OBUS NELSON
Form 4
January 31, 2019

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
OBUS NELSON

(Last) (First) (Middle)

C/O LANDEC CORPORATION, 5201 GREAT AMERICA PARKWAY, SUITE 232

(Street)

SANTA CLARA, CA 95054

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
LANDEC CORP \CA\ [LNDC]

3. Date of Earliest Transaction (Month/Day/Year)
01/30/2019

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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			

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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. P[illegible] De[illegible]

Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)		Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Month/Day/Year)		(Instr. 3 and 4)		Sec (Ins
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Right to Buy Restricted Stock Unit (RSU)	(1)	01/30/2019		M		2,915		05/30/2019	(2)	Common Stock	2,915	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OBUS NELSON C/O LANDEC CORPORATION 5201 GREAT AMERICA PARKWAY, SUITE 232 SANTA CLARA, CA 95054	X			

Signatures

/s/ Rebecca J Hilt	01/31/2019
**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).

(1) The restricted stock units convert into common stock of Landec Corporation on a 1 for 1 basis.

(2) Restricted Stock Units will vest 4 months from the grant date and will be automatically settled in shares of common stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. R>

Valuation assumptions:

Risk free interest rate
4.5% 4.1%
Expected dividend yield
.5% Nil
Expected price volatility of the Company s Common Shares
44% 38%

Expected life of the option	3.5 years	3.5 years
Options granted	562,000	1,124,000
Weighted average exercise price	CA$5.81	CA$4.76
Vesting period	3 years	3 years
Weighted average fair value per stock option	$2.22	$1.39

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company s stock options.

Explanation of Responses:

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International Royalty Corporation
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

(expressed in U.S. dollars)
(figures in tables in thousands of dollars)

The following summarizes stock options outstanding as of December 31, 2007:

Exercise price CA$	**Number outstanding**	**Remaining contractual life**	**Number exercisable**
3.67	50,000	2.5 years	50,000
3.75	978,000	2.9 years	652,000
3.97	100,000	2.3 years	100,000
4.27	50,000	3.8 years	16,667
4.30	2,510,000	2.2 years	2,510,000
4.80	300,000	2.2 years	300,000
4.80	1,024,000	3.9 years	341,333
5.81	562,000	4.9 years	
	5,574,000		3,970,000

10 Related party transactions

Effective January 31, 2007, an officer and director of the Company (the Officer) resigned his employment and stepped down from the Board of Directors in order to pursue other business opportunities. The Officer will be retained as a consultant to the Company. As part of his resignation agreement, the officer has guaranteed the repayment of a promissory note from South American Metals (note 5) ($810,000 at December 31, 2007). The guarantee is secured by the pledge of certain of the officer s shares and stock options of the Company.

IRC subleased its corporate headquarters office space in Denver, Colorado from a company controlled by the chairman and chief executive officer of the Company through May 2005. The terms of the sublease were the same as the original underlying lease. Rent expense under the sublease during 2005 was $10,000.

These amounts are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. These expenses are included in general and administrative expenses on the statement of operations.

There were no amounts due from or to related parties at December 31, 2007 and 2006.

11 Financial instruments

Fair value

The fair values of the Company s cash and cash equivalents, restricted cash, royalty receivables and accounts payable and accrued liabilities approximate the carrying amounts due to the short maturities of these instruments. The fair value of the Debentures as of December 31, 2007 and 2006 was approximately $28,400,000 and $23,900,000, respectively.

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International Royalty Corporation
Notes to Consolidated Financial Statements
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(expressed in U.S. dollars)
(figures in tables in thousands of dollars)

Interest expense

Details of interest expense were as follows:

		December 31,	
(in thousands of US$)	**2007**	**2006**	**2005**
Accretion of debenture discount and financing charges	$ 984	$ 880	$ 659
Cash interest expense	1,805	1,458	1,167
Commitment and standby fees	961		
	$3,750	$2,338	$1,826

12 Reconciliation of Canadian and United States Generally Accepted Accounting Principles

Canadian generally accepted accounting principles (Canadian GAAP) varies in certain significant respects from the principles and practices generally accepted in the United States (US GAAP) in general. As required by the United States Securities and Exchange Commission (the SEC), the effect of these principal differences on the Company s consolidated financial statements is quantified below and described in the accompanying notes.

