

# Royal Gold and International Royalty Corporation Announce Plan of Arrangement

December 2009



## 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, statements related to the scheduled closing of the transaction to acquire IRC and the transaction milestones including delivery of the proxy circular by IRC, the court hearing, the special meeting of IRC shareholders and the final court order, the resulting expansion and diversification of royalty portfolio, enhancement of the development pipeline, low risk geopolitical profile, enhancement of cash flow margins, that the transaction is accretive on key measures, that the transaction strengthens our leadership position in the industry, that the transaction provides scale for continued growth, that the Company will maintain its focus on precious metals royalties, the operators' estimates of production, reserves and mine life, estimated schedules of achieving production and other related mine development, construction and production start-up timetables, estimated revenue contribution from selected producing and development projects at full production, the pending closing of the Andacollo transaction and the related payments to be made in connection therewith, future reserve and resource growth, that the transaction will have an immediate positive effect on cash flow per share, IRC shareholders will have an opportunity to participate in Royal Gold's future upside, the synergies through property consolidations and reduced G&A expenses, that Pascua-Lama will become another cornerstone royalty, 2013 royalty revenue potential of Pascua-Lama, increase in gold production and grade from Gwalia Deeps, estimated 2013 pro forma revenue by commodity, by property and by geography, estimated 2013 pro forma royalty gold equivalent ounces, estimated growth in gold and silver reserves and resources, that IRC shareholders will benefit from greatly increased trading volumes, that the Company's historical successes and current trends are indicative of future performance, and the continued creation of value for shareholders by protecting margins, growing dividends, and the continuation of financial strength. Factors that could cause actual results to differ materially from these forward-looking statements include, among others: the termination or failure to close of the IRC transaction or the Andacollo transaction; 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; 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 Highlights

- Royal Gold and International Royalty Corporation (“IRC”) have entered into a Plan of Arrangement (the “Arrangement”)
- Terms of Arrangement:
  - Royal Gold will offer 0.1385 (“Exchange Ratio”) of a Royal Gold common share or C\$7.45 in cash for each IRC fully diluted common share
  - Maximum of 7.75M Royal Gold shares issued to IRC shareholders
  - Maximum of US\$350M cash paid to IRC shareholders
    - If IRC shareholders elect to receive more than approximately US\$314M in cash, the number of Royal Gold shares issued will be reduced on a pro rata basis
- Offer represents a 70% premium to IRC’s 20-day volume-weighted average price on the TSX up to and including December 4, 2009
- Total transaction value implied by the offer is approximately C\$749M
- IRC’s Board of Directors has unanimously determined that:
  - Royal Gold’s offer is fair to IRC’s shareholders;
  - The transaction is in the best interests of IRC, and
  - IRC will recommend that its shareholders vote in favor of the transaction
- Closing projected for February 2010

## Transaction Funding

### MAXIMUM SHARE ELECTION

Sources (\$US)		Uses (\$US)	
● Cash on Hand	\$ 70M <sup>1</sup>	Acquisition	\$708M
● Acquired Cash	\$ 75M <sup>2</sup>	Costs & Expenses	\$ 20M
● Existing Facility	\$ 89M <sup>3</sup>	<b>TOTAL:</b>	<b>\$728M</b>
● New Credit Facility	\$100M <sup>4</sup>		
● Value of Shares Issued	\$394M <sup>5</sup>		
<b>TOTAL:</b>	<b>\$728M</b>		

<sup>1</sup> Excludes \$217.9M to be paid to a subsidiary of Teck upon closing of Andacollo transaction and excludes a minimum cash balance

<sup>2</sup> Includes approximately \$23 million in option proceeds

<sup>3</sup> Total current availability is \$125 million

<sup>4</sup> Newly committed 18-month credit facility with HSBC

<sup>5</sup> Assumes 7.75M shares issued

## Other Transaction Terms

- Transaction to be consummated via Plan of Arrangement
- Exchangeable share structure offered to IRC shareholders in Canada wishing to obtain tax deferred “rollover” treatment
- IRC directors and officers, along with Altius Minerals Corporation, representing 26.8% of IRC’s shares outstanding, have entered into voting agreements and have agreed to vote in favor of the transaction
- Break fee of \$32M
- Royal Gold has right to match superior offers within five business days
- Offer is conditional on approval of >66.67% of IRC shareholders
- IRC shareholders to own approximately 16% of Royal Gold <sup>1</sup>
- Proxy and Information Circular expected to be mailed early 2010

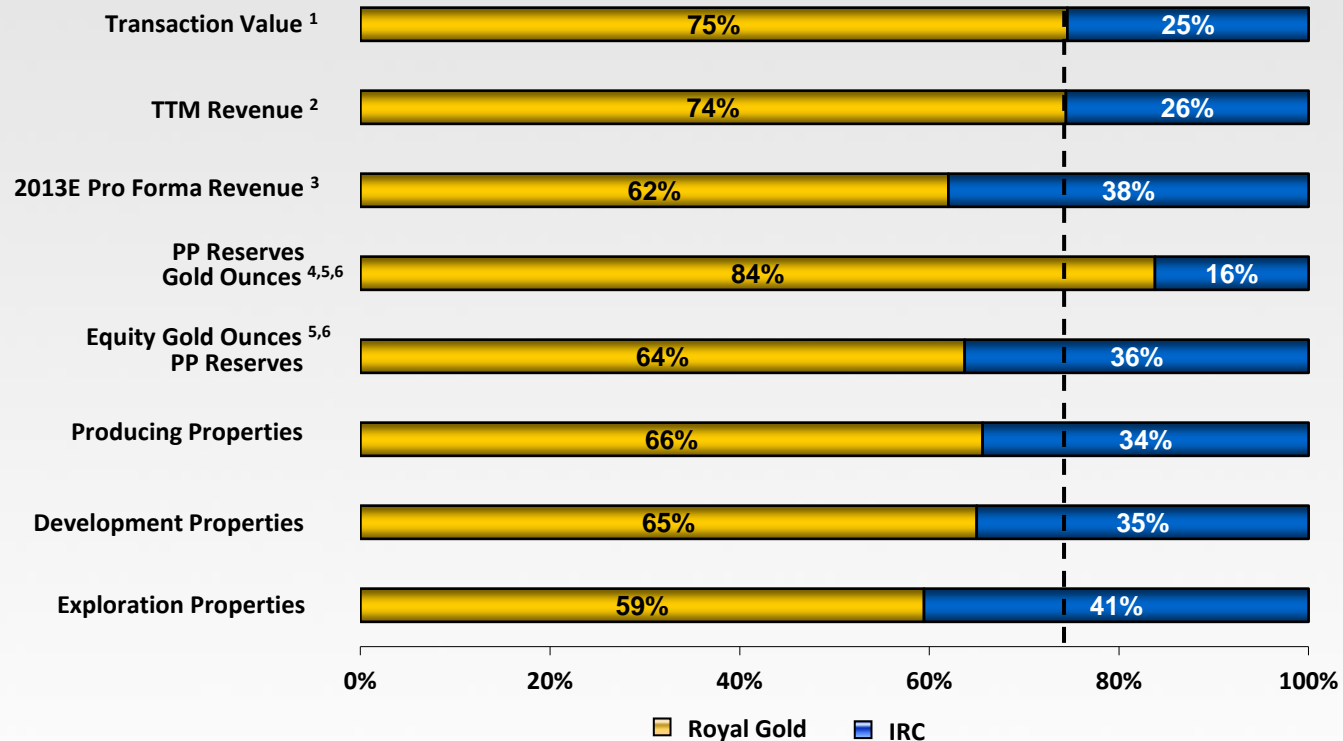
<sup>1</sup> Based on basic shares plus in-the-money options.

