

# **Mt. Milligan Gold Stream Transaction: Acquisition and Project Finance Investment**

July 2010



## **Cautionary Statement Under the Private Securities Litigation Reform Act**

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from the projections and estimates contained herein and include, but are not limited to, the operator's estimates of production over the first six years and over the life of the mine, the operator's estimates of reserves and resources, and mine life; estimated annual revenue potential; estimated 2013 pro forma revenue by commodity and property; estimated 2013 pro forma royalty gold equivalent ounces; estimated growth in gold and silver reserves and resources; estimated schedules of achieving production and other related mine development, construction and production start-up timetables; that the transaction is accretive on several key measures; and that our future principal properties will consist of Peñasquito, Andacollo, Pascua-Lama, Voisey's Bay, and Mt. Milligan. Factors that could cause actual results to differ materially from these forward-looking statements include, among others: that the Plan of Arrangement between Thompson Creek and Terrane does not close; the completion of the Mt. Milligan transaction; the risks inherent in construction, development and ramp up of operations of a new mine at Mt. Milligan by an operator who has not previously operated gold mines; changes in gold and other metals prices; decisions and activities of the Company's management; decisions and activities of the operators of the Company's royalty properties; unanticipated grade, geological, metallurgical, processing or other problems at the properties; changes in project parameters as plans of the operators are refined; the results of current or planned exploration activities; economic and market conditions; operations in land subject to First Nations jurisdiction in Canada, the ability of operators to bring non-producing and not yet in development projects into production and operate in accordance with feasibility studies; future financial needs of the Company; the impact of future acquisitions and royalty financing transactions; changes in the Mining Law of 1872; the outcome of the court decision regarding the appeal of the Holt royalty dispute; risks associated with conducting business in foreign countries, including application of foreign laws to contract and other disputes, environmental laws, enforcement and uncertain political and economic environments; and customary closing conditions. These risks and other factors are discussed in more detail in the Company's public filings with the Securities and Exchange Commission. Statements made herein are as of the date hereof and should not be relied upon as of any subsequent date. The Company's past performance is not necessarily indicative of its future performance. The Company disclaims any obligation to update any forward-looking statements.

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# Transaction Overview



## Transaction Summary

- 25% of payable gold from Mt. Milligan project
- Total consideration: \$311.5M
  - \$226.5M to support Thompson Creek offer of Terrane Metals
    - Secured with assets of the project
  - \$85.0M to finance construction of the Mt. Milligan project
    - Contingent on sufficiency of financing and staged receipt of permits
    - Pro-rata contribution with majority of funding from Thompson Creek internal sources
  - \$400 per ounce until 550,000 ounces are delivered to Royal Gold; \$450 thereafter
    - No inflation adjustment
- Fully funded transaction
  - Cash on hand (including proceeds from June 2010 equity offering)



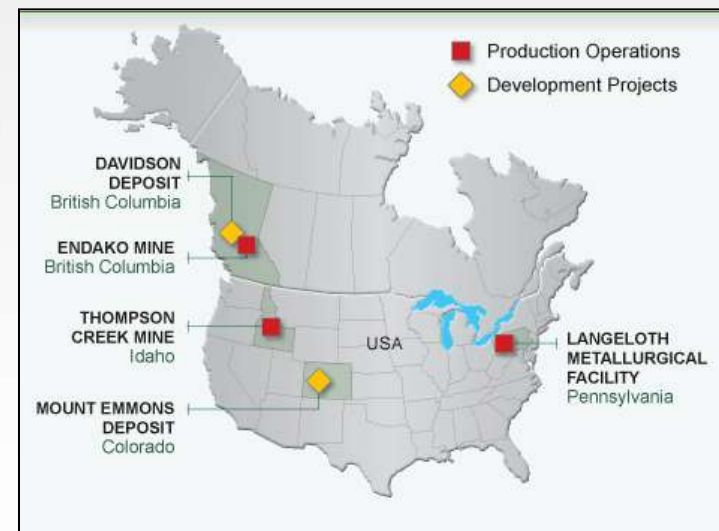
## Plan of Arrangement Between Terrane Metals and Thompson Creek

- Terrane owns 100% of Mt. Milligan
- Goldcorp is 52% shareholder on a fully diluted basis
- Thompson Creek announced acquisition of Terrane:
  - Total consideration ~ C\$654M
    - 0.052 shares of Thompson Creek for each share of Terrane
    - C\$0.90/share cash
  - Subject to favorable vote of 66 <sup>2</sup>/<sub>3</sub>% of Terrane stockholders
  - Support agreements for ~ 53% of current shares outstanding
  - Break fee of C\$20M



## Thompson Creek Profile

- Current market cap: \$1.3B
- Operating facilities:
  - Thompson Creek (Idaho)
  - Endako (British Columbia)
  - Langeloth Met Facility (Pennsylvania)
- Reserves: <sup>1</sup> 556M lbs Mo
- Annual production: 27M lbs Mo
- 2009 revenue: \$373M
- Available liquidity: <sup>2</sup> \$512M (as of 3/31/10)
- Significant operating experience at senior management level, many of whom worked at Cyprus Amax



# Mt. Milligan Project



## Project Profile – Operations

- Location: British Columbia, Canada
- Open pit copper/gold porphyry
- Estimated production (metal in concentrate): <sup>1</sup>
  - 262,000 ounces of gold annually during first six years
  - 195,000 ounces of gold over life of mine
- Estimated mine life: 22 years
- Reserves and resources: <sup>2,3</sup>