Adjustments to the statement of operations are as follows:

		Year ended December 31,	
	2007	**2006**	**2005**
	$	**$**	**$**
Expressed in thousands of U.S. dollars, except per share amounts			
Earnings (loss) for the year under Canadian GAAP	11,233	11,678	(8,495)
Derivative mark-to-market adjustments (a)	201	(2,907)	(2,254)
Earnings (loss) for the year under US GAAP	11,434	8,771	(10,749)
Earnings (loss) per common share			
Basic	0.17	0.15	(0.22)
Diluted	0.16	0.15	(0.22)

Adjustments to the balance sheet:

		December 31,
	2007	**2006**
	$	**$**
Expressed in thousands of U.S. dollars		
Total liabilities reported under Canadian GAAP	88,803	88,248

Derivative for share purchase warrants (a)	400	2,562
Total liabilities reported under US GAAP	89,203	90,810
Shareholders Equity reported under Canadian GAAP	295,679	174,483
Derivative for share purchase warrants (a)	(400)	(2,562)
Shareholders Equity reported under US GAAP	295,279	171,921

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International Royalty Corporation
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

(expressed in U.S. dollars)
(figures in tables in thousands of dollars)

a) **Share purchase warrants**

The SEC has recently provided guidance to their interpretation of the US accounting rules contained in the Statement of Financial Accounting Standards 133 (SFAS 133), Accounting for Derivative Instruments and Hedging Activities as it relates to the accounting treatment for the Company s share purchase warrants under US GAAP.

Under Canadian GAAP, share purchase warrants are accounted for as equity. Recent examples of the SEC s interpretation of SFAS 133 requires that when a Company s share purchase warrants have an exercise price denominated in a currency other than a company s functional currency, those share purchase warrants must be marked to fair value with any resulting gains or losses being included in the calculation of US GAAP earnings. In these circumstances a loss (gain) would be recorded by the Company when the value of the share purchase warrants increases (decreases). Upon exercise, the relevant liability is transferred to common shares.

The Company used the Black-Scholes Option Pricing Model to determine the fair value of the warrants with the following assumptions:

	December 31, 2007	2006
Risk free interest rate	3.8%	4.1%
Expected dividend yield	.5%	Nil
Expected price volatility of the Company s Common Shares	44%	38%
Expected remaining life of the warrants	0.6 years	0.1 years

The Financial Accounting Standards Board (FASB) has initiated a project to determine the accounting treatment for convertible debt with elements of foreign currency risk. This project is expected to provide further US GAAP guidance in respect of accounting for share purchase warrants.

b) **Recent accounting pronouncements**

U.S. GAAP Standards

In September, 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157 Fair Value Measurements (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP) and expands disclosures regarding fair value measurements. This Statement is applicable whenever another standard requires or permits assets or liabilities to be measured at fair value, but it does not expand the use of fair value to any new circumstances. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. On February 12, 2008, the FASB staff issued FASB Staff Position FAS 157-2 (FAS 157-2) which defers the effective date of FAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis. FSP 157-2 defers the effective date of FAS 157 to fiscal years beginning after November

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International Royalty Corporation
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

(expressed in U.S. dollars)
(figures in tables in thousands of dollars)

15, 2008, for items within the scope of FSP 157-2. The Company is in the process of determining the impact, if any, the adoption of FAS 157 will have on its consolidated financial position or results of operations, but does not believe the impact will be material.

In September, 2006, the FASB issued Statement 159 Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement 115 . This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board s long-term measurement objectives for accounting for financial instruments.

The Company does not expect the adoption of SFAS 159 to have a material impact on the Company s consolidated results of operations or financial position.

13 Segment information

The Company operates in one industry segment, with all revenue from mineral royalties.

14 Supplemental cash flow information

		December 31,	
	2007	**2006**	**2005**
	$	**$**	**$**
Cash paid for interest	2,766	1,458	1,167
Cash paid for taxes			
Transfer from royalty interest in mineral properties to investments	6,035		

Cash and cash equivalents as of December 31 consists of the following:

	2007	**2006**
	$	**$**
Cash in bank	776	2,019
Short-term deposits	11,966	8,424
Banker acceptance		1,132
	12,742	11,575

The effective interest rate on short-term deposits and banker acceptance amounts was 4.0% and have an average maturity of 7 days.

International Royalty Corporation
Notes to Consolidated Financial Statements
December 31, 2007 and 2006

(expressed in U.S. dollars)
(figures in tables in thousands of dollars)

15 **Subsequent events**

On February 26, 2008, the Company received approval from the Australian Foreign Investment Review Board regarding the Western Australia royalties acquired from Rio Tinto on December 21, 2007 (Note 3).

On February 29, 2008, the Company s Board of Directors declared a dividend of US$0.015 per share. The dividend is payable to shareholders of record on March 14, 2008 and will be paid on or about March 31, 2008.

On March 10, 2008, the Company announced that it has made the decision to terminate the Limpopo letter of intent (discussed in Note 3) due to an unsatisfactory resolution to certain title issues.

