Cinemark Holdings, Inc.
Form 4
November 30, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Harton Don

(Last) (First) (Middle)

3900 DALLAS PARKWAY, SUITE 500

(Street)

PLANO, TX 75093

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Cinemark Holdings, Inc. [CNK]

3. Date of Earliest Transaction (Month/Day/Year)
11/28/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP - Construction

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/28/2007		M		8,000	A	$ 7.63	8,000	D	
Common Stock	11/28/2007		S		47	D	$ 16.64	7,953	D	
Common Stock	11/28/2007		S		900	D	$ 16.62	7,053	D	
Common Stock	11/28/2007		S		400	D	$ 16.6	6,653	D	
Common Stock	11/28/2007		S		300	D	$ 16.58	6,353	D	

Common Stock	11/28/2007		S	100	D	$ 16.57	6,253	D
Common Stock	11/28/2007		S	800	D	$ 16.56	5,453	D
Common Stock	11/28/2007		S	57	D	$ 16.55	5,396	D
Common Stock	11/28/2007		S	100	D	$ 16.54	5,296	D
Common Stock	11/28/2007		S	300	D	$ 16.51	4,996	D
Common Stock	11/28/2007		S	4,393	D	$ 16.5	603	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Common Stock (option to buy)	$ 7.63	11/28/2007		M		8,000		09/30/2004	09/29/2004	Common Stock	8,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Harton Don 3900 DALLAS PARKWAY			VP - Construction	

SUITE 500
PLANO, TX 75093

Signatures

/s/ Michael Cavalier,
attorney-in-fact 11/30/2007

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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PROPERTY	**ROYALTY**	**OPERATOR**	**LOCATION**	**Tons of Ore (M)**	**PROVEN + PROBABLE RESERVES[3][4][5] Average Base Metal Grade (%)**	**Base Metal Contained Lbs[6] (M)**
Balcooma[27]	1.5% NSR	Kagara	Australia	0.67	0.66	9
Peñasquito[22]	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.25	7,275
El Toqui	1.0 - 3.0% NSR[24]	Breakwater	Chile	3.89	0.37	28

Zinc[36]

				PROVEN + PROBABLE RESERVES[3][4][5]		
PROPERTY	**ROYALTY**	**OPERATOR**	**LOCATION**	**Tons of Ore (M)**	**Average Base Metal Grade (%)**	**Base Metal Contained Lbs[6] (M)**
Caber (DEV)	1.0% NSR	Breakwater	Canada	0.65	8.58	111
Kutcho Creek (DEV)	1.6% NSR	Capstone Mining	Canada	11.51	3.19	733
Balcooma[27]	1.5% NSR	Kagara	Australia	0.67	1.53	21
Peñasquito[22]	2.0% NSR (Sulfide)	Goldcorp	Mexico	1,566.82	0.57	17,575
El Toqui	1.0 - 3.0% NSR[24]	Breakwater	Chile	3.89	6.77	526

NICKEL[37]

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES[3][4][5] Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs[6] (M)
Voisey's Bay	2.7% NSR	Vale	Canada	26.57	2.58	1,373
Avebury (DEV)[14]	2.0% NSR	Minerals and Metals Group	Australia			
Mt. Goode[38]	1.5% NSR	Xstrata	Australia	0.42	4.07	34

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COBALT[39]

PROPERTY	ROYALTY	OPERATOR	LOCATION	PROVEN + PROBABLE RESERVES[3][4][5] Tons of Ore (M)	Average Base Metal Grade (%)	Base Metal Contained Lbs[6] (M)
Voisey's Bay	2.7% NSR	Vale	Canada	26.57	0.13	67

(1) Reserves have been reported by the operators as of December 31, 2010, with the exception of the following properties: Don Mario August 2010; West Westonia, Southern Cross, South Laverton, Pine Cove, Mt. Goode, Inata, Gwalia, Balcooma and Avebury June 2010; El Chanate and Mt. Milligan October 2009; Caber and Canadian Malartic December 2008; Schaft Creek September 2008; Soledad Mountain December 2007; Meekatharra (Yaloginda) and Meekatharra (Paddy's Flat) September 2007.

