitled to payment from the predecessor of the full amount of the NSR sliding-scale royalty and that the operator's obligation is to reimburse the predecessor for payment of the royalty up to a flat rate of 0.013% NSR. On August 21, 2009, the predecessor appealed the portion of the judgment holding them responsible for paying the royalty and on December 9, 2009, Royal Gold was made a party to the appeal.

(11)

Operator reports reserves by material type. The sulfide material will be processed by milling. The oxide material will be processed by heap leaching.

(12)

Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here.

(13)

Approximately 74% of the royalty is limited to the first 14.0 million ounces of gold produced from the project. Also, 30% of the royalty can be extended beyond 14.0M ounces for $6.4 million. In addition, a one-time payment totaling $4.0 million will be made if gold prices exceed $550 per ounce for any six-month period within the first 36 months after commercial production and an additional payment totaling $6.4 million will be made if gold prices exceed $600 per ounce for any six-month period within the first 36 months after commercial production.

(14)

Figures reflect reserves associated with the entire property. The operator did not provide a detailed breakdown of the reserves and additional mineralized material subject to Royal Gold's royalty interest. Therefore, a portion of the reserves may not be subject to Royal Gold's royalty interest.

(15)

Royalty percentages: TB-GSR1 15.0%; TB-GSR2 4.3% when the average monthly gold price ranges between $385 and $430 per ounce. Outside of this range, the royalty rate is calculated by dividing the average monthly gold price by 100 for gold prices above $430 per ounce (with a 10% cap), or by dividing the average monthly gold price by 90 for gold prices below $385 per ounce (e.g., a $900 per ounce gold price results in a rate of 900/100 = 9.0%). Two subsequent royalties consist of ("TB-GSR3"), applicable to gold production from defined portions of the Taparko-Bouroum project area, and a 0.75% GSR milling royalty ("TB-MR1"). The TB-MR1 royalty applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facilities up to a maximum of 1.1 million tons per year. Both the TB-GSR3 and TB-MR1 royalties commence once TB-GSR1 and TB-GSR2 have ceased. Both TB-GSR1 and TB-GSR2 continue until either production reaches 804,420 ounces of gold, or payments totaling $35 million under TB-GSR1 are received, whichever comes first. As of June 30, 2010, Royal Gold has cumulatively recognized approximately $30.6 million in royalty revenue under TB-GSR1 that is attributable to cumulative production of approximately 171,000 ounces of gold.

(16)

Due to the royalty structure at the Taparko mine, reserves are not broken down into proven and probable.

(17)

TB-GSR1 and TB-GSR2 royalties are subject to the same reserve.

(18)

The reserves at Taparko have been adjusted by Royal Gold based on actual 2009 depletion and on the operator's reserve gold price assumption of $800 per ounce, to reflect the $35 million cap on the TB-GSR1 royalty. Upon meeting this cap, both the TB-GSR1 and TB-GSR2 royalties cease and the TB-GSR3 royalty becomes effective. The TB-GSR3 reserves represent the remaining reserves after subtracting the reserves associated with TB-GSR1 and TB-GSR2.

(19)

Silver reserves were calculated by the operators at the following prices per ounce: $16.00 Martha; $13.00 Peñasquito; $12.55 El Toqui; $12.33 Troy; $12.00 Soledad Mountain; and $10.00 Dolores. Shaft Creek is at a $5.05 per tonne net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). Wolverine is at a $80 per tonne NSR cut-off grade (metal price assumptions used by the operator were $400 per ounce gold; $7.00 per ounce silver; $1.10 per pound copper; $0.30 per pound lead; and $0.60 per pound zinc). No silver price is available for Balcooma. Don Mario additional mineralized material was calculated at a silver price of $11.00 per ounce.

(20)

Copper reserves were calculated by the operators at the following prices per pound: $2.91 or lower Voisey's Bay; $2.67 Troy; $2.00 Robinson and Las Cruces; $1.50 Johnson Camp. Shaft Creek is at a $5.05 net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). No copper price is available for Balcooma or Caber.