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International Royalty Corporation
Consolidated Financial Statements
For the nine months ended September 30, 2009 and 2008
(unaudited, expressed in thousands of U.S. dollars)

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International Royalty Corporation
Consolidated Balance Sheets

(unaudited, expressed in thousands of U.S. dollars)

	September 30, 2009	December 31, 2008
Assets		
Current assets		
Cash and cash equivalents	$ 51,344	$ 3,444
Restricted cash	418	371
Royalties receivable, net of allowance of $47 (2008 $45)	5,630	7,476
Prepaid expenses and other current assets	265	195
	57,657	11,486
Royalty interests in mineral properties (note 3)	349,516	355,093
Investments (note 4)	6,234	6,207
Furniture and equipment, net	111	145
Foreign currency contract (note 7)	2,948	
Other long-term assets (note 5)	2,278	3,639
	$418,744	$376,570
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,328	$ 1,693
Other liabilities current portion (note 10)	149	
Income taxes	2,075	7,753
Future income taxes	508	4,226
	4,060	13,672
Revolving credit facility (note 6)		3,000
Senior secured debentures (note 7)	25,666	21,662
Foreign currency contract (note 7)		493
Future income taxes	46,808	40,463
Other liabilities (note 10)	3,725	
	80,259	79,290
Shareholders Equity (note 9)		
Common shares		
Authorized unlimited common shares without par value Issued 94,695,356 (2008 78,480,356) common shares	324,925	275,464
Contributed surplus	10,464	9,896
Retained earnings	3,079	11,920
Accumulated other comprehensive income	17	

	338,485	297,280
	$418,744	$376,570

See accompanying notes to the consolidated financial statements.

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International Royalty Corporation
Consolidated Statements of Operations

(unaudited, expressed in thousands of U.S. dollars, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Royalty Revenues	$ 6,593	$ 13,791	$ 19,790	$ 32,684
Expenses				
Amortization	2,591	4,275	10,186	10,281
Business development	381	665	990	1,552
General and administrative	1,296	1,640	4,090	5,125
Impairment of royalty interests in mineral properties (note 3)		813		813
Impairment of other long-term assets		839		839
Royalty taxes	1,000	2,593	3,145	6,110
	5,268	10,825	18,411	24,720
Earnings from operations	1,325	2,966	1,379	7,964
Other income (expense)				
Foreign currency gain (loss)	(3,041)	(904)	(3,978)	59
Unrealized gain on fair market value of foreign currency contract (note 7)	2,114		3,441	
Purchase transaction costs (note 10)	(55)		(6,763)	
Interest expense (note 11)	(942)	(795)	(2,594)	(2,359)
Interest income	24	77	61	393
	(1,900)	(1,622)	(9,833)	(1,907)
Earnings (loss) before income taxes	(575)	1,344	(8,454)	6,057
Income tax expense (benefit)				
Current income tax	(4,383)	9,377	(6,771)	8,792
Future income tax	4,582	(8,493)	3,694	(6,533)

		199		884		(3,077)		2,259
Net earnings (loss)	$	(774)	$	460	$	(5,377)	$	3,798
Basic and diluted earnings (loss) per share	$	(0.01)	$	0.01	$	(0.06)	$	0.05
Basic weighted average shares outstanding		91,844,704		78,480,356		82,984,092		78,479,820
Diluted weighted average shares outstanding		91,844,704		78,493,974		82,984,092		79,135,156

See accompanying notes to the consolidated financial statements.

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International Royalty Corporation

Consolidated Statements of Retained Earnings

(unaudited, expressed in thousands of U.S. dollars)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Retained earnings at beginning of period	$ 5,747	$13,692	$11,920	$11,531
Net earnings (loss) for the period	(774)	460	(5,377)	3,798
Dividends	(1,894)	(1,570)	(3,464)	(2,747)
Retained earnings at end of period	$ 3,079	$12,582	$ 3,079	$12,582

Consolidated Statements of Comprehensive Income (Loss)

	Three Months Ended September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Net earnings (loss) for the period, before comprehensive income	$(774)	$ 460	$(5,377)	$3,798
Unrealized gains (losses) on available for sale investments (note 4)	2	(197)	20	(865)
Future tax effect on unrealized gains (losses)	(0)	29	(3)	127
Comprehensive income (loss)	$(772)	$ 292	$(5,360)	$3,060

See accompanying notes to the consolidated financial statements.