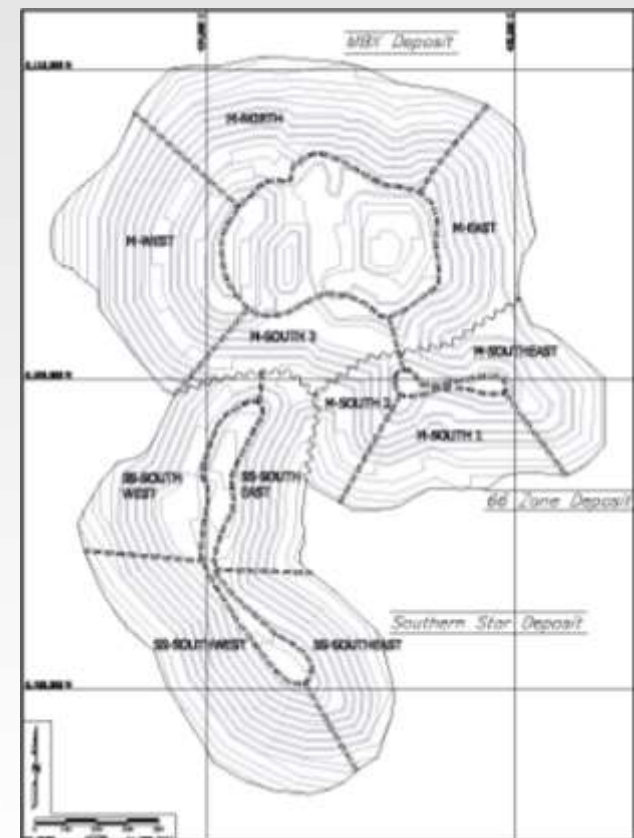


	Metric Tonnes (000s)	Cu (%) <sup>1,2</sup>	Au (g/t) <sup>1,3</sup>	Contained Cu (000s mt)	Contained Au (000s ozs)
<b>Proven and Probable Reserves</b>	482,400	0.20%	0.388	964.8	6,018
<b>Measured and Indicated Resources (inclusive of proven and probable reserves)</b>	706,700	0.182%	0.33	1,286.2	7,498



## Project Profile – Operations (cont.)

- Mine Production
  - Low strip ratio: <sup>1</sup> 0.84:1
  - Conventional truck, electric shovel operation
- Processing
  - Conventional and proven technology
  - Flowsheet consists of crushing, grinding and flotation to produce copper/gold concentrate
  - 60,000 tonnes per day concentrator plant
  - Recovery: <sup>1</sup> 84% Cu; 71% Au
  - Designed for closure
    - Zero discharge
    - No waste dumps; waste material used for tailings facility



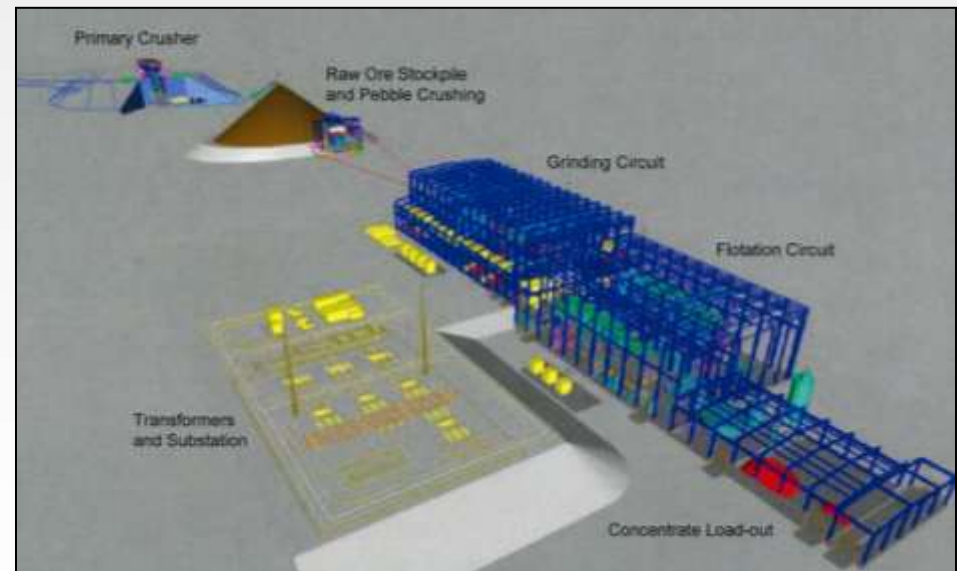
## Project Profile – Operations (cont.)

- Infrastructure
  - Low cost hydropower provided by new 92 Km power line
  - Adequate water balance for processing
  - Road access to regional communities; no camp required
  - Port access by road or rail to Vancouver or Port Rupert
- Robust economics
  - Life of mine net cash costs of \$51/oz for gold or \$0.17/lb for copper<sup>1</sup> (on by-product basis)



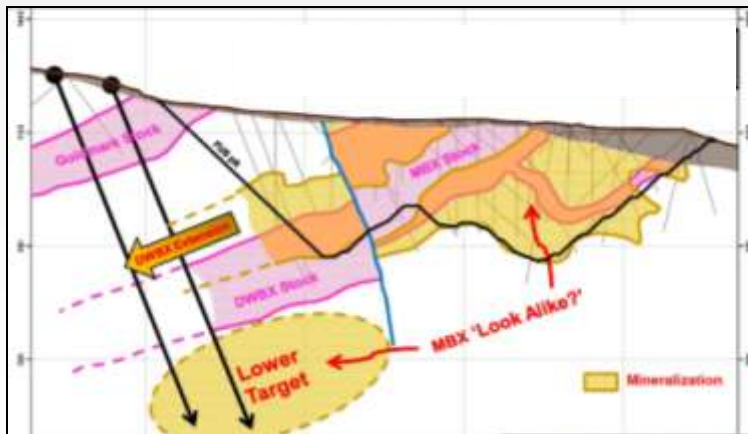
## Project Development

- Permits
  - Provincial Environmental Assessment Certificate and Mines Act Permit approved
  - Federal Environmental Assessment approved
- Construction: 2010 – 2012
  - Long lead time equipment orders placed
  - AMEC/Fluor selected as EPCM contractor
  - Access road construction commenced
- Estimated commercial production: 2013

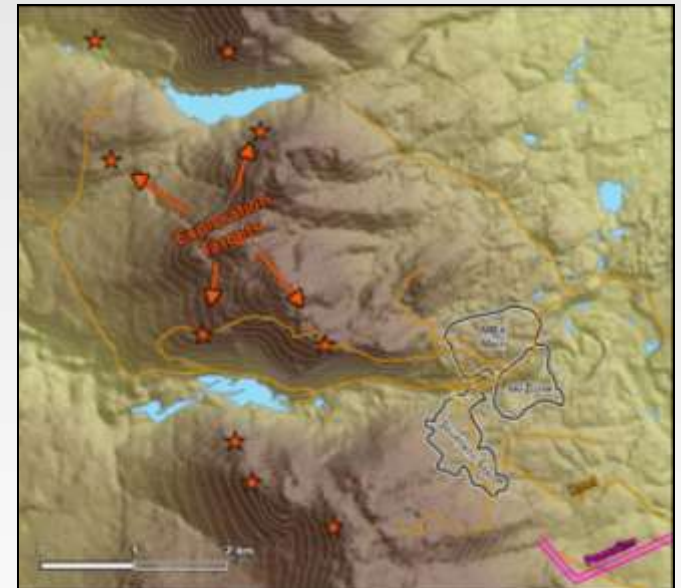


## Resource Opportunity

- Gold resources (M&I) are 25% higher than reserves (P&P)
- Reserves: 6.02M oz (\$690/oz Au; \$1.60/lb Cu)
- Resources: 7.5M oz (\$800/oz Au; \$2.00/lb Cu)  
(inclusive of reserves)
- Exploration potential at depth and adjacent to known resources
- Several exploration targets with similar geophysical and geochemical signatures