(21)

Lead reserves were calculated by the operators at the following price per pound: $0.83 El Toqui and $0.60 Peñasquito. No lead price is available for Balcooma.

(22)

Zinc reserves were calculated by the operators at the following price per pound: $1.00 El Toqui; and $0.80 Peñasquito. No zinc price is available for Balcooma or Caber.

(23)
Nickel reserve price was calculated by the operator at Voisey's Bay mine at $11.01 or lower per pound. No nickel reserve price is available for Avebury or Mt. Goode.

(24)
The operator does not report reserves by property in Australia. Therefore, a portion of the reserves is not subject to Royal Gold's royalty interest.

(25)
Cobalt reserve price was calculated by the operator at $22.70 or lower per pound.

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ITEM 3. LEGAL PROCEEDINGS

Voisey's Bay

On February 22, 2010, as part of the IRC Transaction discussed in Item 7, MD&A, we acquired a royalty on the Voisey's Bay Mine in Newfoundland and Labrador owned by Vale Newfoundland & Labrador Limited ("VNL"). The royalty is owned by the Labrador Nickel Royalty Limited Partnership ("LNRLP"), in which the Company's wholly-owned indirect subsidiary Canadian Minerals Partnership is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius Resources Inc. (10%), a company unrelated to Royal Gold and IRC, and the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation (0.01%).

On October 16, 2009, LNRLP filed a claim in the Supreme Court of Newfoundland and Labrador Trial Division against Vale Inco Limited ("Vale Inco") and its wholly owned subsidiaries, Vale Inco Atlantic Sales Limited ("VIASL") and VNL, related to calculation of the NSR on the sale of concentrates, including nickel concentrates, from the Voisey's Bay Mine to Vale Inco. The claim asserts that Vale Inco is incorrectly calculating the NSR. The claim asserts that Vale Inco is incorrectly calculating the NSR and requests an order in respect of the correct calculation of future payments. The claim also requests specific damages for underpayment of past royalties to the date of the claim in an amount not less than $29 million, together with additional damages until the date of trial, interest, costs and other damages.

Holt

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

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

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

ITEM 4. (REMOVED AND RESERVED)

PART II

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

Market Information and Current Stockholders

Our common stock is traded on the NASDAQ Global Select Market ("NASDAQ") under the symbol "RGLD" and on the Toronto Stock Exchange under the symbol "RGL." The following table sets forth, for each of the quarterly periods indicated, the range of high and low sales prices, in U.S. dollars, for our common stock on NASDAQ for each quarter since July 1, 2008.

		Sales Prices	
Fiscal Year:		**High**	**Low**
2009	First Quarter (July, Aug., Sept. 2008)	$ 39.50	$ 26.88
	Second Quarter (Oct., Nov., Dec. 2008)	$ 49.45	$ 22.75
	Third Quarter (Jan., Feb., March 2009)	$ 49.81	$ 35.76
	Fourth Quarter (April, May, June 2009)	$ 48.69	$ 34.16
2010	First Quarter (July, Aug., Sept. 2009)	$ 49.35	$ 37.35
	Second Quarter (Oct., Nov., Dec. 2009)	$ 55.96	$ 42.90
	Third Quarter (Jan., Feb., March 2010)	$ 50.98	$ 41.19
	Fourth Quarter (April, May, June 2010)	$ 54.85	$ 46.51

As of August 24, 2010, there were 929 stockholders of record of our common stock.

Dividends

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

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

For calendar year 2009, we announced an annual dividend of $0.32 per share of common stock, payable in four quarterly payments of $0.08 each. The first payment of $0.08 per share was made on January 16, 2009, to stockholders of record at the close of business on January 2, 2009. The second payment of $0.08 per share was made on April 17, 2009, to stockholders of record at the close of business on April 3, 2009. The third payment of $0.08 per share was made on July 17, 2009, to stockholders of record at the close of business on July 2, 2009. We paid the fourth payment of $0.08 per share on October 16, 2009, to stockholders of record at the close of business on October 2, 2009.