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International Royalty Corporation
Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of U.S. dollars, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Cash flows provided by operating activities				
Earnings (loss) for the period	$ (774)	$ 460	$ (5,377)	$ 3,798
Items not affecting cash				
Depreciation and amortization	2,604	4,284	10,223	10,309
Impairment of royalty interest in mineral properties		813		813
Impairment of long-term assets		839		839
Accretion of debenture discount and financing charges	313	278	920	816
Non-cash interest on other liabilities	152		258	
Future income tax expense (benefit)	4,582	(8,493)	3,694	(6,533)
Non-cash foreign currency (gain) loss	2,250	595	3,247	(537)
Non-cash foreign currency contract	(2,114)		(3,441)	
Non-cash transaction costs (note 10)	(86)		5,555	
Stock-based compensation expense	183	378	568	1,098
Decrease in other liabilities	(331)		(331)	
Changes in non-cash working capital				
(Increase) decrease in royalties receivable	(418)	(4,165)	2,027	(832)
(Increase) decrease in prepaid expenses and other current assets	65	129	(42)	(111)
(Increase) decrease in other assets		(19)		59
Decrease in accounts payable and accrued liabilities	(850)	(184)	(1,347)	(595)
Increase (decrease) in income taxes payable	(3,994)	8,788	(6,771)	510
	1,582	3,703	9,183	9,634
Cash flows provided by (used in) investing activities				
Acquisition of royalty interests in mineral properties		(22,203)	(5,022)	(22,838)
Refund of stamp duty paid on royalty interests			413	
Cash acquired in acquisition (note 10)			199	
Purchase of furniture and equipment		(22)	(2)	(45)
Increase in equity investment	(7)		(7)	
Restricted cash		(2)		(302)
Other assets	484	(492)	139	(1,366)

	477	(22,719)	(4,280)	(24,551)
Cash flows provided by financing activities				
Proceeds from bought deal financing, net of issuance costs	49,461		49,461	
Proceeds from exercise of stock options				13
Revolving credit facility	(300)	4,996	(3,000)	4,996
Dividends paid	(1,894)	(1,570)	(3,464)	(2,747)
	47,267	3,426	42,997	2,262
Increase (decrease) in cash and cash equivalents	49,326	(15,590)	47,900	(12,655)
Cash and cash equivalents beginning of period	2,018	15,677	3,444	12,742
Cash and cash equivalents end of period	$51,344	$ 87	$51,344	$ 87

See accompanying notes to the consolidated financial statements.

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International Royalty Corporation
Notes to Interim Consolidated Financial Statements (unaudited)
September 30, 2009

1 Nature of business and basis of presentation

International Royalty Corporation (IRC or the Company) was incorporated under the laws of Yukon, Canada on May 7, 2003 and was continued under the *Canada Business Corporations Act* on November 12, 2004. It was formed for the purpose of acquiring and creating natural resource royalties with a specific emphasis on mineral royalties.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the consolidated financial statements required by generally accepted accounting principles for complete financial statements and should be read in conjunction with the Company s consolidated financial statements for the year ended December 31, 2008. In the opinion of management, all adjustments considered necessary for fair presentation have been included.

2 Significant accounting policies

The consolidated financial statements have been prepared using accounting policies generally accepted in Canada (Canadian GAAP) for interim reporting and include the accounts of its wholly-owned subsidiaries. The material subsidiaries include IRC (U.S.) Management Inc., Archean Resources Ltd. (Archean) and IRC Nevada Inc. In addition, the Company consolidates variable interest entities for which it is determined to be the primary beneficiary. All significant inter-company transactions are eliminated on consolidation.

The accounting policies followed by the Company are set out in note 2 to the audited consolidated financial statements for the fiscal year ended December 31, 2008 and have been consistently followed in the preparation of these consolidated financial statements except that the Company has adopted the following CICA standards effective for the Company s first quarter commencing January 1, 2009, with the exception of the variable interest entities policy which became a significant policy during the quarter ended June 30, 2009:

Section 3064 Goodwill and Intangible Assets This section was issued in February 2008 and replaced CICA 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development . This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard had no effect on the consolidated financial statements.

Section 1582 Business Combinations, Section 1601 Consolidations and Section 1602 Non-controlling Interests These sections were issued in January 2009 and are harmonized with International Financial Reporting Standards. Section 1582 specifies a number of changes, including: an expanded definition of a business combination, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses. Section 1601 establishes the standards for preparing consolidated financial statements. Section 1602 specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity. These new standards are effective for 2011. Early adoption is permitted.

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International Royalty Corporation

Notes to Interim Consolidated Financial Statements (unaudited)

September 30, 2009

Variable interest entities

The Company accounts for variable interest entities (VIE) in accordance with CICA Accounting Guide 15, Consolidation of Variable Interest Entities (AcG 15). AcG 15 prescribes the application of consolidation principles for entities that meet the definition of a VIE. An enterprise holding other than a voting interest in a VIE, could, subject to certain conditions, be required to consolidate the VIE, if it is considered its primary beneficiary whereby it would absorb the majority of the VIE s expected losses, receive the majority of its expected residual returns, or both.

Reclassifications

Certain prior period amounts have been reclassified to conform with the current year financial statement presentation.