## Transaction Rationale

- Expands and diversifies Royal Gold's royalty portfolio
  - Adds 78 royalty properties, with strong operators, located in 14 countries
    - 84 royalty interests
  - Provides immediate royalty revenue from 11 producing assets, including a 2.7% NSR on Vale's Voisey's Bay mine in Labrador
  - Enhances pipeline of royalty projects in development
    - A sliding-scale NSR on the Chilean portion of Barrick's Pascua-Lama project
    - Royalty agreements on 9 development properties
    - Expands land position in the prospective region of Western Australia
  - Provides significant option value from 58 royalty properties under evaluation and exploration
- Maintains low geopolitical risk profile
- Enhances high cash flow margins



## Accretive Transaction – Relative Contribution



**Accretive Transaction**



## Royal Gold + IRC = A Winning Combination

### For Royal Gold Shareholders

- Strengthens our leadership position in the precious metals royalty industry
  - Increases royalty interest in world class Pascua-Lama project
  - Acquisition of cash flow stream from Voisey's Bay mine
  - Provides future royalty revenue from late-stage development projects
  - Expands prospective land position in Western Australia
  - Provides for continued growth
- Maintains Royal Gold's focus on precious metals royalties
  - >70% of royalty revenues from precious metals
- Growth in reserves and resources
- Immediate positive effect on cash flow per share

### For IRC Shareholders

- Significant upfront premium to current price
- Opportunity to participate in Royal Gold's future upside
- Immediate access to Royal Gold's market liquidity
- Greatly increased exposure to gold
- More efficient cash flow with consolidation
- Synergies through property consolidations and reduced G&A expenses
- Leverage of growth opportunities from exploration portfolio
- Structured to address PFIC issues for U.S. shareholders
- Tax-deferred rollover for Canadian shareholders

# Enhanced Asset Growth



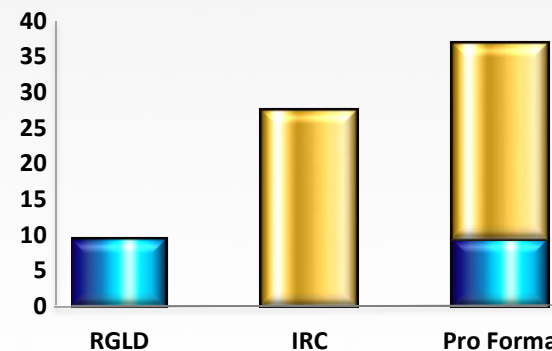
## Pascua-Lama (Chile) – Creating Another Cornerstone Royalty

- Operator: Barrick
- Initial Production (est): 2013
- Estimated Annual Production: <sup>1</sup>
  - 600,000 to 700,000 oz (Au)
- Reserves: <sup>2</sup> 14.6M oz (Au)  
649M lbs (Cu) <sup>3</sup>
- Mine life: 25+ years



Gold Price/ Oz (\$)	Royal Gold Royalty Rate (NSR)	IRC Royalty Rate (NSR)	Pro Forma Royalty Rate (NSR)
<325	0.16%	0.47%	0.63%
400	0.32%	0.94%	1.26%
500	0.56%	1.63%	2.19%
600	0.73%	2.14%	2.87%
700	0.91%	2.64%	3.55%
>800	<b>1.08%</b>	<b>3.15%</b>	<b>4.23%</b>

2013E Royalty Revenue Potential <sup>4,5</sup>



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

<sup>1</sup> See footnotes on page 31

## Voisey's Bay (Labrador) – World Class Ore Body

- Operator: Vale
- Royalty Rate: 2.7% NSR
- Production (9M '09): <sup>1</sup> 79M lbs (Ni)
- Reserves: <sup>2</sup> 1,758M lbs (Ni)  
1,011M lbs (Cu)  
89M lbs (Co)
- Mine Life: 20+ years <sup>3</sup>
- Actual Royalty Revenue (TTM): <sup>1,4</sup> \$23.2M

“Voisey's Bay could continue producing as much as 50,000 metric tons a year through 2049 if Vale decides to build the underground mine,” said Tom Paddon, Voisey's Bay general manager.



<sup>1</sup> Source of production and revenue information is from publicly available sources

<sup>2</sup> Reserves as stated in IRC's March 23, 2009 Annual Information Form

<sup>3</sup> Based on 2008 Vale Inco EIS

<sup>4</sup> Based on TTM revenue as of September 30, 2009

## Las Cruces (Spain) – High-Grade, Long-Life Asset

- Operator: Inmet
- Royalty Rate: 1.5% NSR
- Annual Production Capacity: <sup>1,2</sup> 159M lbs (Cu)
- Reserves: <sup>3</sup> 2,421M lbs (Cu)
- Actual Royalty Revenue (TTM): <sup>1,4</sup> \$0.13M
- Mine Life: 15 years

### Schedule:

First ore to plant: May 2009

First cathode: June 2009

Commercial production: December 2009

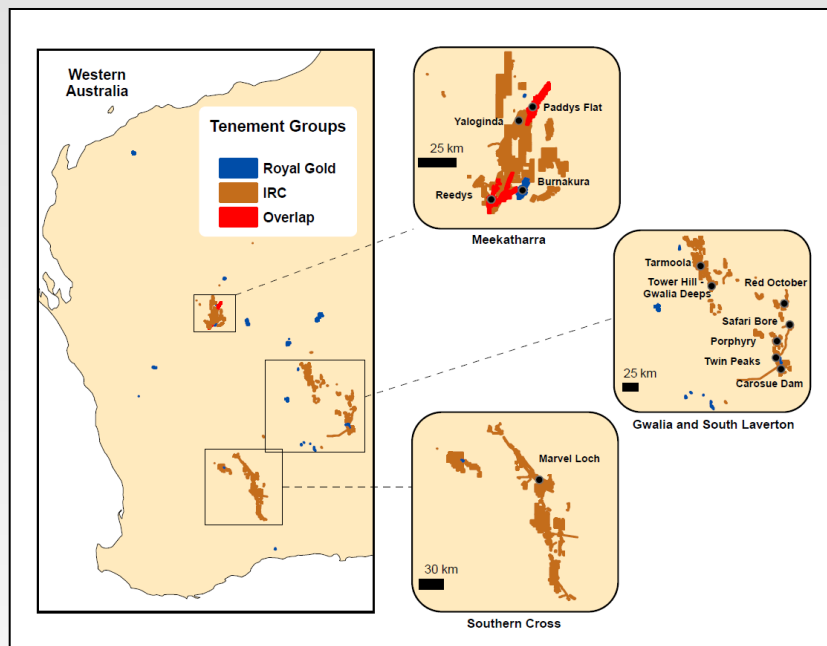
Design production rate: February 2010



<sup>1</sup> Source of production and revenue information is from publicly held sources  
<sup>2</sup> Production commenced in June 2009  
<sup>3</sup> Reserves as stated in IRC's March 23, 2009 Annual Information Form  
<sup>4</sup> Based on TTM revenue as of September 30, 2009