We currently plan to pay dividends on a calendar year basis, subject to the discretion of our board of directors. However, our board of directors may determine not to declare a dividend based on a number of factors, including the gold price, economic and market conditions and the financial needs or opportunities that might arise in the future.

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ITEM 6. SELECTED FINANCIAL DATA

	Fiscal Years Ended June 30,				
	2010	2009	2008	2007	2006
	(Amounts in thousands, except per share data)				
Royalty revenue(1)	$ 136,565	$ 73,771	$ 66,297	$ 48,357	$ 28,380
Operating income	$ 41,035	$ 27,292	$ 32,982	$ 28,506	$ 13,412
Net income	$ 29,422	$ 41,357	$ 25,395	$ 21,242	$ 11,350
Net income attributable to Royal Gold stockholders	$ 21,492	$ 38,348	$ 24,043	$ 19,720	$ 11,350
Net income available to Royal Gold common stockholders	$ 21,492	$ 38,348	$ 19,255	$ 19,720	$ 11,350
Net income per share available to Royal Gold common stockholders:					
Basic	$ 0.49	$ 1.09	$ 0.62	$ 0.79	$ 0.50
Diluted	$ 0.49	$ 1.07	$ 0.61	$ 0.79	$ 0.49
Dividends declared per common share(2)	$ 0.34	$ 0.30	$ 0.28	$ 0.25	$ 0.22

	As of June 30,				
	2010	2009	2008	2007	2006
	(Amounts in thousands)				
Total assets	$ 1,861,333	$ 809,924	$ 545,850	$ 356,649	$ 171,765
Royalty interests in mineral properties, net	$ 1,467,983	$ 455,966	$ 300,670	$ 215,839	$ 84,590
Long-term debt, including current portion	$ 248,500	$ 19,250	$ 15,750	$ 15,750	$
Royal Gold stockholders' equity	$ 1,403,716	$ 749,441	$ 483,217	$ 319,081	$ 161,660

(1) Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 85% increase in royalty revenue during fiscal year 2010 when compared to fiscal year 2009.

(2) The 2010, 2009, 2008, 2007 and 2006 calendar year dividends were $0.36, $0.32, $0.28, $0.26 and $0.22, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

As of June 30, 2010, the Company owns royalties on 33 producing properties, 23 development stage properties and over 130 exploration stage properties, of which the Company considers 37 to be

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evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs, exploration costs, environment costs or other mining costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2010, we focused on the management of our existing royalty interests, the acquisition of royalty interests, the acquisition and integration of IRC and the creation of royalty interests through financing.

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

For the fiscal years ended June 30, 2010, 2009 and 2008, gold, silver and copper price averages and percentage of royalty revenues by metal were as follows:

	Fiscal Year Ended					
	June 30, 2010		June 30, 2009		June 30, 2008	
Metal	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue	Average Price	Percentage of Royalty Revenue
Gold ($/ounce)	$ 1,089	81%	$ 874	84%	$ 821	74%
Silver ($/ounce)	$ 16.85	3%	$ 12.91	3%	$ 15.40	3%
Copper ($/pound)	$ 3.03	9%	$ 2.25	11%	$ 3.53	23%
Other	N/A	7%	N/A	2%	N/A	0%

Please see Part I, Item 1, Business, and Part I, Item 2, Properties, of this report for discussion of Royal Gold's producing, development stage and exploration stage royalty interests.

Recent Developments

Please also see the "Liquidity and Capital Resources" section below within this Item 7 for discussion of our equity offering, new term loan and other recent liquidity and capital developments.