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International Royalty Corporation

Notes to Interim Consolidated Financial Statements (unaudited)

September 30, 2009

3 Royalty interests in mineral properties (net)

(in thousands of US$)	**Balance at December 31, 2008**	**Acquisitions (Refund of Stamp Duty)**	**Impairments**	**Amortization**	**Balance at September 30, 2009**
Production stage:					
Voisey s Bay	$196,964	$	$	$ (9,179)	$187,785
Las Cruces	42,203			(58)	42,145
Avebury/Melba Flats	6,000				6,000
Johnson Camp		5,022		(63)	4,959
Gwalia	3,510	(143)		(143)	3,224
Skyline	2,038			(455)	1,583
Southern Cross	1,077	(103)		(142)	832
Williams Mine	810			(136)	674
Meekatharra	526	(57)			469
Other	58			(10)	48
	253,186	4,719		(10,186)	247,719
Development stage:					
Pascua	56,513				56,513
Wolverine	19,819				19,819
South Laverton	912				912
Belahouro (Inata)	817				817
Belcourt	527				527
Tambor	30				30
	78,618				78,618
Exploration / Feasibility stage:					
Pinson	6,977				6,977
Bell Creek	4,029				4,029
Aviat One	2,211				2,211
High Lake	2,007				2,007
Horizon	1,530				1,530
Tarmoola	1,486	(60)			1,426
Gold Hill	670				670
Merlin Orbit	504				504

Other	3,875	(50)			3,825
	23,289	(110)			23,179
	$355,093	$ 4,609	$	$(10,186)	$349,516

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International Royalty Corporation
Notes to Interim Consolidated Financial Statements (unaudited)
September 30, 2009

2009 Royalty Acquisitions

Johnson Camp Royalty Interests

On March 31, 2009, the Company acquired from Nord Resources Corporation a royalty on the producing Johnson Camp copper mine located in Cochise County, Arizona for cash consideration of $4.95 million, plus acquisition costs of $72,000. The Johnson Camp royalty is a 2.50% NSR on the project. Beginning after January 1, 2010, the royalty rate for any given year can be adjusted slightly upward if certain annual production targets are not met, and downward if excess production allows previous short-falls to be recovered. However, the cumulative rate on copper production can never fall below the original 2.50% NSR on the project. The royalty rate on any metals other than copper can be reduced to 1.25%, if cumulative copper production from the mine exceeds 250 million pounds within twelve years.

Refund of Stamp Duty

During 2006, the Company paid stamp duty to the government of Western Australia as part of the acquisition of its Western Australia royalty interests. The original cost of the stamp duty was capitalized as part of the costs of the royalties. The Company appealed the costs and in January 2009, received a refund of $413,000. The refund was recorded as a reduction of the original cost and was allocated among the royalty interests acquired.

Pending royalty acquisitions

Fawcett

On December 7, 2004, the Company signed a letter agreement with David Fawcett (superseded by a royalty purchase agreement dated February 22, 2005) to acquire 20.3% of a 1.0% royalty interest on four coal licenses in British Columbia for total consideration of CA$312,500 in cash and CA$937,500 in Common Shares valued at the offering price of the IPO of CA$4.30. Pursuant to an agreement dated February 22, 2005, the cash and 218,023 Common Shares were placed in escrow pending receipt of executed royalty assignment agreements from the property owner, Western Canadian Coal Corp. (Western). The value of the Common Shares has been included in other long-term assets as of September 30, 2009 and December 31, 2008 and will be transferred to royalty interests in mineral properties upon closing of the transaction. Should the transaction not close, the cash will revert back to the Company and the shares will be cancelled.

On March 21, 2005, Western filed a petition with the Supreme Court of British Columbia to have the underlying royalty sharing agreement set aside. On February 24, 2006, the Supreme Court of British Columbia upheld the underlying royalty sharing agreement between David Fawcett and Western. On March 24, 2006, Western filed a notice to appeal the decision. On October 23, 2006, Western announced that it was unilaterally discontinuing the appeal but would be taking the position that based on the circumstances in which the 1.0% royalty was entered into, that any payment on the 1.0% royalty over the sum of $500,000 would constitute the payment of interest in excess of 60% and would be illegal under Section 347 of the Criminal Code of Canada. Accordingly, Western indicated that it would make no payments on the 1.0% royalty over and above $500,000. If correct, this would restrict the payments on that portion of the royalty to be assigned by Fawcett to the Company to $101,500. Fawcett has commenced proceedings challenging this position and is seeking a declaration that the 1.0% royalty is not subject to Section 347 of the Criminal Code.