## Increased Presence in Western Australia

- 1.5% NSR covering 3 million acres
- Includes current St. Barbara and Saracen operations
- Reserves: <sup>1</sup> 3.5M oz (Au)  
(Royal Gold's reserves increased 11.6X)
- Resources: <sup>1</sup> 7.0M oz (Au)  
(Royal Gold's reserves increased 16.6X)
- Australian producing properties increase from 2 to 4
- Australian development properties increase from 3 to 6 with Saracen's South Laverton expected to enter production in 2010

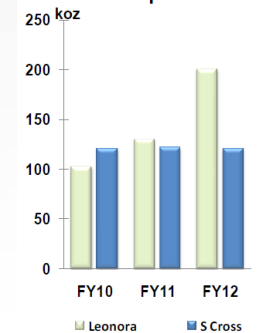


### Gwalia Deeps (Leonora) <sup>2</sup>

- 1.643M oz in reserve
- Additional mineralized material of 1.158M oz excluding reserves
- Production profile calls for annual increases in the next three years
- 9+ year reserve life

### Gwalia Deeps <sup>3</sup>

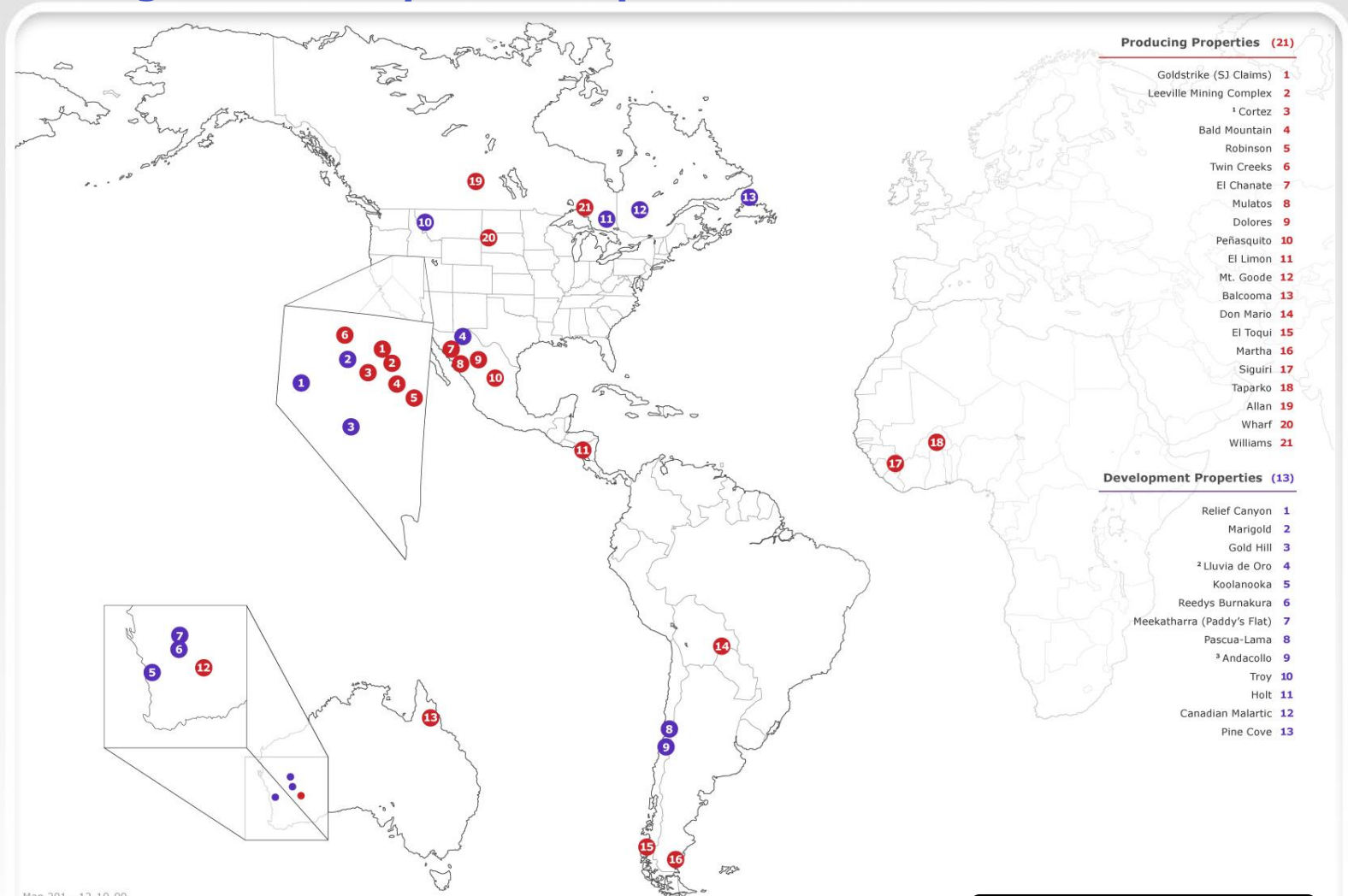
#### Forecast production



<sup>1</sup> Reserves and resources as stated in IRC's March 23, 2009 Annual Information Form  
<sup>2</sup> St Barbara's June 2009 ore reserve statement  
<sup>3</sup> Graph from St. Barbara's October 2009 presentation