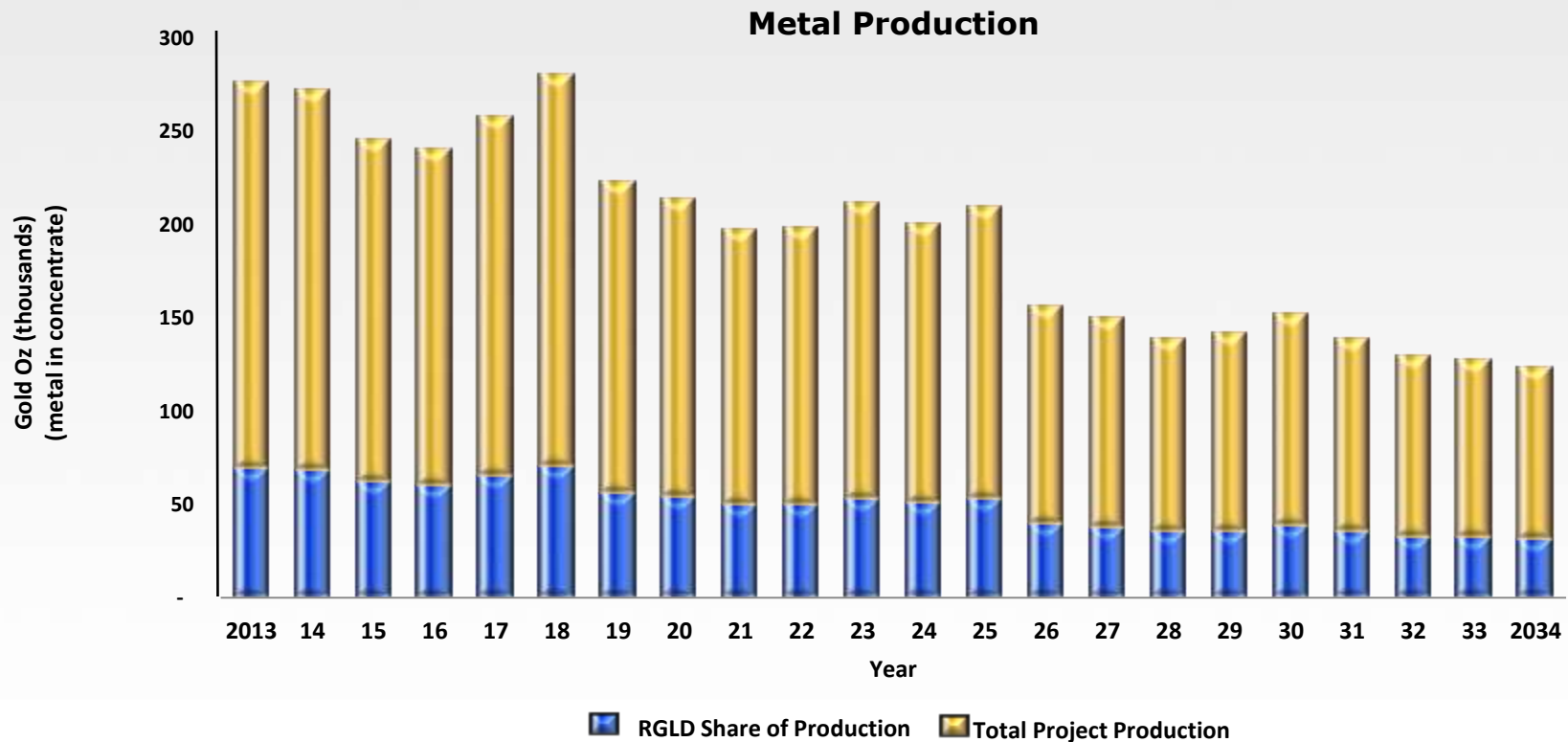
Source: Terrane's April 2010 presentation



Source: Terrane's April 2010 presentation

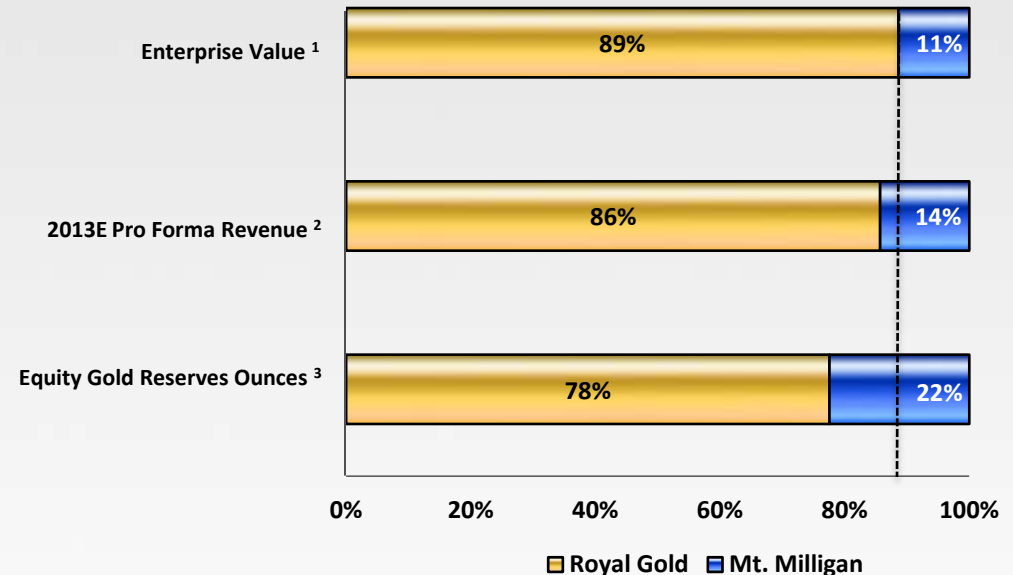
## Estimated Annual Net Revenue Potential

- ~ \$51M over first six years  
(\$1,200 gold price less \$400 purchase price; 97% smelter return)
- ~ \$37M over mine life  
(\$1,200 gold price less an average of \$425 purchase price; 97% smelter return)