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On April 1, 2009, the Supreme Court of British Columbia announced its judgment in favour of David Fawcett, declaring that the 1.0% royalty is not subject to Section 347 of the Criminal Code. On April 30, 2009, Western filed a Notice of Appeal with the British Columbia Court of Appeals regarding the Supreme Court s decision. On July 31, 2009, Western submitted its formal factum and David Fawcett submitted his factum in reply in September 2009. The Court of Appeals has scheduled the appeal hearing for December 16, 2009.

Impairments

During the three and nine months ended September 30, 2009, as a result of management s assessment, the Company determined that there were no impairments of royalty interests in mineral properties. During the three months ended September 30, 2008, it was determined that the Company s royalty interests on five diamond properties in Canada were impaired due to the expiration of exploration permits at the end of statutory time limits. During the three and nine months ended September 30, 2008, the Company recorded $813,000 of impairments of royalty interests in mineral properties.

4 Investments

Investments consisted of:

(in thousands of US$)	**September 30, 2009**	**December 31, 2008**
Preferred Rocks of Genoa Holding Company, LLC	$ 6,053	$ 6,053
Investment in New Horizon Uranium Corporation (NHU)	36	15
Other	145	139
	$ 6,234	$ 6,207

Preferred Rocks of Genoa Holding Company, LLC (Genoa)

The Company s investment in Genoa has been classified as available-for-sale, and accordingly was initially recorded at its fair market value, which approximated cost. There is no quoted market price in an active market for the investment in Genoa, and accordingly, this investment is measured at cost.

New Horizon Uranium Corporation

The investment in NHU has been classified as available-for-sale and accordingly was initially recorded at fair market value. The Company recorded an unrealized gain on the investment of $17,000 (net of a future tax expense of $3,000) to comprehensive income during the nine months ended September 30, 2009. Future changes to the fair market value of the Company s investment in NHU will be recorded as other comprehensive income, net of taxes, until the Company disposes of any of its investment, unless a decline is determined to be other than temporary.

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5 Other long-term assets

Other assets consisted of:

(in thousands of US$)	September 30, 2009	December 31, 2008
Advances to CFT Capital Limited	$ 1,098	$ 1,944
Deferred amounts directly related to the acquisition of McWatters Mining, Inc.		832
Deferred amounts relating to pending royalty acquisitions (note 3)	918	854
Other	262	9
	$ 2,278	$ 3,639

Advances to CFT Capital Limited (CFT) represent gross amounts of $2.0 million loaned to CFT, an unrelated third party, for the acquisition of McWatters Mining, Inc. (McWatters) (Note 10). As of April 9, 2009 (date of closing), these advances are repayable over five years with interest at 1.0%. During the three months ended September 30, 2009, the Company received $456,000 in repayments of the advances from CFT. The Company has established the fair value of the remaining outstanding advances to be $1.1 million using the present value of the expected future cash flows with a discount rate of 12%.

The Company determined that deferred costs relating the McWatters transaction (Note 10) were direct and incremental in nature. These costs were capitalized as part of the acquisition and written off as part of the purchase price allocation. These costs are included as costs related to the acquisition of McWatters (note 10).

6 Revolving Credit Facility

The Company entered into a credit agreement with The Bank of Nova Scotia establishing a revolving credit facility (the Revolving Facility) in favour of the Company in the amount of up to $40 million. The Revolving Facility is used to provide funds for general corporate purposes, including acquisitions of royalties on mining properties. The Revolving Facility matures January 8, 2010.

The Revolving Facility is a two-year revolving loan which is available in multiple currencies through prime rate, base rate and LIBOR advances and through bankers acceptances, priced at the applicable rate plus an applicable margin that ranges from 1% to 2%. The Company pays a standby fee of 1% per annum on the undrawn amount of the Revolving Facility.

The Revolving Facility is subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The Company is also required to maintain certain financial ratios as well as a minimum tangible net worth. Pursuant to the Revolving Facility, the Company granted a second charge over substantially all of its current and future assets. Archean and IRC Nevada Inc. guaranteed the indebtedness of the Company under the Revolving Facility. IRC Nevada Inc. provided a first charge over all of its assets pursuant to a general security agreement and Archean provided a second charge over all of

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its assets (except for its equity interest in Voisey s Bay Holding Corporation which was not pledged) pursuant to a general security agreement.

7 Senior secured debentures

On February 22, 2005, the Company completed a Unit Offering for gross proceeds of CA$30 million. The Unit Offering consisted of CA$30 million of 5.5% Senior Secured Debentures (the Debentures) due February 22, 2011 and 1,395,360 Common Shares. The obligations of the Company under the Debentures are collateralized by a general security agreement over all of the assets of the Company relating to the Voisey s Bay Royalty.