# Royal Gold Current Assets

## Producing and Development Properties (December 2009)



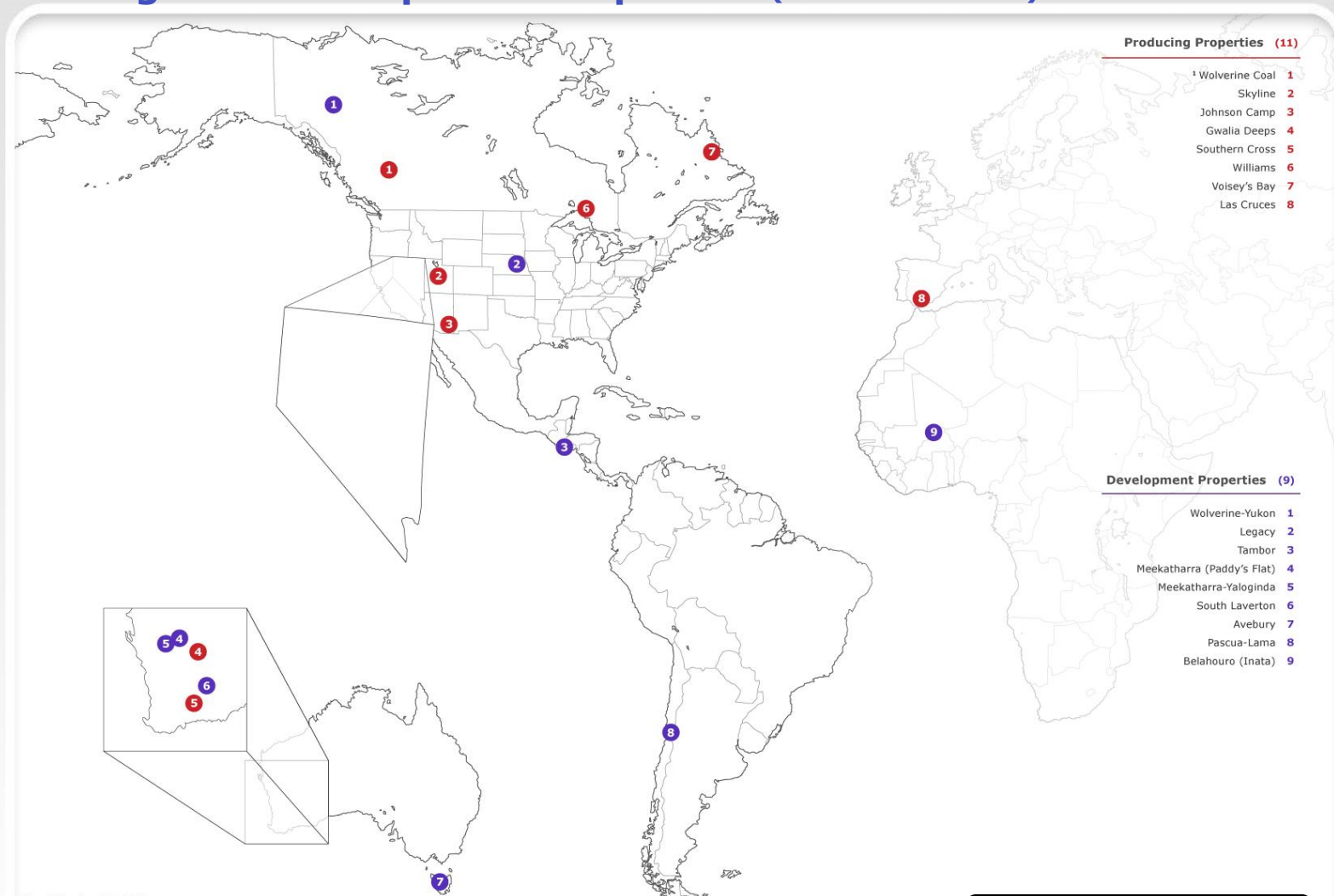
Map 201 - 12-10-09

See footnotes on page 31

Properties not shown:  
● 85 Evaluation/Exploration properties

# IRC Current Assets

## Producing and Development Properties (December 2009)



Map 203 v.8 - 12-16-09

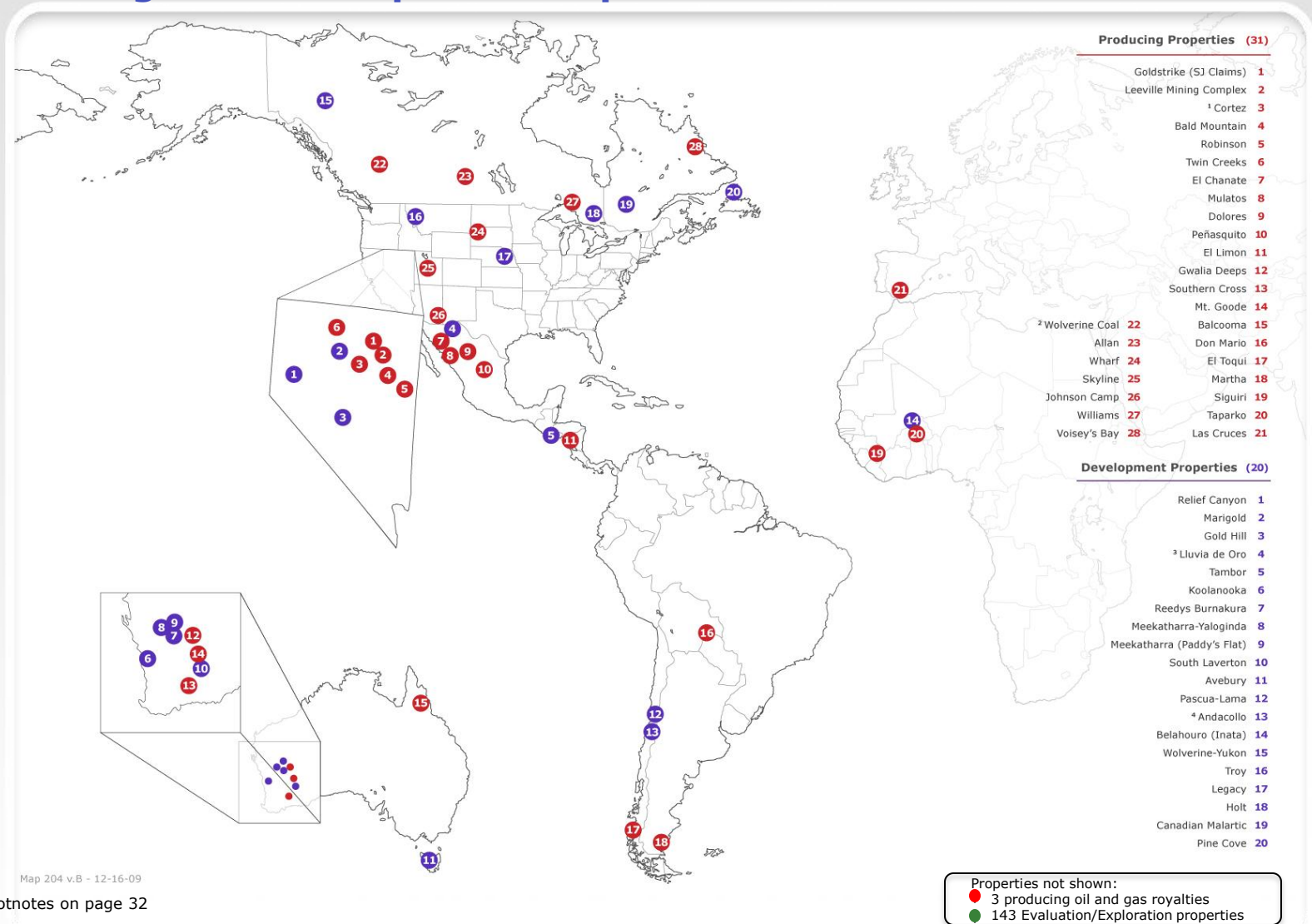
See footnotes on page 31

Properties not shown:  
 ● 3 producing oil and gas royalties  
 ● 58 Evaluation/Exploration properties