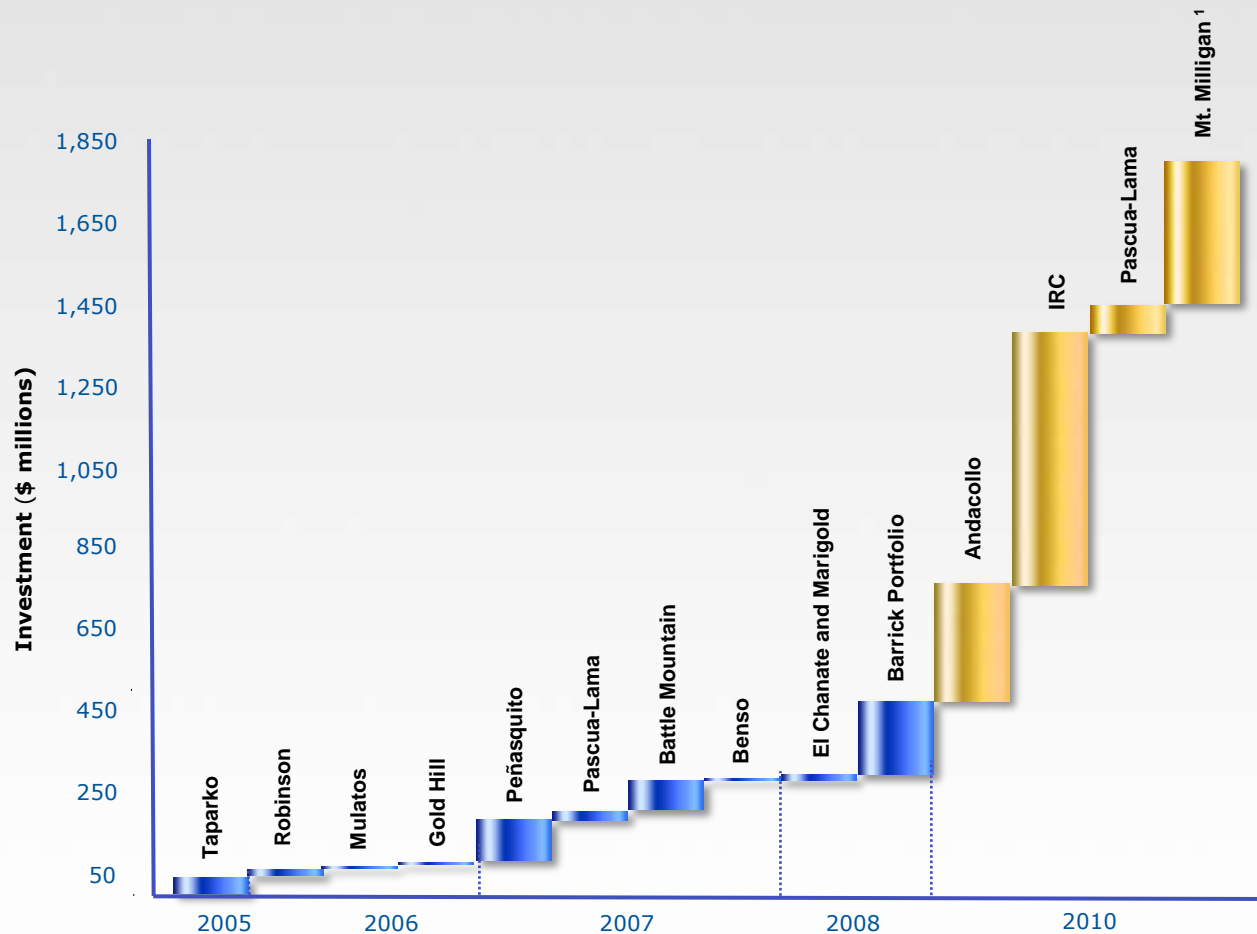


## Acquisition Rationale

- Pure gold transaction
- Long reserve life
- Attractive host country
- Substantial royalty revenue
- Experienced operator
- Construction-ready project
  - Major Environmental Assessment approvals received
- Exploration upside
- Low cost producer



# Transformational Growth



## Pascua-Lama

### Interest:

- Acquired additional 1.0% NSR
- Total current royalty interest of 5.23% at  $\geq$  \$800 Au

### Rationale:

- World class project
- Long life
- Attractive host country
- Experienced operator

## Mt. Milligan<sup>1</sup>

### Interest:

- 25% of payable gold
- Less \$400 per ounce until 550,000 oz are delivered to Royal Gold; \$450 thereafter

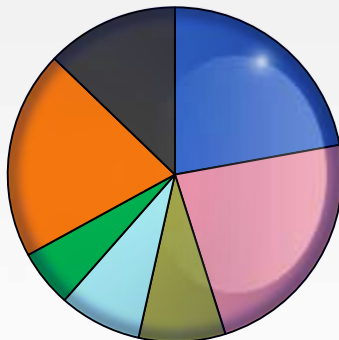
### Rationale:

- Pure gold
- Excellent exploration upside
- Long life
- Attractive host country

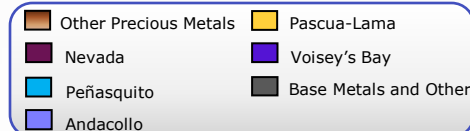
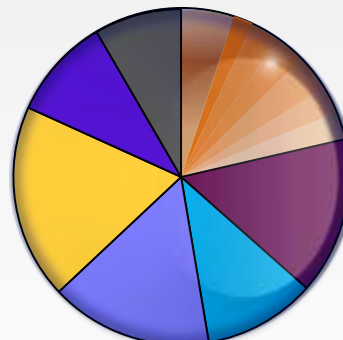
## Asset Diversification and Balance

- Revenue diversification achieved
- New long life mines replace maturing assets and provide growth
- In 2013, 67% of revenues expected from mines with lives greater than 15 years

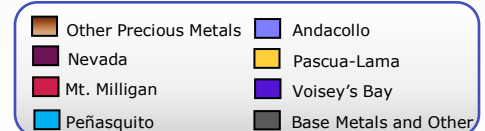
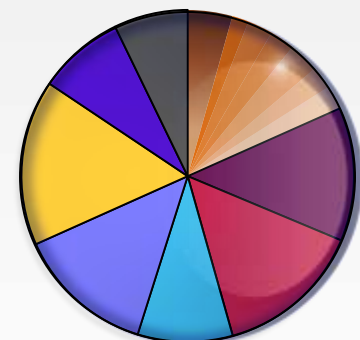
**2009 CY Revenue**