(2) Gold reserves were calculated by the operators at the following per ounce prices: $1,300 Martha; A$1,350 Kundip; $1,200 El Limon and Dolores; A$1,250 South Laverton and West Westonia; $1,000 Inata, Bald Mountain, Cortez, Goldstrike, Holt, Kutcho Creek, Pascua Lama, Robinson and Williams; $983 Pine Cove; $950 Leeville, Marigold, Peñasquito, Twin Creeks and Wharf; A$1,000 Gwalia and Southern Cross; $900 Gold Hill and Taparko; $875 Mulatos; $870 El Toqui; $825 Canadian Malartic; $800 El Chanate, Don Mario and Andacollo; $690 Mt. Milligan; and $600 Soledad Mountain. Schaft Creek is at a $5.05 net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). Wolverine is at an $80/tonne net smelter return cut-off grade (metal price assumptions used by the operator were $400 per ounce gold and $7.00 per ounce silver). No gold price was reported for Meekatharra (Paddy's Flat), Meekatharra (Yaloginda), Avebury or Balcooma.

(3) Set forth below are the definitions of proven and probable reserves used by the U.S. Securities and Exchange Commission. "Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

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

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

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

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

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

(7) By amendment dated June 2, 2011, but effective January 1, 2011, the royalty rate now ranges from 3.5% to 5.0%. NSR sliding-scale schedule (price of gold per ounce royalty rate): Below $375 3.5%; >$375 to $400 4.0%; >$400 to $425 4.5%; >$425 and higher 5.0%. All price points are stated in 1986 dollars and are subject to adjustment in accordance with a blended index comprised of labor, diesel fuel, industrial commodities and mining machinery.

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(8) NSR sliding-scale schedule (price of gold per ounce royalty rate): Below $210 0.40%; $210 to $229.99 0.50%; $230 to $249.99 0.75%; $250 to $269.99 1.30%; $270 to $309.99 2.25%; $310 to $329.99 2.60%; $330 to $349.00 3.00%; $350 to $369.99 3.75%; $390 to $409.99 4.0%; $410 to $429.99 4.25%; $430 to $449.99 4.50%; $450 to $469.99 4.75%; $470 and higher 5.00%.

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

(10) Round Mountain, a joint venture between Kinross and Barrick, has the right, at any time, to purchase the royalty interest for $10.0 million less any royalty payments paid prior to the purchase option being exercised. The royalty is subject to a minimum royalty payment of $100,000 per year.

(11) The sliding-scale NSR royalty will pay 2.0% when the price of gold is above $350 per ounce and 1.0% when the price of gold falls to $350 per ounce or below.

(12) The 0.9% NSR applies to the MACE claims. The operator did not report reserves subject to the 0.9% NSR.

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

(14) The operators at Avebury, Relief Canyon and Bundarra did not provide a breakdown of proven and probable reserves.

(15) NSR sliding-scale schedule (price of gold per ounce royalty rate): $0.00 to under $350 0.0%; $350 to under $400 0.5%; $400 to under $500 1.0%; $500 or higher 2.0%.

(16) NSR sliding-scale schedule (price of gold per ounce royalty rate): $0.00 to $350 1.0%; above $350 1.5%.

(17) Refer to Note 17 of the notes to consolidated financial statements for a discussion on litigation associated with our Holt royalty.

(18) 25% of payable gold with a fixed cost of $400 per ounce until 550,000 ounces are delivered to Royal Gold; $450 per ounce thereafter.

(19) Gold royalty rate is based on the price of silver per ounce. NSR sliding-scale schedule (price of silver per ounce royalty rate): Below $5.00 0.0%; $5.00 to $7.50 3.778%; >$7.50 9.445%.

(20) The NSR sliding-scale royalty is capped once payments of approximately $17 million have been received. As of June 30, 2011, payments of approximately $8.2 million have been recognized. NSR sliding-scale schedule (price of gold per ounce royalty rate): less than $300 2.0%; $300 - $350 3.0%; greater than $350 4.0%.