Business Developments

Proposed Acquisition of Gold Stream on the Mt. Milligan Project

On July 15, 2010, Royal Gold entered into a letter agreement (the "Letter Agreement") pursuant to which it agreed to acquire 25% of the payable gold produced from the Mt. Milligan copper-gold project in British Columbia from Thompson Creek Metals Company Inc. or its affiliate ("Thompson Creek") concurrent with the closing of Thompson Creek's proposed acquisition (the "Acquisition") of Terrane Metals Corp. ("Terrane"). The terms and conditions under which Royal Gold will acquire the payable gold are contained in a Purchase and Sale Agreement (the "Purchase and Sale Agreement") among Royal Gold, Thompson Creek and a subsidiary of each entity to be identified prior to the closing of the Acquisition. The obligation of Royal Gold and Thompson Creek to enter into the Purchase and Sale Agreement is subject to certain customary conditions set forth in the Letter Agreement. Under the Letter Agreement, Thompson Creek and Royal Gold have each agreed to an exclusivity arrangement with the other party in respect to certain alternative gold-related financing transactions in connection with the Mt. Milligan project until the closing of the Acquisition or earlier termination of the Letter Agreement in accordance with its terms. The Letter Agreement also contains representations and warranties and covenants in respect of Royal Gold and Thompson Creek.

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Pursuant to the Purchase and Sale Agreement, at the closing of the Acquisition, Royal Gold will make a payment of $226.5 million to Thompson Creek, which will be used to pay a portion of the consideration to shareholders of Terrane in connection with the Acquisition. Thereafter, upon satisfaction of certain conditions set forth in the Purchase and Sale Agreement, Royal Gold will make additional payments (each, an "Additional Payment") to Thompson Creek in an amount not to exceed $85 million in the aggregate to fund a portion of the development costs of the Mt. Milligan project. Upon commencement of production at the Mt. Milligan project, Royal Gold will purchase 25% of the payable gold with a cash payment equal to the lesser of $400 or the prevailing market price for each payable ounce of gold until 550,000 ounces have been delivered to Royal Gold and the lesser of $450 or the prevailing market price for each additional ounce thereafter. The Purchase and Sale Agreement also contains representations and warranties, covenants, conditions and indemnification provisions in respect of each party. The Company anticipates funding this transaction with cash on hand.

The Acquisition has been unanimously approved by the boards of directors of both Thompson Creek and Terrane. Goldcorp, which owns 52% of Terrane's fully diluted shares (including preference shares), has agreed to convert its preference shares into common shares and vote in favor of the Acquisition. Completion of the Acquisition is subject to, among other things, the favorable vote of $66^2/_3$ of the Terrane equity shareholders at a special meeting called to approve the Acquisition, which is expected to occur in September 2010. In addition, certain officers and directors holding approximately 1.0% of Terrane's common shares in the aggregate have entered into support agreements in favor of the transaction.

The Mt. Milligan project is in the early stage of construction, and Terrane has announced that production is expected to commence in calendar year 2013. Terrane has reported that proven and probable reserves total 482 million tonnes (0.20% copper; 0.39 g/t gold), containing 2.1 billion pounds of copper and 6.0 million ounces of gold. Terrane expects the reserves to support a mine life of at least 22 years and estimates Mt. Milligan will produce approximately 262,000 ounces of gold annually during the first six years of operation and 195,000 ounces of gold annually over the life of the mine. Mt. Milligan has received an Environmental Assessment Certificate and a Mines Act Permit from the Province of British Columbia and the Environmental Assessment approval from the Government of Canada. Terrane has also secured long lead-time equipment and has entered into an engineering, procurement and construction management contract with an AMEC-Fluor joint venture.