# Pro Forma Property Profile

## Producing and Development Properties



# Royal Gold Post-Acquisition



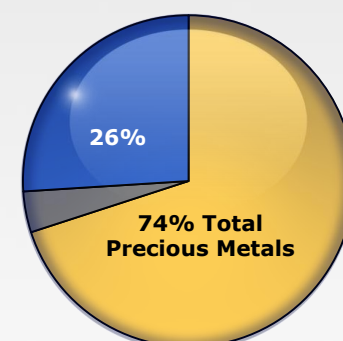
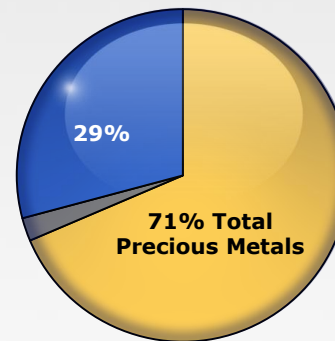
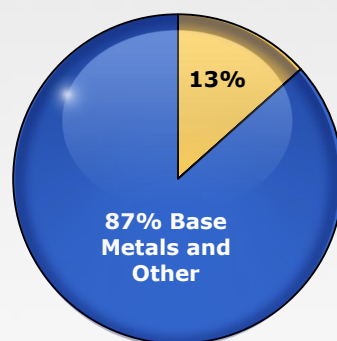
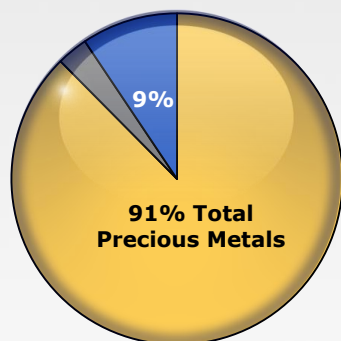
## Combined Revenue by Commodity – Post Transaction

**Royal Gold**  
\$83.8M <sup>1</sup>

**IRC**  
\$28.8M <sup>1</sup>

**Pro Forma**  
\$112.6M <sup>1</sup>

**2013E**  
**Pro Forma** <sup>2</sup>



■ Gold   
 ■ Silver   
 ■ Base Metals and Other

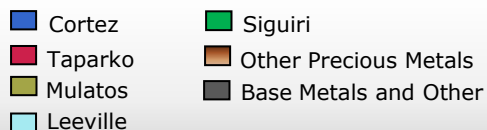
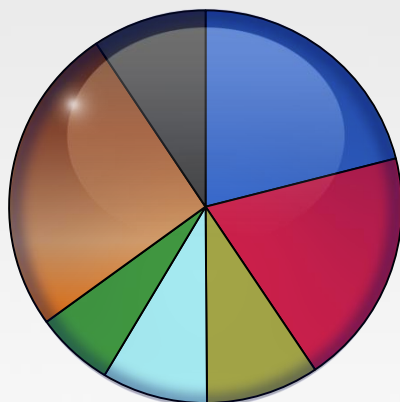
**Increasing Exposure to Gold as Pascua-Lama Comes on Stream**

<sup>1</sup> Based on TTM revenues as of September 30, 2009

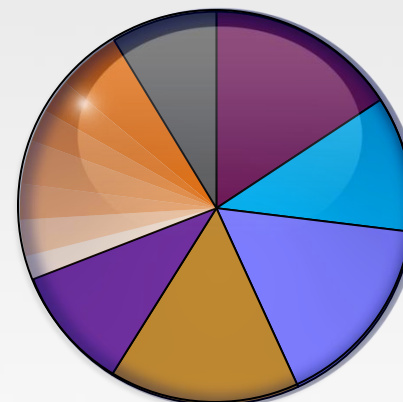
<sup>2</sup> 2013 pro forma estimates assume development properties are brought into production and reach full-scale production on schedule and also assume certain metal prices and currency exchange rates. See page 33 for additional information regarding 2013 pro formas.

## Combined Revenue by Property – Post Transaction

**TTM Revenue <sup>1</sup>**



**2013E Pro Forma <sup>2</sup>**



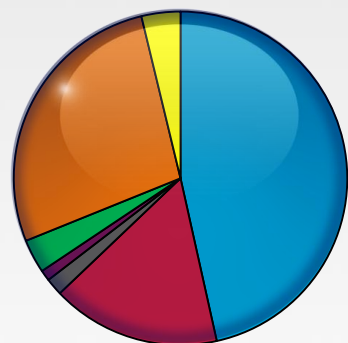
### Portfolio Diversification and Balance

<sup>1</sup> Based on TTM revenues as of September 30, 2009

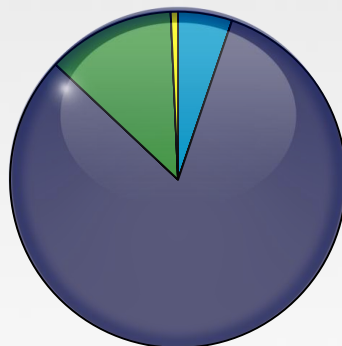
<sup>2</sup> 2013 pro forma estimates assume development properties are brought into production and reach full-scale production on schedule and also assume certain metal prices and currency exchange rates. See page 33 for additional information regarding 2013 pro formas.

## Combined Revenue by Geography

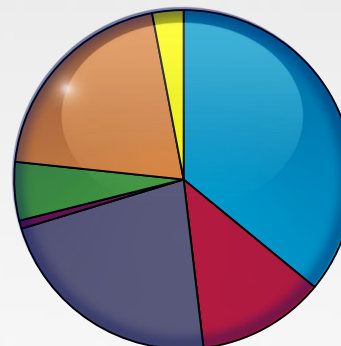
**Royal Gold**  
\$83.8M <sup>1</sup>



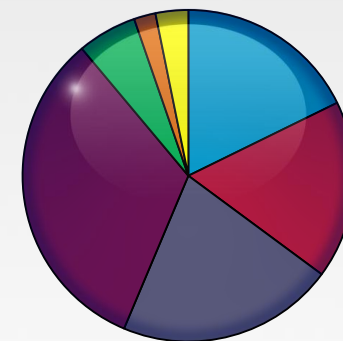
**IRC Portfolio**  
\$28.8M <sup>1</sup>