(21) The Company's royalty is subject to a 2.0 million ounce cap on gold production. There have been approximately 732,000 ounces of cumulative production as of June 30, 2011. NSR sliding-scale schedule (price of gold per ounce royalty rate): $0.00 to $299.99 1.0%; $300 to $324.99 1.50%; $325 to $349.99 2.0%; $350 to $374.99 3.0%; $375 to $399.99 4.0%; $400 or higher 5.0%.

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

(23) The royalty rate is 75% until 910,000 payable ounces of gold have been produced 50% thereafter. There have been approximately 46,000 cumulative payable ounces produced as of June 30, 2011.

(24) Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. Approximately 20% of the royalty is limited to the first 14.0 million ounces of gold produced from the project. Also, 24% of the royalty can be extended beyond 14.0 million ounces produced for $4.4 million. In addition, a one-time payment totaling $8.4 million will be made if gold prices exceed $600 per ounce for any six-month period within the first 36 months of commercial production.

(25) NSR sliding-scale schedule (price of gold per ounce royalty rate): less than or equal to $325 0.78%; $400 1.57%; $500 $2.72%; $600 3.56%; $700 4.39%; greater than or equal to $800 5.23%.

(26)

NSR sliding-scale schedule (price of zinc per ounce royalty rate): Below \$0.50 0.0%; \$0.50 to below \$0.55 1.0%; \$0.55 to below \$0.60 2.0%; \$0.60 or higher 3.0%.

(27) Figures reflect reserves associated with the entire property. The operator did not provide a detailed breakdown of the reserves subject to Royal Gold's royalty interest. Therefore, a portion of the reserves is not subject to Royal Gold's royalty interest.

(28) Royalty pays 1.0% for the first 250,000 ounces of production and then 1.5% for production above 250,000 ounces.

(29) The A\$10 per ounce royalty applies on production above 50,000 ounces.

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(30) Reedys Burnakura sliding-scale royalty applies to cumulative production above 300,000 ounces. Once 300,000 ounces have been produced, the royalty rate is a 1.5% NSR for the first 75,000 ounces per year and a 2.5% NSR above 75,000 ounces per year.

(31) A 2.0% GSR perpetual royalty, applicable to gold production from defined portions of the Taparko-Bouroum project area, and a 0.75% GSR milling royalty. The milling royalty applies to ore that is mined outside of the defined area of the Taparko-Bouroum project that is processed through the Taparko facilities up to a maximum of 1.1 million tons per year.

(32) Silver reserves were calculated by the operators at the following prices per ounce: $23.00 Dolores; $20.00 Martha; $16.50 Kutcho Creek; $15.00 Peñasquito Sulfide; $14.90 Troy; $14.42 El Toqui; $14.00 Gold Hill; $12.50 Don Mario; $12.00 Soledad Mountain. Shaft Creek is at a $5.05 net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). Wolverine is at an $80/tonne net smelter return cut-off grade (metal price assumptions used by the operator were $400 per ounce gold and $7.00 per ounce silver). No silver price is available for Balcooma.

(33) Copper reserves were calculated by the operators at the following prices per pound: $3.05 El Toqui; $3.02 Troy; $2.97 Voisey's Bay; $2.75 Kutcho Creek; $2.50 Robinson and Caber; $2.25 Las Cruces; $2.00 Pascua-Lama, Don Mario and Peñasquito Sulfide; $1.90 Andacollo; $1.60 Mt. Milligan and $1.50 Johnson Camp. Shaft Creek is at a $5.05 net smelter return cut-off grade (metal price assumptions used by the operator were $658 per ounce gold; $10.00 per ounce silver; and $1.93 per pound copper). No copper price is available for Balcooma.

(34) Royalty applies to all copper production from an area of interest in Chile. Only that portion of the reserves pertaining to our royalty interest in Chile is reflected here. This royalty will take effect after January 1, 2017.

(35) Lead reserves were calculated by the operators at the following price per pound: $0.89 El Toqui and $0.70 Peñasquito and Caber. No lead price is available for Balcooma.