Acquisition of Additional Royalty Interests at Pascua-Lama

On July 1, 2010, the Company entered into two separate assignment of rights agreements with two private Chilean citizens whereby Royal Gold acquired the right to acquire an additional 0.75% NSR sliding-scale royalty on the Pascua-Lama project, which is owned and operated by Barrick and located on the border between Argentina and Chile, for a purchase price of $53 million. Of this amount, $25 million was paid to immediately acquire an additional 0.35% royalty interest. A deferred payment of $28 million is expected to be made on or before October 29, 2010, to acquire the remaining 0.40% royalty interest. In addition, on April 23, 2010, Royal Gold entered into an assignment of rights agreement with another private Chilean citizen whereby Royal Gold acquired an additional 0.25% NSR on the project for a purchase price of $15 million. Once the deferred closing occurs, Royal Gold's total gold royalty interest in the Pascua-Lama project will increase to 5.23% NSR, at gold prices above $800 per ounce. Pursuant to the assignment of rights agreements, Royal Gold also acquired a 0.20% fixed-rate copper royalty that takes effect after January 1, 2017, increasing Royal Gold's copper royalty interest in the Pascua-Lama project to 1.05%.

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

Acquisition of International Royalty Corporation

On February 22, 2010, Royal Gold and IRC consummated their previously announced Plan of Arrangement (the "Plan of Arrangement"), whereby Royal Gold, through RG Exchangeco, acquired all of the issued and outstanding common shares of IRC. Pursuant to the Plan of Arrangement, IRC shareholders received, in the aggregate: (i) cash consideration of approximately $350 million, (ii) 5,234,086 common shares of Royal Gold, and (iii) 1,806,649 Exchangeable Shares, which are convertible at any time on a one-for-one basis for common shares of Royal Gold.

The IRC royalty portfolio included 11 producing royalties, 10 development stage royalties, 24 evaluation stage royalties and 35 exploration stage royalties as of February 22, 2010. The producing royalties acquired from IRC generated royalty revenue of approximately $9.0 million from February 22, 2010, the date we acquired IRC, through June 30, 2010. The key royalty assets acquired from IRC include the following:

Pascua-Lama A 0.47% to 3.15% sliding-scale NSR gold royalty on the Chilean portion of the Pascua-Lama project, which is operated by Barrick. The Company also acquired a 0.63% fixed rate copper royalty on the Chilean portion of the Pascua-Lama project which is effective January 1, 2017. The Pascua-Lama project is currently under construction and is classified as a development stage royalty interest on the Company's consolidated balance sheets. Barrick has estimated commissioning in late calendar 2012 and production in early calendar 2013;

Voisey's Bay An effective 2.7% NSR royalty on the Voisey's Bay nickel-copper-cobalt mine located in Newfoundland and Labrador, Canada and operated by Vale. The Company owns 90% of a 3.0% NSR (or 2.7%) royalty while a non-controlling interest owns the remainder. The Company recognized approximately $3.9 million (which includes approximately $0.4 million of non-controlling interests) in royalty revenue from the Voisey's Bay royalty for the period February 22, 2010 through June 30, 2010;

Inata A 2.5% GSR royalty on the Inata gold mine located in northern Burkina Faso, West Africa and operated by a subsidiary of Avocet Mining PLC. Production at Inata began during the fourth quarter of calendar 2009, and the Company recognized approximately $1.3 million in royalty revenue from the Inata royalty for the period February 22, 2010 through June 30, 2010;

Las Cruces A 1.5% NSR royalty on the Las Cruces copper project located in Andalusia, Spain and operated by Inmet Mining. The Company recognized approximately $0.9 million in royalty revenue from the Las Cruces royalty for the period February 22, 2010 through June 30, 2010;

Western Australia A 1.5% NSR royalty on gold produced from approximately three million acres in Western Australia. The primary producing operations covered by the 1.5% NSR royalty are Southern Cross, Gwalia Deeps and South Laverton. The Company recognized approximately $2.3 million in royalty revenue from the producing Western Australian royalties for the period February 22, 2010 through June 30, 2010; and

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Wolverine A 0.00% to 9.45% sliding-scale NSR royalty on all gold and silver production from the Wolverine sulfide project located in Yukon Territory, Canada, and operated by Yukon Zinc.

Please refer to Note 3 of the notes to consolidated financial statements for further discussion on the IRC Transaction.