**Pro Forma**  
\$112.6M <sup>1</sup>



**2013E Pro Forma**



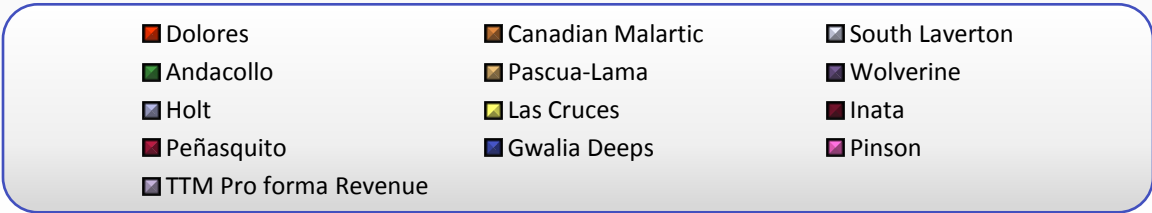
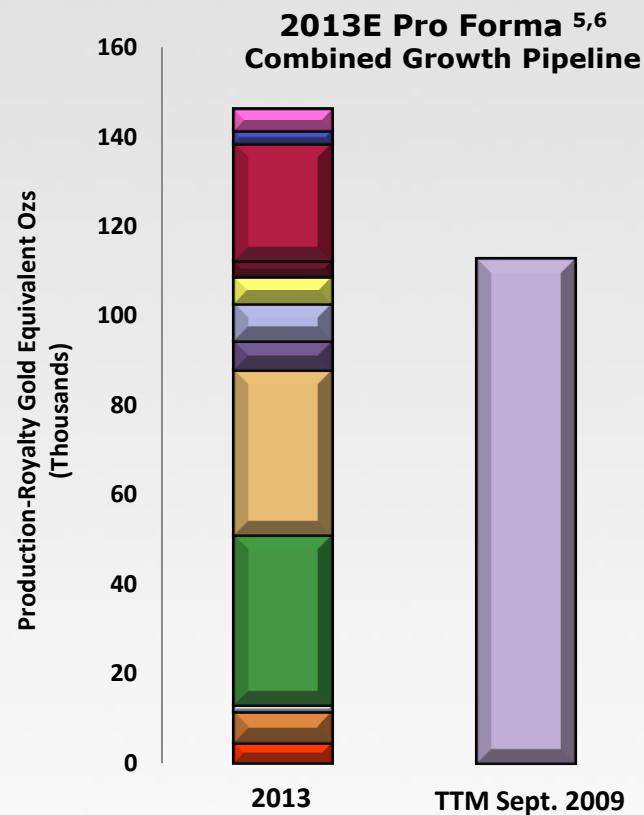
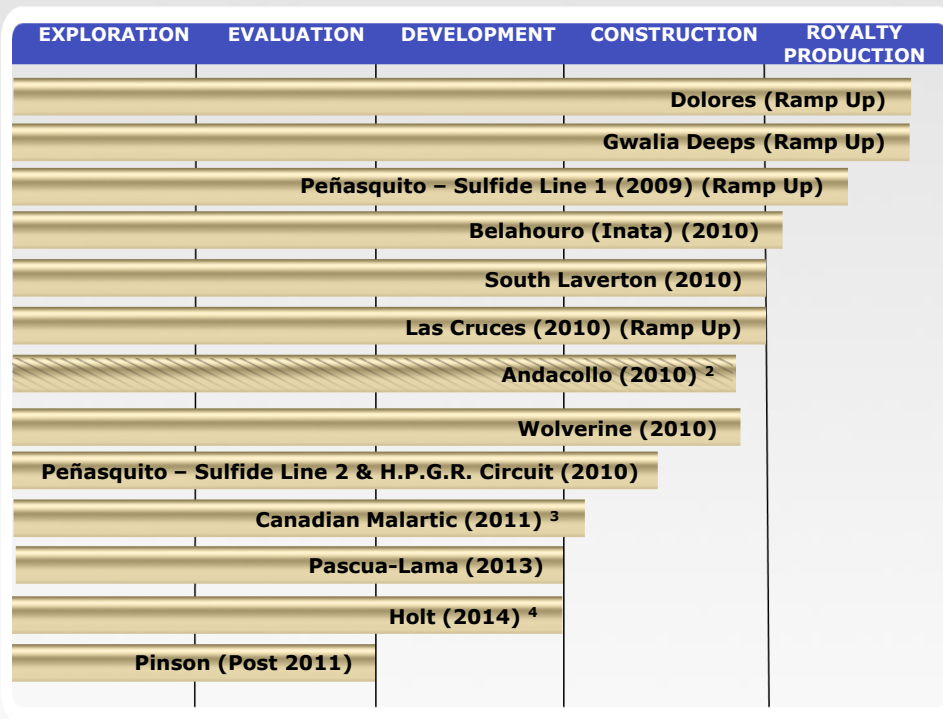
■ United States  
 ■ Mexico  
 ■ Canada  
 ■ Chile  
 ■ Australia  
 ■ Africa  
 ■ Other

**Strengthens Low Risk Geographic Profile**

<sup>1</sup> Based on TTM revenues as of September 30, 2009

<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 33 for additional information regarding 2013 pro formas.

# Combination Of Two Growth Profiles <sup>1</sup>



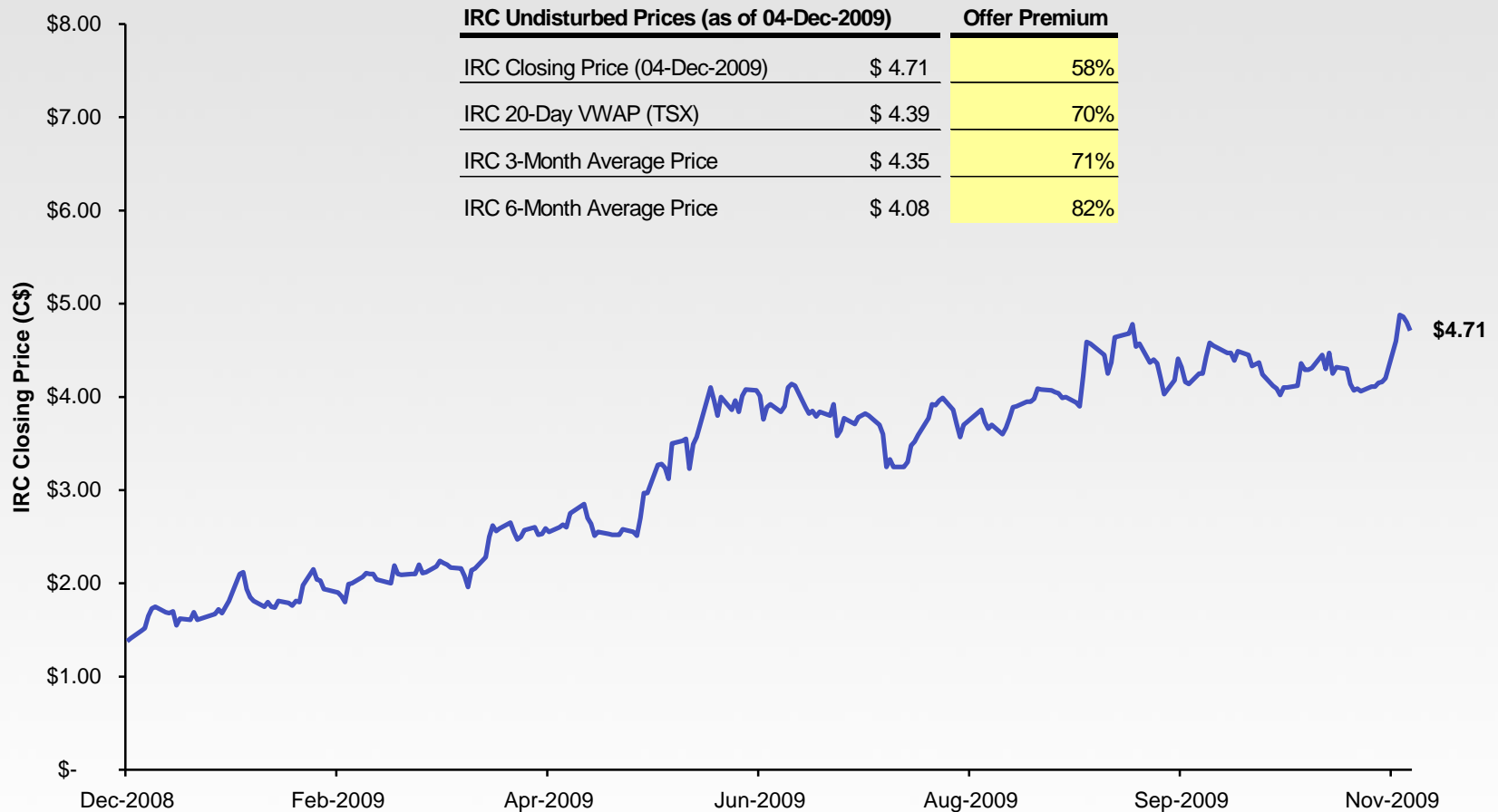
<sup>1</sup> See footnotes on page 32

<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 33 for additional information regarding 2013 pro formas.