(36) Zinc reserves were calculated by the operators at the following price per pound: $1.10 El Toqui; $1.00 Peñasquito; $0.95 Kutcho Creek and $0.80 Peñasquito. No zinc price is available for Balcooma or Caber.

(37) Nickel reserve price was calculated by the operator at Voisey's Bay mine at $8.71 or lower per pound. No nickel reserve price is available for Avebury or Mt. Goode.

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

(39) Cobalt reserve price was calculated by the operator at $22.82 or lower per pound.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. (REMOVED AND RESERVED)

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PART II

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

Market Information and Current Stockholders

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

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

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

Dividends

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

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

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

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ITEM 6. SELECTED FINANCIAL DATA

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

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

(1) Please refer to Item 7, MD&A, of this report for a discussion of recent developments that contributed to our 59% increase in royalty revenue during fiscal year 2011 when compared to fiscal year 2010.

(2) The 2011, 2010, 2009, 2008 and 2007 calendar year dividends were $0.44, $0.36, $0.32, $0.28 and $0.26, respectively, as approved by our board of directors. Please refer to Item 5 of this report for further information on our dividends.

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

Overview

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

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As of June 30, 2011, the Company owns royalties on 36 producing properties, 21 development stage properties and 128 exploration stage properties, of which the Company considers 38 to be evaluation stage projects. The Company uses "evaluation stage" to describe exploration stage properties that contain mineralized material and on which operators are engaged in the search for reserves. We do not conduct mining operations nor are we required to contribute to capital costs (except as contractually obligated to as part of the Mt. Milligan transaction described in Part I, Item I, Business, of this report), exploration costs, environmental costs or other mining costs on the properties in which we hold royalty interests. During the fiscal year ended June 30, 2011, we focused on the management of our existing royalty interests and the acquisition of royalty and similar interests.

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

For the fiscal years ended June 30, 2011, 2010 and 2009, gold, silver, copper and nickel price averages and percentage of royalty revenues by metal were as follows:

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

Operators' Production Estimates by Royalty for Calendar Year 2011

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

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

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

(1) There can be no assurance that production estimates received from our operators will be achieved. Please refer to our cautionary language regarding forward-looking statements following this MD&A, as well as the Risk Factors identified in Part I, Item 1A, of this report for information regarding factors that could affect actual results.

(2) Reported production relates to the amount of metal sales, subject to our royalty interests, for the period January 1, 2011 through June 30, 2011, as reported to us by the operators of the mines.

(3) Minefinders estimated that calendar 2011 production for gold would be between 65,000 ounces and 70,000 ounces of gold and silver production would be between 3.3 million ounces and 3.5 million ounces of silver.

(4) St Andrew estimates that calendar 2011 gold production will be between 23,000 and 26,000 ounces of gold compared to earlier guidance of 45,000 ounces and 50,000 ounces of gold. Reported production for the six months ended June 30, 2011 includes approximately 1,400 gold ounces attributable to the quarter ended December 31, 2010, as reported to us by the operator.

(5) Alamos estimates that calendar 2011 gold production will be between 145,000 and 160,000 ounces of gold compared to earlier guidance of 160,000 and 175,000 ounces of gold.

(6) Goldcorp estimates that calendar 2011 gold production will be 250,000 ounces compared to earlier guidance of 350,000 ounces. Goldcorp has not provided production estimates for silver, lead and zinc since April 2010.

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(7) Quadra estimates that calendar 2011 gold production will be between 25,000 and 30,000 ounces of gold compared to earlier guidance of 45,000 ounces and 50,000 ounces of gold. Quadra estimates that copper production will be between 105 million pounds and 120 million pounds of copper.

(8) The Company did not receive calendar 2011 production guidance from the operator.

Historical Production

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

Historical Production[1] by Royalty
Principal Producing Properties
For the Fiscal Years Ended June 30, 2011, 2010 and 2009

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

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

(2)

Production began during our fiscal year 2011.

(3) Royalty acquired in February 2010 as part of the acquisition of IRC.