Interest on the Debentures is payable semi-annually, on February 28 and August 31, with the principal of CA$30 million due at maturity in 2011. Interest on the Debentures paid by the Company during the nine months ended September 30, 2009 and 2008 was $1.4 million and $1.7 million, respectively.

The proceeds received from the Debentures were reduced by the fair value of the Common Shares issued of $4.9 million. Details of the balance are as follows:

	September 30, 2009		**December 31, 2008**	
(in thousands of US$)	**CA**	**US**	**CA**	**US**
Senior Secured Debentures payable	$ 30,000	$ 27,633	$ 30,000	$ 24,549
Unaccreted discount	(1,809)	(1,470)	(2,655)	(2,157)
Unaccreted financing charges	(612)	(497)	(898)	(730)
	$ 27,579	$ 25,666	$ 26,447	$ 21,662

The Company s contractual obligation for future principal payments is one lump sum payment of CA$30,000,000 to be made on February 22, 2011. The obligation is denominated in CA$. The Debentures as of September 30, 2009 were converted to US$ equivalents using an exchange rate of CA$1.00 to US$0.9211, the exchange rate as of September 30, 2009. The Debentures as of December 31, 2008 were converted to US$ equivalents using an exchange rate of CA$1.00 to US$0.8183, the exchange rate as of December 31, 2008.

Foreign Currency Contract

On November 25, 2008, the Company entered into an agreement with a bank to fix the exchange rate to repay the principal balance of the Senior Secured Debentures at CA$1.00 to US$0.834725, based on the settlement date of February 22, 2011. The fair value of the liability (asset) as of September 30, 2009 and December 31, 2008 was $(2,948,000) and $493,000, respectively.

The foreign currency contract liability is a derivative and thus, has been classified as held-for-trading and was recorded at fair value on the date of acquisition and then marked-to-market at the balance sheet date. The change in fair value of the foreign currency contract liability has been recognized as an unrealized gain on fair market value of foreign currency contract on the consolidated statements of operations.

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8 Income taxes

Income tax expense varied from the amount that would be computed by applying the combined federal and provincial income tax rate of 29.00% (29.5% in 2008) to earnings before income taxes as follows:

(in thousands of US$)	**Three Months Ended September 30, 2009**	**2008**	**Nine Months Ended September 30, 2009**	**2008**
Earnings (loss) before income taxes	$(575)	$1,344	$(8,454)	$6,057
Expected income tax expense (benefit)	$(167)	$ 397	$(2,452)	$1,787
Tax effect of:				
Stock-based compensation	52	112	164	324
Expiration of unexercised warrants	(189)	189	(189)	189
Impairment of long-term assets		124		124
Non-deductible royalty taxes		(101)		(101)
Canadian functional currency election			(2,024)	
Non-deductible McWatters transaction costs	16		1,415	
Foreign currency	398	267	263	(17)
Other	89	(104)	(254)	(47)
Actual income tax expense (benefit)	$ 199	$ 884	$(3,077)	$2,259

Functional Currency Election

In March 2009, the Canadian government enacted new legislation which will allow qualifying taxpayers the ability to file their 2008 and subsequent Canadian tax returns using a functional currency which is other than the Canadian dollar. As a result of the legislation becoming substantively enacted for financial reporting purposes in the nine months ended September 30, 2009, foreign currency losses of approximately $1.8 million previously recognized in 2008 were reversed in March 2009 and have been recorded as a foreign currency gain on the consolidated statement of operations for the nine months ended September 30, 2009.

Also, as a result of this new legislation, the Company translated its non-monetary assets to a U.S. value using the foreign currency exchange rate of CA$1.00 to US$1.012, the rate provided for by the new legislation. The use of this rate to lock in the U.S. dollar value of the assets created a permanent benefit in the tax basis of certain of the company s assets. This change in tax basis created a future tax benefit of $2.0 million, which has been reflected in the consolidated statement of operations for the nine months ended September 30, 2009.

McWatters Acquisition of Tax Attributes

On April 9, 2009, the Company completed its acquisition of McWatters Mining, Inc. (McWatters) (Note 10). McWatters has estimated accumulated non-capital losses carried forward for federal purposes totalling CA$92.9 million which are available to reduce future taxable income.

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International Royalty Corporation

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The non-capital losses expire as follows:

	CA$
2009	$ 10,956,887
2010	14,464,307
2014	9,827,056
2015	54,758,112
2026	1,307,707
2027	1,118,019
2028	432,255
Balance at September 30, 2009	$ 92,864,343

McWatters has accumulated research and development expenses of CA$1.3 million and research and development federal tax credits to be carried forward of CA$490,000. These tax credits will expire between 2019 and 2022.