Acquisition of Andacollo Royalty

On January 25, 2010, the Company acquired an interest in the gold produced from the sulfide portion of the Andacollo project in Chile from a Chilean subsidiary of Teck. The purchase price for the Andacollo Royalty consisted of $217.9 million in cash and 1,204,136 of the Company's common shares.

The Andacollo Royalty equals 75% of the gold produced from the sulfide portion of the deposit at the Andacollo mine until 910,000 payable ounces of gold have been sold, and 50% of the gold produced in excess of 910,000 payable ounces of gold. Gold will be produced as a by-product of copper production, with a gold recovery rate estimated by the operator to be approximately 61%. The Andacollo Royalty will not cover copper production.

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

Property Developments

Taparko

The Taparko mine commenced gold production in August 2007 and has contributed approximately $50.0 million in royalty revenue (from TB-GSR1 and TB-GSR2, collectively) since production commenced. Gold sales at Taparko for the fiscal years ended June 30, 2010, and 2009 were approximately 118,000 ounces and 48,000 ounces, respectively. The increase in gold sales during the period was attributable to improved mill throughput, mill availability, grade and recoveries. As of June 30, 2010, we have recognized royalty revenue associated with the TB-GSR1 royalty totaling $30.6 million, which is attributable to cumulative production of approximately 202,000 ounces of gold. Management estimates that, based on Taparko's last three quarters of production and its calendar 2010 production guidance, the $35 million cap associated with TB-GSR1 could be met during the third calendar quarter of 2010. Upon achieving the $35 million cap, the TB-GSR1 and TB-GSR2 royalties will terminate and the 2.0% GSR royalty (TB-GSR3) will become effective. The TB-GSR3 royalty covers all gold produced from the Taparko mine.

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

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interests in Somita and its corporate parent (High River (West Africa) Ltd.) will terminate and this security will be released.

In addition, Royal Gold obtained as collateral a pledge of shares of certain equity investments in public companies held by High River. The market value of the pledged shares, based on June 30, 2010 closing price, is approximately $72.9 million. The Company's carrying value of its royalty interests at Taparko was approximately $5.8 million as of June 30, 2010. The pledge of High River's equity investments will remain in effect until the satisfaction of certain requirements as provided in the construction contract between Somita and its construction contractor, so long as there are no outstanding claims by the Company against the pledged securities.

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

Cortez

Higher royalty revenue at Cortez in the third fiscal quarter of 2010 was offset by lower royalty revenue in the fourth fiscal quarter of 2010, due to the allocation of ore sourced from Cortez Hills, which is outside the area subject to our royalty interests. As the focus of production shifts to Cortez Hills, the production related to our royalty interests will continue to decline. With this operating plan, Barrick expects approximately 240,000 ounces of gold to be produced from the Company's royalty interest during calendar 2010 compared to approximately 362,000 ounces of gold produced in calendar 2009.

Robinson

Production at Robinson was reduced during much of the first half of calendar 2010 as access to the Veteran Pit was restricted due to high-wall instability which occurred in the second quarter of calendar 2009. Full access has been re-established as of August 2010. Quadra also reported that additional flotation cells are fully operational and concentrate contracts have been re-negotiated to allow for more flexibility with respect to concentrate grades. In August 2010, Quadra reduced its 2010 annual production guidance at Robinson to 115-125 million pounds of copper from 135 million pounds and approximately 75,000 ounces of gold from 80,000 ounces as Quadra has encountered larger than anticipated historical underground workings.

Siguiri

Our royalty at Siguiri is subject to a dollar cap of approximately $12.0 million. As of June 30, 2010, approximately $1.8 million remains under the cap. Based on historical production at Siguiri, the Company expects to reach the dollar cap during the second half of calendar 2010. Due to the expected achievement of the dollar cap, the Company no longer considers the Siguiri royalty principal to its business.