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Critical Accounting Policies

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

Use of Estimates

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

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

Royalty Interests in Mineral Properties

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

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

Asset Impairment

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

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

Royalty Revenue

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

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

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

Income Taxes

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

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

Reclassification

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

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

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

Liquidity and Capital Resources

Overview

At June 30, 2011, we had current assets of $169.3 million compared to current liabilities of $28.9 million for a current ratio of 6 to 1. This compares to current assets of $371.4 million and current liabilities of $35.8 million at June 30, 2010, resulting in a current ratio of approximately 10 to 1. The decrease in the current ratio is primarily due to a decrease in cash and equivalents during the period. Cash and equivalents decreased during the period as the Company invested an aggregate of $310.2 million from its available cash on hand for: the investment in Seabridge and the related option to acquire a royalty on the Kerr-Sulphurets-Mitchell project in June 2011; the Mt. Milligan gold stream in October 2010; and the additional Pascua-Lama royalty interests in July and October 2010.

During the fiscal year ended June 30, 2011, liquidity needs were met from $216.5 million in royalty revenues, our available cash resources and additional borrowings under our term loan, which was increased by $19.5 million. As of June 30, 2011, the Company had $125 million available under its $225 million revolving credit facility. In addition, as of June 30, 2011, the Company had $126.1 million outstanding under its term loan facility. Refer to Note 8 of our notes to consolidated financial statements and below for further discussion on our debt.

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We believe that our current financial resources and funds generated from operations will be adequate to cover anticipated expenditures for debt service (current and long-term), general and administrative expense costs, exploration costs and capital expenditures for the foreseeable future. Our current financial resources are also available to fund dividends and for royalty acquisitions, including the $85 million commitment as part of the Mt. Milligan Gold Purchase Transaction. Our long-term capital requirements are primarily affected by our ongoing acquisition activities. The Company currently, and generally at any time, has acquisition opportunities in various stages of active review. In the event of a substantial royalty or other acquisition, we would seek additional debt or equity financing opportunities as necessary.

Please refer to our risk factors included in Part 1, Item 1A of this report for a discussion of certain risks that may impact the Company's liquidity and capital resources.

Recent Liquidity and Capital Resource Developments

Amendment to Revolving Credit Facility

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

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

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

Amendment to the Term Loan

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

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

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The existing customary covenants limiting the ability of Royal Gold and its subsidiaries to, among other things, incur debt or liens, dispose of assets, enter into transactions with affiliates, make certain investments or consummate certain mergers remain unchanged.

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

Contractual Obligations

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

	Payments Due by Period (in thousands)				
Contractual Obligations	**Total**	**Less than 1 Year**	**1 - 3 Years**	**3 - 5 Years**	**More than 5 Years**
Debt[1]	$ 237,641	$ 20,335	$ 217,306	$	$
Total	$ 237,641	$ 20,335	$ 217,306	$	$

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

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

Results of Operations

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

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

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

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

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

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

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

Explanation of Responses:

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(2) Royalty acquired in January 2010.

(3) Royalty acquired in February 2010 as part of the acquisition of IRC.

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

(5) "Other" includes all of the Company's non-principal producing royalties as of June 30, 2011, except Taparko, Goldstrike, Inata and Gwalia Deeps, which were not considered principal as of June 30, 2011. Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

The increase in royalty revenue for the fiscal year ended June 30, 2011, compared with the fiscal year ended June 30, 2010, resulted primarily from an increase in the average gold, silver, copper and nickel prices, revenue from the recently acquired Andacollo royalty ($39.8 million), an increase in revenue from the recently acquired IRC producing royalties ($44.6 million) and the continued ramp-up at Peñasquito. These increases were partially offset during the period due to a decrease in production at Cortez and lower revenue from Taparko and Siguiri, which was due to the dollar caps being met during fiscal year 2011. Refer to Part I, Item 2, Properties, for discussion and any updates on our principal producing properties.

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

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

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

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

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

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

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

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

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

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

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

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

(1)

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

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

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

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(4) Royalty acquired in January 2010. Production at Andacollo began during the second calendar quarter of 2010.