**2013E CY Revenue <sup>1,3</sup>  
(excluding Mt. Milligan)**



**2013E CY Revenue <sup>1,2,3</sup>  
(including Mt. Milligan)**

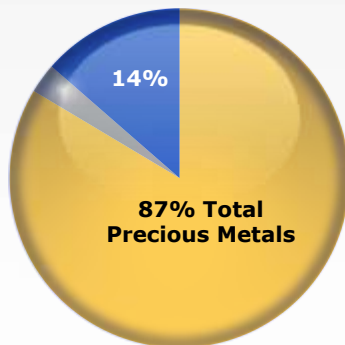
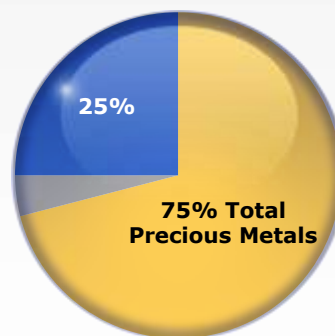
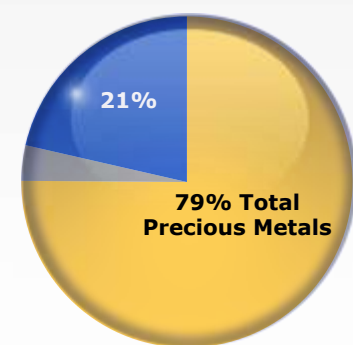




## Strong Gold Focus

- Commissioning of near-term projects will grow precious metal exposure
- Precious metals dominant, long-term growth profile

Chile	Mexico	Canada	Australia	Africa
Andacollo	Peñasquito	Canadian Malartic	Gwalia Deeps	Inata
Pascua-Lama	Dolores	Wolverine	South Laverton	
		Holt		
		Mt. Milligan		

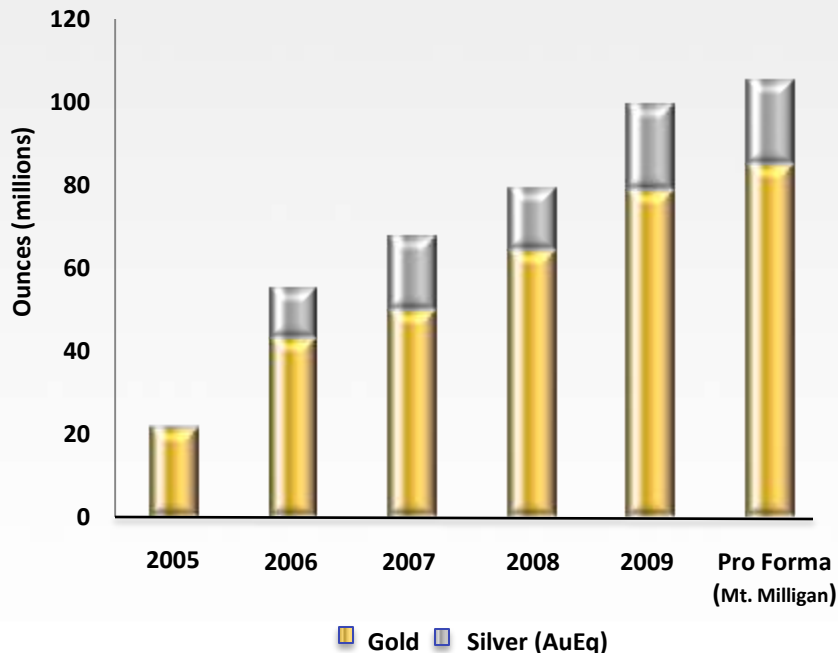
**Royal Gold <sup>1</sup>**

**2013E CY Revenue <sup>2,3</sup>  
(excluding Mt. Milligan)**

**2013E CY Revenue <sup>2,3</sup>  
(including Mt. Milligan <sup>4</sup>)**


■ Gold   
 ■ Silver   
 ■ Base Metals and Other

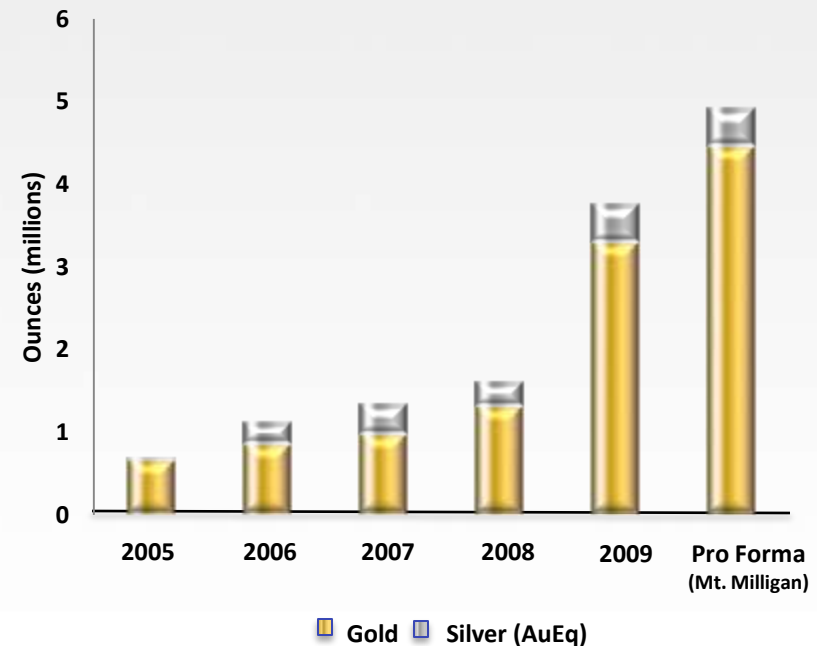
## Reserve Growth - December 2008 to Present

- Precious metal reserves subject to royalties increased 33% to 105.3M ounces <sup>1</sup>
- Precious metals equity reserves increased 203% to 4.87M ounces <sup>1</sup>

**Reserves Subject to Royalties**  
(calendar years ended December 31)



**Royalty Equity Reserves**  
(calendar years ended December 31)



## Principal Properties – Tier 1

Taparko



Cortez



Robinson



Mulatos



Leeville



Siguiiri



Goldstrike



Peñasquito 




Royalty: 2.0% NSR  
 Reserves: <sup>1</sup> 17.8M oz (Au)  
 1.1B oz (Ag)  
 15.9B lbs (Zn)  
 7.2B lbs (Pb)  
 Estimated Mine Life: 25 Years  
 CY10 Estimated Production: 180,000 oz (Au)  
 13.4M oz (Ag)