Mulatos

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

Peñasquito

Royalty revenue at Peñasquito during fiscal year 2010 reflects combined oxide and sulfide production of gold, silver, lead and zinc. In June, Goldcorp reported that mechanical completion of the second sulfide processing line ("Line 2") had been achieved ahead of the previously expected third

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calendar quarter completion date. Line 2 is now in the commissioning phase and ramping up toward designed 50,000 tonne-per-day (55,115 tons) capacity. The first sulfide processing line ("Line 1") is regularly operating at designed production levels of 50,000 tonnes (55,115 tons) per day and declaration of commercial production remains on schedule for the third calendar quarter of 2010. Construction of the 30,000 tonne-per-day (33,069 tons) high pressure grinding roll circuit is on track for completion in the fourth calendar quarter of 2010 with full production ramp-up to the planned 130,000 tonne per day capacity to be reached in early calendar 2011.

Voisey's Bay

As part of the IRC Transaction, the Company acquired an effective 2.7% NSR royalty on the Voisey's Bay property, which is operated by Vale and located in Newfoundland and Labrador, Canada. Monthly production capacity at Voisey's Bay is approximately 7.0 million pounds of nickel and 5.6 million pounds of copper. Since August 1, 2009, about 200 workers at Voisey's Bay have been on strike. On March 12, 2010, Vale reported that it had resumed production from the Voisey's Bay Ovoid mine and mill, which supplies nickel concentrate to Vale's operations at Thompson and Sudbury and copper concentrates to clients in Europe. The Voisey's Bay site is reported to be operating two weeks on, two weeks off, producing approximately 3.5 million pounds of nickel and 2.8 million pounds of copper per month. As of early August 2010, the strike at Voisey's Bay has not been resolved. Vale is currently operating at about 40% of capacity and is working on ramping up to full production.

Dolores

Minefinders reported that production at Dolores was lower during the second calendar of 2010 due to lower grades. Minefinders expects production to increase through the second half of calendar 2010 due to increasing grades, completion of tertiary screen repairs and loading of ore onto the phase 2 leach pad beginning in late August 2010.

Las Cruces

Inmet's Las Cruces copper operation in Spain continues to experience difficulties as they start-up. Inmet has reported that a number of equipment failures and operational issues delayed the ramp-up of the plant and limited the ability to operate continuously. Beginning in July 2010, Inmet has been focused on increasing available plant capacity and reducing the causes of equipment failures. Inmet expects their 70% interest to yield 20,000 to 30,000 tonnes of copper cathode this year.

Pascua-Lama

Barrick has reported that detailed engineering and procurement is nearing completion and the project is on track to enter production during the first quarter of calendar 2013. Barrick stated that major, long lead items have been ordered and the Barriales Camp in Chile is essentially complete. Roadwork is progressing well and about three million tons have been moved as a part of initial earthworks.

Canadian Malartic

Osisko reported that the Canadian Malartic gold project is advancing well and estimates that the project will be fully operational during the second quarter of calendar 2011, with average annual gold production of 630,000 ounces.

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Wolverine

Yukon Zinc is completing the construction of its operating plan and facilities at the Wolverine mine. The primary focus includes commissioning of all equipment and the ore processing circuits, as well as completing construction priorities to move the mine into production. Yukon Zinc expects ore to be fed to the mill in September 2010.

Operators' Production Estimates by Royalty for Calendar Year 2010

We received production estimates from the operators of our producing mines during the first calendar quarter of 2010. The following table shows such production estimates for our principal producing properties for calendar year 2010 as well as the actual production reported to us by the various operators for the six months ended June 30, 2010. The estimates and production reports are prepared by the operators of the mining properties. We do not participate in the preparation or calculation of the operators' estimates or production reports and have not independently assessed or verified the accuracy of such information.