(5) "Other" includes all of the Company's non-principal producing royalties as of June 30, 2010 and 2009. Individually, no royalty included within the "Other" category contributed greater than 5% of our total royalty revenue for either period.

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

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

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

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

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

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

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

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

Forward-Looking Statements

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

- changes in gold and other metals prices on which our royalties and similar interests are paid or prices associated with the primary metals mined at properties where we hold interests;
- the production at or performance of properties where we hold interests;
- decisions and activities of the operators of properties where we hold interests;
- the ability of operators to bring projects into production and operate in accordance with feasibility studies;
- liquidity or other problems our operators may encounter;
- unanticipated grade and geological, metallurgical, processing or other problems at the properties where we hold interests;
- mine operating and ore processing facility problems, pit wall or tailings dam failures, natural catastrophes such as floods or earthquakes and access to raw materials, water and power;
- changes in project parameters as plans of the operators are refined;
- changes in estimates of reserves and mineralization by the operators of properties where we hold interests;
- economic and market conditions;
- future financial needs;
- federal, state and foreign legislation governing us or the operators of properties where we hold interests;
- the availability of royalties and similar interests for acquisition or other acquisition opportunities and the availability of debt or equity financing necessary to complete such acquisitions;

our ability to make accurate assumptions regarding the valuation, timing and amount of payments when making acquisitions;

risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental and permitting laws, community unrest and labor disputes, and enforcement and uncertain political and economic environments;

risks associated with issuances of substantial additional common stock or incurrence of substantial indebtedness in connection with acquisitions or otherwise;

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- acquisition and maintenance of permits and authorizations, completion of construction and commencement and continuation of production at the properties where we hold interests;

- changes to management and key employees; and

- failure to complete future acquisitions;

as well as other factors described elsewhere in this report and our other reports filed with the SEC. Most of these factors are beyond our ability to predict or control. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements. We disclaim any obligation to update any forward-looking statements made herein. Readers are cautioned not to put undue reliance on forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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

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

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

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

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Index to Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

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

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

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

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

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

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
August 26, 2010, except for Note 3, as to which the date is August 18, 2011

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ROYAL GOLD, INC.

Consolidated Balance Sheets

As of June 30,

(In thousands except share data)

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

Accumulated earnings	100,004	51,862
Treasury stock, at cost (0 and 96,675 shares, respectively)		(4,474)
Total Royal Gold stockholders' equity	1,460,162	1,403,716
Non-controlling interests	27,533	29,832
Total equity	1,487,695	1,433,548
Total liabilities and equity	$ 1,902,702	$ 1,865,333

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

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ROYAL GOLD, INC.

Consolidated Statements of Operations and Comprehensive Income

For The Years Ended June 30,

(In thousands except share data)

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

Diluted weighted average shares outstanding		55,323,410		43,980,817		35,789,076
Cash dividends declared per common share	$	0.42	$	0.34	$	0.30

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

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ROYAL GOLD, INC.

Consolidated Statements of Changes in Equity

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

(In thousands except share data)

Royal Gold Stockholders

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

Retirement of treasury stock										
Stock-based compensation and related share issuances	205,547	4			8,241					
Net income							71,395			5,904
Comprehensive income						88				
Distribution to non-controlling interests										(8,203)
Dividends declared							(23,253)			
Balance at June 30, 2011	**54,231,787**	**$ 543**	**905,795**	**$ 39,864**	**$ 1,319,697**	**$ 54**	**$ 100,004**	**$**	**$**	**27,533**

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

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ROYAL GOLD, INC.

Consolidated Statements of Cash Flows

For the Years Ended June 30,

(In thousands)

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

Cash and equivalents at beginning of period	324,846	294,566	192,035
Cash and equivalents at end of period	$ 114,155	$ 324,846	$ 294,566

See Note 14 for supplemental cash flow information.