# Benefits to IRC Shareholders



## Highly Attractive Premium Offered to IRC Shareholders

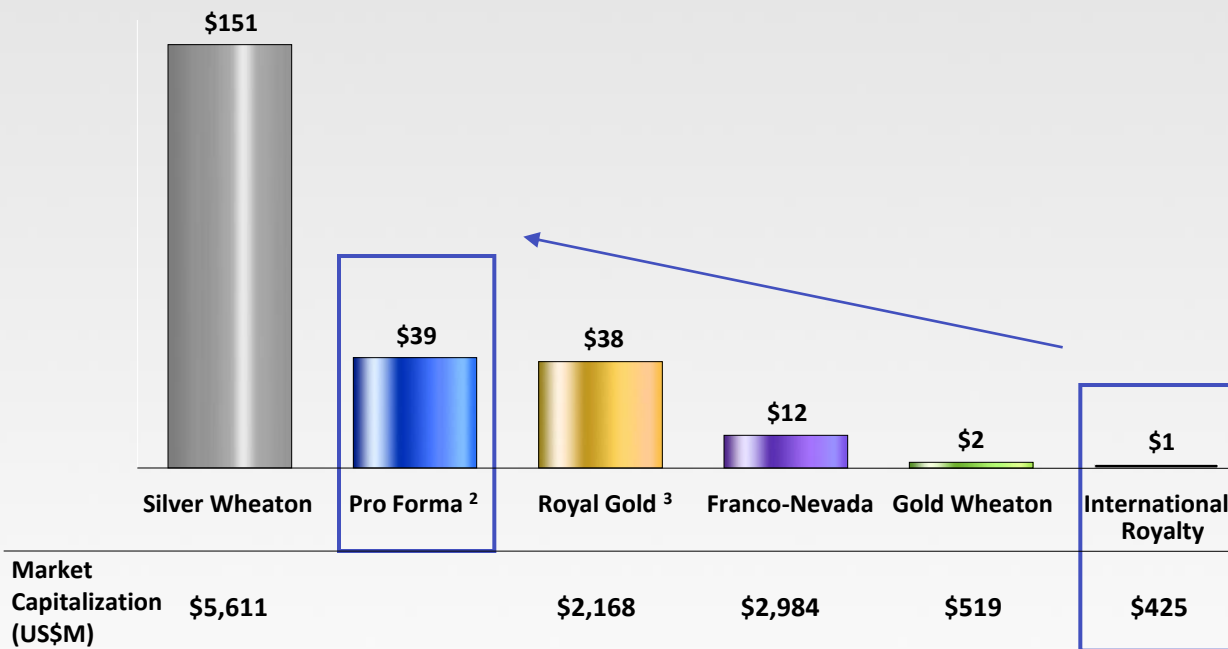


**Offer Value Represents a Significant Premium to IRC's 20-Day VWAP**



## Improved Trading Liquidity for IRC Shareholders

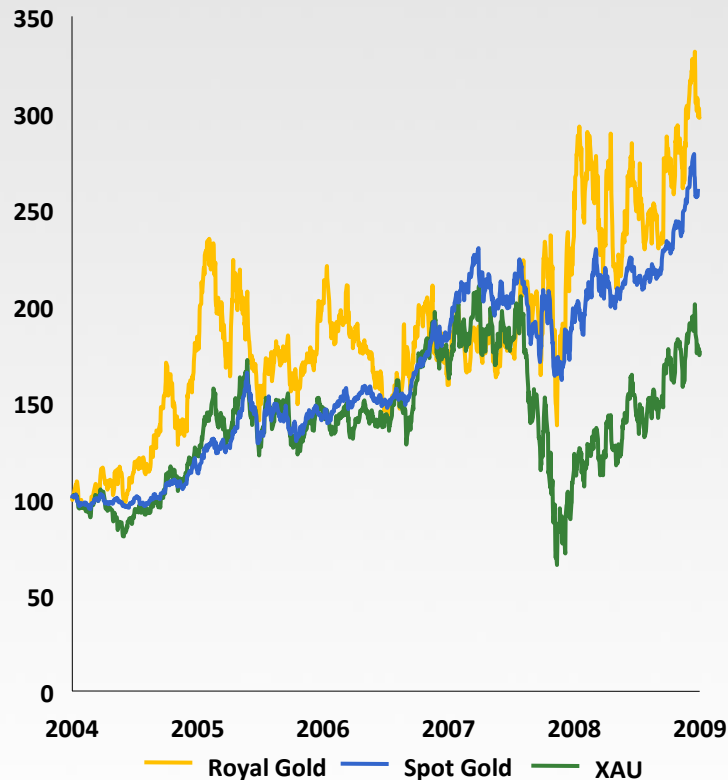
**3-Month Undisturbed Average Daily Trading Volume (US\$M) <sup>1</sup>**



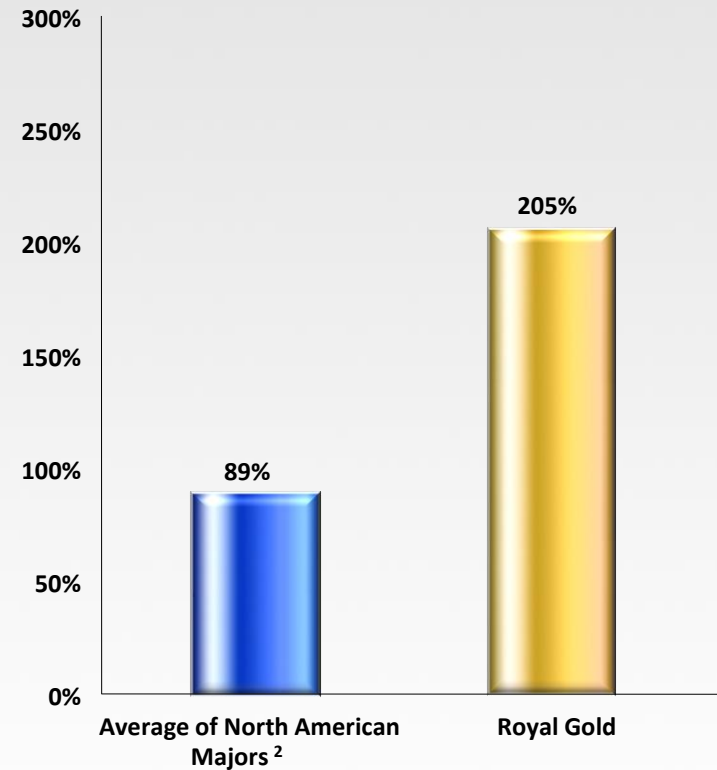
**IRC Shareholders will Benefit from Greatly Increased Trading Volumes**