Andacollo 




Royalty: <sup>2</sup> 75% of gold production (NSR)  
 Reserves: <sup>1</sup> 1.6M oz (Au)  
 Estimated Mine Life: 20 Years  
 Commercial Production: 2H 2010  
 Estimated Production: <sup>3</sup> 55,000 oz (Au) in concentrate

Pascua-Lama 



Royalty: <sup>4,5</sup> 0.78% to 5.23% NSR  
 Reserves: <sup>6,7</sup> 14.6M oz (Au)  
 Estimated Mine Life: 25 Years  
 Commercial Production: <sup>8</sup> 2013  
 Estimated Production: <sup>9</sup> 775,000 oz (Au)

Voisey's Bay 



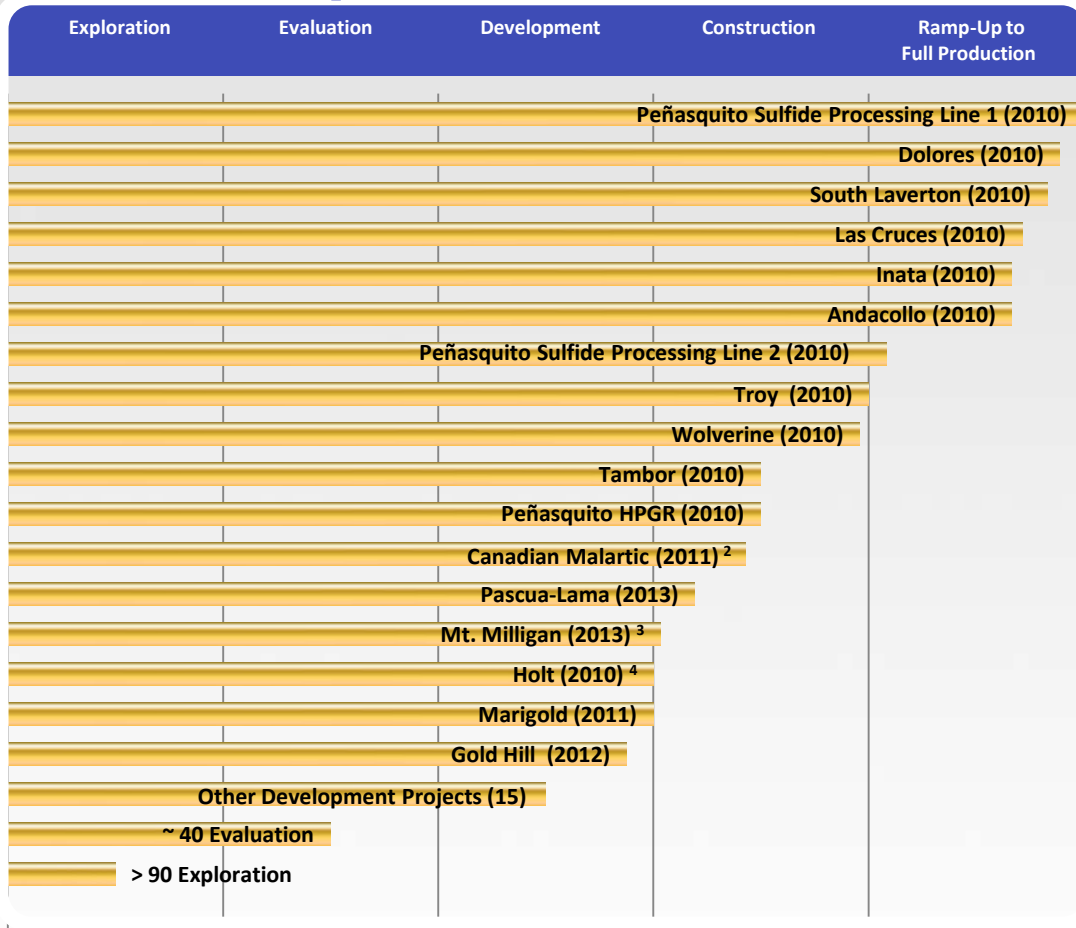
Royalty: 2.7% NSR  
 Reserves: <sup>1</sup> 1.5B lbs (Ni)  
 0.87B lbs (Cu)  
 74M lbs (Co)  
 Estimated Mine Life: <sup>10</sup> 20+ Years  
 CY09 Production: <sup>11</sup> 40,000 tonnes (Ni)  
 (restricted by strike) 24,000 tonnes (Cu)

Mt. Milligan 

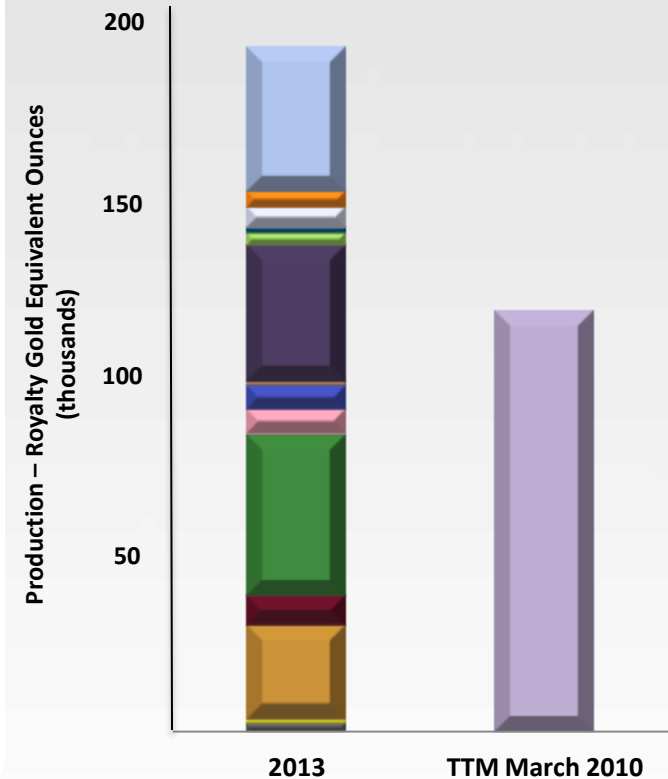


Royalty: <sup>12</sup> 25% of payable gold  
 Reserves: <sup>13</sup> 6.0M oz Au  
 Estimated Mine Life: <sup>14</sup> 22 years  
 Commercial Production: 2013  
 Estimated Production: <sup>15</sup> 262,000 oz (Au)