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

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

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

Summary of Significant Accounting Policies

Use of Estimates

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

Basis of Consolidation

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

Cash and Equivalents

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

Royalty Interests in Mineral Properties

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Available for Sale Securities

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

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

Asset Impairment

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

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

Royalty Revenue

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

Income Taxes

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Stock-Based Compensation

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

Operating Segments and Geographical Information

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

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

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

Comprehensive Income

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

Earnings per Share

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Production taxes

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

Reclassification

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

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

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

Recently Adopted Accounting Pronouncements

Variable Interest Entities

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Fair Value Measurements

In January 2010, the ASC guidance for fair value measurements and disclosure was updated to require additional disclosures related to: (1) transfers in and out of Level 1 and 2 fair value measurements, and (2) enhanced detail in the Level 3 reconciliation. The guidance was amended to provide clarity about the level of disaggregation required for assets and liabilities and the disclosures required for inputs and valuation techniques used to measure fair value for both recurring and non-recurring measurements that fall in either Level 2 or Level 3. The updated guidance was effective for the Company's fiscal year beginning July 1, 2010, with the exception of the Level 3 disaggregation, which is effective for the Company's fiscal year beginning July 1, 2011. The adoption had no impact on the Company's financial position, results of operations or cash flows.

Recently Issued Accounting Standards

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

3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION

On February 22, 2010, Royal Gold, through a wholly-owned Canadian subsidiary, RG Exchangeco Inc. ("RG Exchangeco"), acquired all of the issued and outstanding common shares of International Royalty Corporation (the "IRC Transaction"). The purchase price for the IRC Transaction consisted of approximately $350.0 million in cash, 5,234,086 shares of Royal Gold common stock (valued at $230.4 million on February 22, 2010) and 1,806,649 exchangeable shares of RG Exchangeco (valued at $79.5 million on February 22, 2010), which shares are convertible at any time on a one-for-one basis for Royal Gold common stock. The IRC Transaction further complemented and expanded our royalty portfolio.

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION (Continued)

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

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

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

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

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

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

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. ACQUISITION OF INTERNATIONAL ROYALTY CORPORATION (Continued)

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

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

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

4. ROYALTY ACQUISITIONS

Mt. Milligan Gold Stream Acquisition

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

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

The acquisition of the Mt. Milligan gold stream has been accounted for as an asset acquisition. The $226.5 million paid at closing, plus direct transaction costs of approximately $1.1 million, has been recorded as a development stage royalty interest within *Royalty interests in mineral properties, net* on our consolidated balance sheets. The Company paid the $226.5 million portion of the total consideration from cash on hand. The Company did not make any Additional Payments to Thompson Creek through June 30, 2011.

ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. ROYALTY ACQUISITIONS (Continued)

Acquisition of Additional Royalty Interests at Pascua-Lama

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

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

Andacollo

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

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

Barrick Royalty Portfolio

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. ROYALTY ACQUISITIONS (Continued)

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

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

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

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

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. ROYALTY INTERESTS IN MINERAL PROPERTIES

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. ROYALTY INTERESTS IN MINERAL PROPERTIES (Continued)

As of June 30, 2010 (Amounts in thousands):	**Cost**	**Accumulated Depletion**	**Net**
Production stage royalty interests:			
Andacollo	$ 272,998	$ (1,143)	$ 271,855
Voisey's Bay	150,138	(2,052)	148,086
Peñasquito	99,172	(2,162)	97,010
Las Cruces	57,230	(490)	56,740
Mulatos	48,092	(10,177)	37,915
Dolores	44,878	(2,278)	42,600
Taparko	33,570	(29,242)	4,328
Leeville	18,322	(10,764)	7,558
Robinson	17,825	(7,678)	10,147
Gwalia Deeps	15,970	(416)	15,554
Cortez	10,630	(9,499)	1,131
Other	149,085	(49,285)	99,800
	917,910	(125,186)	792,724
Development stage royalty interests:			
Pascua-Lama	318,001		318,001
Canadian Malartic	35,500		35,500
Wolverine	45,158		45,158
Other	50,733		50,733
	449,392		449,392
Exploration stage royalty interests	234,683		234,683
Total royalty interests in mineral properties	$ 1,601,985	$ (125,186)	$ 1,476,799