# Royal Gold's Long History of Value Creation

**Royal Gold vs. Index and Gold Price**  
(Indexed to December 16, 2004) <sup>1</sup>



**Five-Year Total Shareholder Return**  
(December 2004 – December 2009) <sup>1</sup>



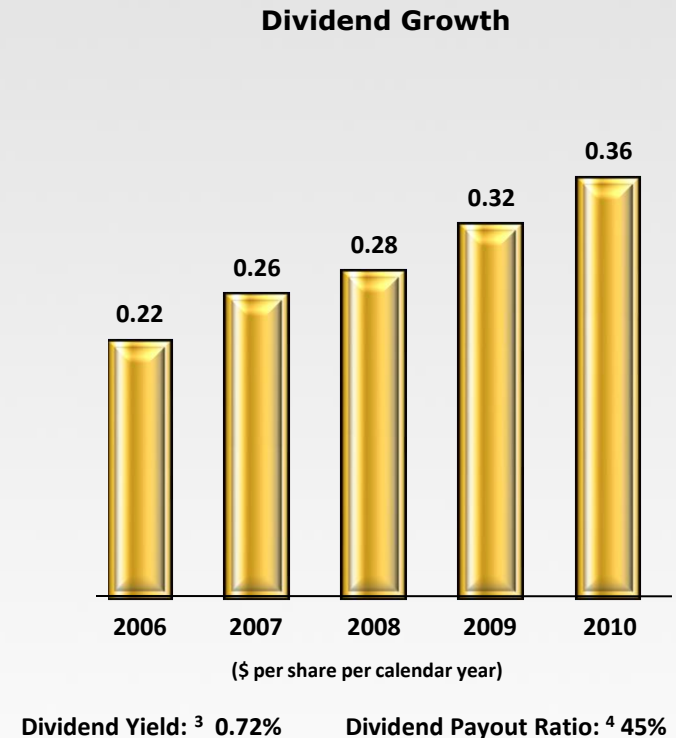
***Participation in Proven Upside of Royal Gold Stock***

<sup>1</sup> Source: Bloomberg, CSI. Market data as of December 16, 2009

<sup>2</sup> Includes Barrick, Goldcorp and Newmont

## Royal Gold Market Structure

- Market Information (as of 12/16/09)
  - NASDAQ: RGLD; TSX: RGL
  - Market cap: \$2.0B
  - Average daily volume (TTM): 880,000
- Shares Outstanding
  - Common: 40.7M
  - Insider ownership: 7%
- Financial
  - Cash: \$318M <sup>1</sup>
  - Total debt: \$0
  - Available credit line: \$225M <sup>2</sup>
  - CY2010 dividend: \$0.36 per share
  - Dividend payout ratio: <sup>4</sup> 45%



<sup>1</sup> As of December 15, 2009. Amount includes \$217.9M that would be paid to a subsidiary of Teck upon closing of the Andacollo transaction

<sup>2</sup> Includes \$100M credit facility committed by HSBC on December 16, 2009

<sup>3</sup> CY 2010 dividend divided by closing stock price of \$50.03 per share on December 16, 2009

<sup>4</sup> Calculated as dividends paid divided by cash flow from operations for the twelve months ended September 30, 2009

# Summary



## Strengths of the Combined Companies

- Creates a leading precious metals royalty company with royalty interests on approximately 200 properties in 21 countries
- Expands and diversifies Royal Gold's royalty portfolio
- Unites two of the strongest growth profiles in the royalty sector
- Combines two royalty interests at Pascua-Lama into a cornerstone royalty asset
- Represents a portfolio of long lived mines, many of which are managed by world-class operators
- Maintains the low geopolitical risk profile in the portfolio
- Creates significant cash flow generating capability and opportunity for improved margins



## Projected Milestones

- Arrangement Agreement (December 2009)
- Proxy circular by IRC (early January 2010)
- First court hearing (mid January 2010)
- Special meeting of IRC shareholders (February 2010)
- Final court order (February 2010)
- Closing (February 2010)

## Footnotes

### PAGE 8: ACCRETIVE TRANSACTION – RELATIVE CONTRIBUTION

- <sup>1</sup> Based on Royal Gold's market capitalization on December 14, 2009 of \$2.1 billion and the acquisition price of the IRC portfolio.
- <sup>2</sup> Trailing twelve month revenue as of September 30, 2009.
- <sup>3</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 33 for additional information regarding 2013 pro formas.
- <sup>4</sup> Royal Gold and IRC's Pascua-Lama royalties apply to the same area of interest with different rates. Pascua-Lama reserves have been counted to Royal Gold's account.
- <sup>5</sup> Royal Gold reserves as reported by the various operators as of December 31, 2008.
- <sup>6</sup> Reserves as stated in IRC's March 23, 2009 Annual Information Form.

### PAGE 11: PASCUA-LAMA (CHILE) – CREATING ANOTHER CORNERSTONE ROYALTY

- <sup>1</sup> Barrick's May 7 press release and presentation.
- <sup>2</sup> Pascua-Lama reserves as of December 31, 2008. Royalty applies to all gold production from an area of interest in Chile. Only that portion of the reserves pertaining to the royalty interests in Chile is shown here.
- <sup>3</sup> An NSR copper royalty does not take effect until 2017.
- <sup>4</sup> At a gold price of \$1,000 per ounce with commencement of production in 2013.
- <sup>5</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 33 for additional information regarding 2013 pro formas.

### PAGE 15: ROYAL GOLD CURRENT ASSETS

- <sup>1</sup> Pipeline, including Crossroads deposit.
- <sup>2</sup> Royal Gold acquired this property in the Battle Mountain transaction. The parties claiming interests in the mining concessions subject to this royalty have disputed any royalty obligation.
- <sup>3</sup> Closing of Andacollo transaction pending.

### PAGE 16: IRC CURRENT ASSETS

- <sup>1</sup> The payor of the royalty has taken the position that the royalty is capped at \$500,000. The payees have challenged this position and are awaiting a decision by the Supreme Court of British Columbia.

## Footnotes (continued)

### PAGE 17: PRO FORMA PROPERTY PROFILE

- <sup>1</sup> Pipeline, including Crossroads deposit.
- <sup>2</sup> The payor of the royalty has taken the position that the royalty is capped at \$500,000. The payees have challenged this position and are awaiting a decision by the Supreme Court of British Columbia.
- <sup>3</sup> Royal Gold acquired this property in the Battle Mountain transaction. The parties claiming interests in the mining concessions subject to this royalty have disputed any royalty obligation.
- <sup>4</sup> Closing of Andacollo transaction pending.

### PAGE 22: MERGER OF TWO GROWTH PROFILES

- <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> Closing of Andacollo transaction pending.
- <sup>3</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>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 33 for 2013E Pro Forma footnote.

### PAGE 25: IMPROVED TRADING LIQUIDITY FOR IRC SHAREHOLDERS

- <sup>1</sup> Source: Capital IQ, Company Filings. Market Capitalization based on diluted shares outstanding. Market data as of December 4, 2009, the last trading day before Franco-Nevada announced its unsolicited takeover bid for IRC.
- <sup>2</sup> Calculated as the addition of Royal Gold and IRC.
- <sup>3</sup> Pro forma for issuance of 1,204,136 shares to Teck upon closing of acquisition of Andacollo gold production interest.



## Footnotes (continued)

### 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 versus the termination of the Andacollo transaction; 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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