# Growth Pipeline <sup>1</sup>



2013E Growth Pipeline <sup>5,6</sup>



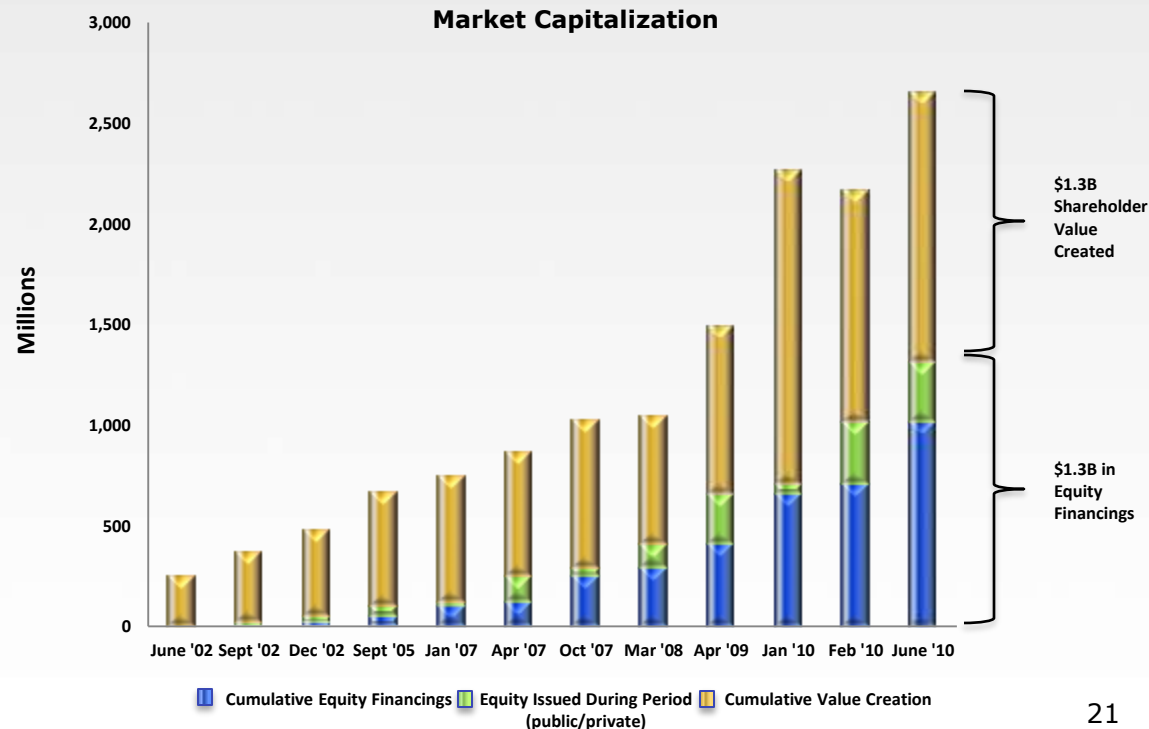
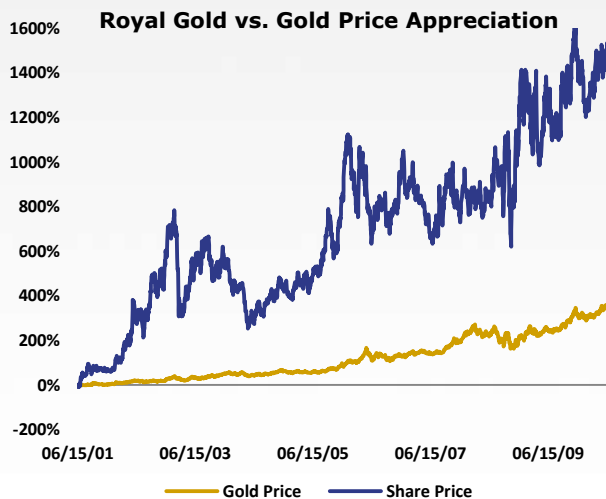
## Market Structure

### Shares Outstanding

- Common: <sup>1</sup> 55.2M  
(includes ~ 1.6M exchangeable shares)
- Fully diluted: 55.5M

### Financial

- Cash: \$300M (7/12/10)
- Total debt: \$248.5M (7/12/10)
- CY2010 dividend: \$0.36 per share
- Dividend yield: <sup>2</sup> 0.80%



# Footnotes



## Footnotes

### PAGE 6: THOMPSON CREEK PROFILE

- <sup>1</sup> Per Thompson Creek's 2009 Annual Report on Form 10-K. Reserves are as of December 31, 2009.
- <sup>2</sup> Per Thompson Creek's June 17, 2010 Fact Sheet, \$523.6 million in cash and investments less \$11.4 million of debt outstanding.

### PAGE 8: PROJECT PROFILE – OPERATIONS

- <sup>1</sup> Per Terrane Metal's *Feasibility Update Study – Technical Presentation* dated December 15, 2009.
- <sup>2</sup> Reserves as of October 23, 2009 from Terrane's Technical Report – Feasibility Study.
- <sup>3</sup> At metal prices of \$1.60 per pound copper and \$690 per ounce gold for proven and probable reserves, and at metal prices of \$2.00 per pound copper and \$800 per ounce gold for measured and indicated resources.

### PAGE 9: PROJECT PROFILE – OPERATIONS

- <sup>1</sup> Per Terrane Metal's *Feasibility Update Study – Technical Presentation* dated December 15, 2009.

### PAGE 10: PROJECT PROFILE – OPERATIONS (CONT.)

- <sup>1</sup> At \$2.00 per pound copper, \$800 per ounce gold, and an FX rate of \$0.85, per Terrane Metal's *Feasibility Update Study – Technical Presentation* dated December 15, 2009.

### PAGE 12: RESOURCE OPPORTUNITY

- <sup>1</sup> Per Terrane Metal's *Feasibility Update Study – Technical Presentation* dated December 15, 2009.

### PAGE 14: ACQUISITION RATIONALE

- <sup>1</sup> Based on Royal Gold's share price of \$44.85, shares outstanding of 55.2 million, debt outstanding of \$248.5 million and cash of \$300 million, as of July 12, 2010, and the acquisition price of the Mt. Milligan transaction.
- <sup>2</sup> 2013 pro forma estimates assume development properties are brought into production and reach full-scale production on schedule and also assume certain metal prices and currency exchange rates. See page 26 for additional information regarding 2013 pro formas.
- <sup>3</sup> Royal Gold reserves as reported by the various operators as of December 31, 2009, including Mt. Milligan.

### PAGE 15: TRANSFORMATIONAL GROWTH

- <sup>1</sup> Pending closing of the transaction.

## Footnotes (cont.)

### PAGE 16: ASSET DIVERSIFICATION AND BALANCE

- <sup>1</sup> 2013 estimates assume development properties are brought into production and reach full-scale production on schedule and also assume certain metal prices and currency exchange rates. See page 26 for additional information regarding 2013 estimates.
- <sup>2</sup> Pending closing of the transaction.
- <sup>3</sup> Assuming no additional royalties added to portfolio.