Note:

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. AVAILABLE FOR SALE SECURITIES

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

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

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

8. DEBT

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

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. DEBT (Continued)

ratio (as defined), which is required to be maintained at 1.25 to 1.0, making the revolving credit facility financial covenant package consistent with the financial covenant package under the term loan. As of June 30, 2011, the Company was in compliance with each financial covenant, including the added debt service ratio, under the revolving credit facility and term loan. As of June 30, 2011, the Company's all-in rate of LIBOR plus the margin was 2.15% for the revolving credit facility and term loan.

9. STOCK-BASED COMPENSATION

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

The Company recognized stock-based compensation expense as follows:

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

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

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

Stock Options and Stock Appreciation Rights

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCK-BASED COMPENSATION (Continued)

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

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

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

Stock Options

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCK-BASED COMPENSATION (Continued)

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

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

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

SARs

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCK-BASED COMPENSATION (Continued)

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

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

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

Other Stock-based Compensation

Performance Shares

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCK-BASED COMPENSATION (Continued)

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

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

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

Restricted Stock

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

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. STOCK-BASED COMPENSATION (Continued)

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

10. ROYALTY PORTFOLIO RESTRUCTURING GAIN

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

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

11. STOCKHOLDERS' EQUITY

Preferred Stock

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

Common Stock Issuances

Fiscal Year 2011

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

Fiscal Year 2010

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

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

Fiscal Year 2009

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. STOCKHOLDERS' EQUITY (Continued)

Exchangeable Shares

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

Treasury Stock

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

Stockholders' Rights Plan

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

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

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

12. EARNINGS PER SHARE ("EPS")

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

13. INCOME TAXES

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. INCOME TAXES (Continued)

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

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. INCOME TAXES (Continued)

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

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

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

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. INCOME TAXES (Continued)

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

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

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

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal, state and local, and non-U.S. income tax examinations by tax authorities for fiscal years before 2007. As a result of (i) statute of limitations that will begin to expire within the next 12 months in various jurisdictions, and (ii) possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease between $0 and $1.6 million in the next 12 months.

The Company's continuing practice is to recognize interest and/or penalties related to unrecognized tax benefits as part of its income tax expense. At June 30, 2011 and 2010, the amount of accrued income-tax-related interest and penalties was $1.5 million and $0.6 million, respectively.

14. SUPPLEMENTAL CASH FLOW INFORMATION

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

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

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. FAIR VALUE MEASUREMENTS

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

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

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

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

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

	Fair Value at June 30, 2011 (In thousands)			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Money market investments(1)	$ 284	$ 284	$	$
Marketable equity securities(2)	28,876	28,876		
	$ 29,160	$ 29,160	$	$

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

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

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

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

As of June 30, 2011, the Company also had assets that, under certain conditions, are subject to measurement at fair value on a non-recurring basis like those associated with royalty interests in mineral properties, intangible assets and other long-lived assets. For these assets, measurement at fair value in periods subsequent to their initial recognition are applicable if any of these assets are determined to be impaired; however, no triggering events have occurred relative to any of these assets during the twelve months ended June 30, 2011. If recognition of these assets at their fair value becomes necessary, such measurements will be determined utilizing Level 3 inputs.

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. MAJOR SOURCES OF REVENUE

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

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

17. COMMITMENTS AND CONTINGENCIES

Voisey's Bay

On February 22, 2010, as part of the IRC Transaction discussed in Note 3, the Company acquired a royalty on the Voisey's Bay mine in Newfoundland and Labrador owned by Vale Newfoundland & Labrador Limited ("VNL"). The royalty is owned by the LNRLP, in which the Company's wholly-owned indirect subsidiary, Canadian Minerals Partnership, is the general partner and 89.99% owner. The remaining interests in LNRLP are owned by Altius Investments Ltd. (10%), a company unrelated to Royal Gold and IRC, and the Company's wholly-owned indirect subsidiary, Voisey's Bay Holding Corporation (0.01%).

On October&