Operators' Production Estimate by Royalty for Calendar Year 2010 and Reported Production
For the period January 1, 2010 through June 30, 2010
Principal Producing Properties

	Calendar 2010 Operator's Production Estimate(1)			**Reported Production through June 30, 2010(2)**		
Royalty	**Gold (oz.)**	**Silver (oz.)**	**Base Metals (lbs.)**	**Gold (oz.)**	**Silver (oz.)**	**Base Metals (lbs.)**
Andacollo(3)	30,000			4,145		
Cortez(4)						
GSR1	241,000			136,805		
Cortez GSR2				952		
Cortez GSR3	241,000			137,757		
Cortez NVR1	188,000			110,519		
Dolores(4,5)	91,000	2.3 million		34,853	0.5 million	
Gwalia Deeps	102,000			47,626		
Las Cruces(4)						
Copper			161 million			20.8 million
Leeville	429,000			220,459		
Mulatos(4)	160,000			74,586		
Peñasquito(4)	180,000	13.4 million		66,944	5.3 million	
Lead			107 million			34.1 million
Zinc			135 million			47.3 million
Robinson(4)	75,000			43,775		
Copper			115 million			54.6 million
Taparko(4)	137,000			59,953		
Voisey's Bay(4,6)						
Copper			N/A			8.6 million
Nickel			N/A			19.0 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 this report for information regarding factors that could affect actual results.

(2) Reported production relates to the amount of metal sales, subject to our royalty interests, for the period January 1, 2010 through June 30, 2010, as reported to us by the operators of the mines.

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Please refer to "Recent Developments, Property Developments" earlier within this MD&A for further discussion on certain of our principal properties.

(3)

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

(4)

Please refer to "Recent Developments, Property Developments" earlier within this MD&A for further discussion on updates at this property.

(5)

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

(6)

The Company has not yet received calendar 2010 production guidance from the operator.

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

Historical Production(1) by Royalty
For the Fiscal Years Ended June 30, 2010, 2009 and 2008
Principal Producing Properties

Royalty	Metal	2010	2009	2008
Andacollo	Gold	4,145 oz.	N/A	N/A
Cortez GSR1	Gold	355,513 oz.	200,578 oz.	400,396 oz.
Cortez GSR2	Gold	2,082 oz.	67,749 oz.	35,752 oz.
Cortez GSR3	Gold	357,595 oz.	268,327 oz.	436,148 oz.
Cortez NVR1	Gold	259,741 oz.	154,399 oz.	127,198 oz.
Dolores	Gold	73,463 oz.	38,819 oz.	N/A
	Silver	1.2 million oz.	326,182 oz.	N/A
Gwalia Deeps	Gold	47,626 oz.	N/A	N/A
Las Cruces	Copper	20.8 million lbs.	N/A	N/A
Leeville	Gold	454,148 oz.	429,122 oz.	360,811 oz.
Mulatos	Gold	164,954 oz.	167,907 oz.	120,933 oz.
Peñasquito	Gold	117,963 oz.	52,932 oz.	N/A
	Silver	7.2 million oz.	2.5 million oz.	N/A
	Lead	36.7 million lbs.	N/A	N/A
	Zinc	48.5 million lbs.	N/A	N/A
Robinson	Gold	86,101 oz.	113,740 oz.	120,873 oz.
	Copper	107.4 million lbs.	128.3 million lbs.	139.0 million lbs.
Taparko	Gold	117,505 oz.	48,105 oz.	36,078 oz.
Voisey's Bay	Nickel	19.0 million lbs.	N/A	N/A
	Copper	8.6 million lbs.	N/A	N/A

(1)

Historical production relates to the amount of metal sales, subject to our royalty interests for each fiscal year presented, as reported to us by the operators of the mines.

Critical Accounting Policies

Listed below are the accounting policies that the Company believes are critical to its financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the

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magnitude of the asset, liability, revenue or expense being reported. Please refer to Note 2 of the Notes to Consolidated Financial Statements for a discussion on recently adopted and issued accounting pronouncements.

Use of Estimates

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

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

Royalty Interests in Mineral Properties

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

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

Asset Impairment

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

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