### PAGE 17: STRONG GOLD FOCUS

- <sup>1</sup> Based on TTM revenues as of March 31, 2010.
- <sup>2</sup> 2013 estimates assume development properties are brought into production and reach full-scale production on schedule and also assume certain metal prices and currency exchange rates. See page 26 for additional information regarding 2013 estimates.
- <sup>3</sup> Assuming no additional royalties added to portfolio.
- <sup>4</sup> Pending closing of the transaction.

### PAGE 18: 2010 RESERVE GROWTH – DECEMBER 2008 TO PRESENT

- <sup>1</sup> Reserve increases from December 31, 2008 to December 31, 2009, including pro forma Mt. Milligan reserves.
- <sup>2</sup> Royalty equity reserves were calculated using the following per ounce gold and silver prices: 2004 - \$435.60 gold and \$6.82 silver; 2005 - \$513.00 gold and \$8.83 silver; 2006 - \$632 gold and \$12.90 silver; 2007 - \$833.75 gold and \$14.76 silver; 2008 - \$869.75 gold and \$10.79 silver; and 2009 - \$1,087.50 gold and \$16.99 silver.

### PAGE 19: PRINCIPAL PROPERTIES - TIER 1

- <sup>1</sup> Reserves as of December 31, 2009.
- <sup>2</sup> 75% of gold until 910,000 payable ounces; 50% thereafter.
- <sup>3</sup> Estimated average annual production over first 10 years of production.
- <sup>4</sup> The sliding-scale royalty rate reflects Royal Gold's entire royalty interest upon the completion of the transaction announced on July 6, 2010. The remaining portion of the additional royalty interest will be acquired on or before October 29, 2010.
- <sup>5</sup> Upon the completion of the transaction announced on July 6, 2010, which is scheduled to occur on or before October 29, 2010, approximately 20% of the royalty is limited to the first 14.0M ounces of gold produced from the project. Also, 24% of the royalty can be extended beyond 14.0M 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 ounces for any six-month period within the first 36 months of commercial production.



## Footnotes (cont.)

### PAGE 19: PRINCIPAL PROPERTIES - TIER 1 (CONT.)

- <sup>6</sup> Reserves as of December 31, 2008.
- <sup>7</sup> Royalty applies to all gold production from an area of interest in Chile. Only that portion of reserves pertaining to our royalty interest in Chile is reflected here.
- <sup>8</sup> Barrick's May 7, 2009 press release and presentation.
- <sup>9</sup> Average annual forecast during the first five years of production.
- <sup>10</sup> Based on 2008 Vale Inco EIS.
- <sup>11</sup> Production did not meet capacity because of labor dispute.
- <sup>12</sup> 25% of payable gold with a fixed cost of \$400 per ounce until 550,000 ounces are delivered to Royal Gold; \$450 thereafter.
- <sup>13</sup> Reserves as of October 23, 2009.
- <sup>14</sup> Based upon Terrane Metal's Technical Report - Feasibility Study dated October 23, 2009.
- <sup>15</sup> Estimated production of 262,000 ounces of gold annually during the first six years; 195,000 ounces of gold thereafter.

### PAGES 20: GROWTH PIPELINE

- <sup>1</sup> The date in parentheses indicates the estimated date of production for each property, as estimated by the various operators.
- <sup>2</sup> The 2.0% to 3.0% NSR royalty rate is subject to a buy-down right which could reduce the royalty rate to a range of 1.0% to 1.5%.
- <sup>3</sup> Pending closing of transaction.
- <sup>4</sup> In November 2008, the operator made application to the Ontario Superior Court of Justice for a declaration that it is not obligated to pay the entire royalty defined under the royalty agreement and to dispute the royalty rate. The operator claimed that its predecessor in interest is responsible for payment of some or all of the royalty. On July 23, 2009, the Court held that Royal Gold is entitled to payment from the predecessor of the full amount of the NSR sliding-scale royalty and that the operator's obligation is to reimburse the predecessor for payment of the royalty up to a flat rate of 0.013% NSR. On August 21, 2009, the predecessor appealed the portion of the judgment holding it responsible for paying the royalty.
- <sup>5</sup> Calculated using the following commodity prices: gold (\$1,000 per ounce); silver (\$15.00 per ounce); copper (\$2.75 per pound); zinc (\$1.00 per pound); lead (\$1.00 per pound); nickel (\$7.00 per pound).
- <sup>6</sup> See page 26 for information regarding 2013 estimates.

### PAGE 21: MARKET STRUCTURE

- <sup>1</sup> Includes approximately 1.6M exchangeable shares.
- <sup>2</sup> CY 2010 dividend divided by closing stock price of \$44.85 per share on July 12, 2010.

## Footnotes (cont.)

### 2013E PRO FORMA FOOTNOTE:

All 2013 pro forma calculations include certain properties that are currently in development stage, and we have assumed for purposes of the 2013 pro forma calculations that such development stage properties are brought into production and achieve full-scale production on schedule. Metal prices and currency exchange rates assumed in the estimate for 2013 are as follows: \$ 1,000/ounce (gold), \$15.00/ounce (silver), \$2.75/lb (copper), \$1.00/lb (zinc), \$1.00/lb (lead); \$7.00/lb nickel; \$10.00/lb (molybdenum); \$16.00/lb (cobalt); \$129/tonne (metallurgical coal); \$29.00/ton (steam coal); \$46.76/lb (uranium); US\$0.93/1A\$; US\$0.94/1C\$.

All 2013 estimates constitute forward looking statements and, therefore, involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the projections and estimates contained herein including, but not limited to, the IRC transaction failing to close or terminating; changes in gold and other metal prices from the prices outlined below; changes in the foreign exchange rates from the rates outlined below; decisions, assumptions, estimates and activities of the Company's management; decisions and activities of the operators of the royalty properties; unanticipated grade, geological, metallurgical, processing or other problems at the properties; changes in project parameters as plans of the operators are refined; the ability of operators to bring development stage properties into production and reach full-scale production or maintain properties in production; the ability of operators to obtain financing and general economic and market conditions; the successful closing of the Plan of Arrangement between Thompson Creek Metals Company and Terrane Metals Corp.; the outcome of the court decision regarding the appeal of the Holt royalty dispute; changes in the regulatory, tax, legal or political environment in each country in which the royalty properties are located. The Company disclaims any obligation to update these estimates and the Company and its affiliates, agents, directors and employees accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this material.

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