McWatters has also accumulated capital losses of CA$455,000, Canadian exploration expenses of CA$5.0 million, Canadian development expenses of CA$18.0 million and limited partnership losses from its subsidiary of CA$24.5 million. The limited partnership losses are available to reduce future taxable income within the parameters of the Federal and Quebec tax legislation, without limit of time. In order to use the limited partnership losses, the partnership will have to generate taxable income.

Due to the complexity inherent in the interpretation of the Income Tax Act (Canada), it is possible that some or all of the McWatters non-capital losses may not be deductible for tax purposes and accordingly, the potential tax benefits of these elements have not been recognized in these consolidated financial statements.

9 Shareholders equity

Bought Deal Financing

On July 15, 2009, the Company completed an offering of 14,100,000 common shares at a price of CA$3.55 per common share for total gross proceeds of $44,728,000 (CA$50,055,000). The Company also granted to the underwriters an over-allotment option of up to 2,115,000 common shares which were fully subscribed on July 24, 2009 at a price of CA$3.55 per share for gross proceeds of $6,926,000 (CA$7,508,000). Closing of the over-allotment option brought total gross proceeds from the offering to $51,654,000 (CA$57,563,000), and net proceeds to approximately $49,461,000 (CA$55,118,000). IRC paid share issuance costs of $2,193,000 (CA$2,445,000) related to the offering. The total number of common shares outstanding after the offering was 94,695,356 shares.

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Common Shares issued and outstanding were as follows:

(in thousands of US$)	**Shares**	**Amount**
Balance at December 31, 2008	78,480,356	$275,464
Shares issued for bought deal financing, net of offering costs of $1,847 (net of taxes of $799)	14,100,000	42,881
Shares issued upon exercise of overallotment option, net of offering costs of $346	2,115,000	6,580
Balance at September 30, 2009	94,695,356	$324,925

Activity in contributed surplus was as follows:

(in thousands of US$)	**Amount**
Balance at December 31, 2008	$ 9,896
Stock-based compensation expense	568
Balance at September 30, 2009	$ 10,464

Activity in accumulated other comprehensive income was as follows:

(in thousands of US$)	**Amount**
Balance at December 31, 2008	$
Other comprehensive income, net of tax	17
Balance at September 30, 2009	$ 17

A summary of accumulated other comprehensive income and retained earnings was as follows:

(in thousands of US$)	**September 30, 2009**	**December 31, 2008**
Beginning balance	$	$ 173
Unrealized gains (losses) on available-for-sale investments	20	(203)
Future tax effect of unrealized gains (losses)	(3)	30

Total accumulated other comprehensive income	17	
Retained earnings	3,079	11,920
Ending balance	$3,096	$ 11,920

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International Royalty Corporation
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Stock options and warrants

There were no stock options granted during the nine months ended September 30, 2009. During the nine months ended September 30, 2008, the Company granted 125,000 stock options valued at approximately $250,000. The Company uses the fair value based method of accounting for all stock-based compensation awards using the Black-Scholes Option Pricing Model.

The Company recognized stock-based compensation expense of approximately $568,000 and $1,098,000 for the nine months ended September 30, 2009 and 2008, respectively, which is recorded in general and administrative expenses.

During the nine months ended September 30, 2008, the Company received proceeds from the exercise of 3,500 stock options totalling $13,000.

10 Acquisition of McWatters Mining, Inc.

On April 9, 2009, the Company acquired all of the outstanding common shares of McWatters Mining, Inc. (McWatters) representing a 45% voting interest. A class of voting preferred shares created under a Plan of Arrangement and issued to all former common shareholders of McWatters is entitled to 55% of the votes and an amount not exceeding CA$1.0 million of cumulative dividends and redemption amounts. All income in excess of CA$1.0 million will accrue to the common shares, all of which are owned by IRC. The value of the future cash payments of $753,000 has been recorded in other liabilities in the consolidated balance sheet using a discount rate of 12%. The Company has accounted for this transaction as a purchase of assets.

McWatters was reorganized effective on June 2, 2008, and pursuant to a proposal with its creditors, substantially all of its unsecured creditor claims were acquired by CFT Capital, Inc. (CFT), and the balance of such claims have been settled. At the date of acquisition, McWatters had remaining liabilities of CA$7.3 million which will be payable out of 6.0% of available taxable income of McWatters. During the three months ended September 30, 2009, McWatters made a payment of $331,000 to CFT. The Company has estimated the fair value of the remaining future cash payments to be $3.1 million using a discount of 12% and has been recorded in other liabilities in the consolidated balance sheet

The following is a summary of the other liabilities recorded in connection with the McWatters transaction:

(in thousands of US$)	**September 30, 2009**	**April 9, 2009 (date of closing)**
Due to Class A Preferred Shareholders current portion	$ 149	$ 142
Due to Class A Preferred Shareholders	604	547
Due to CFT	3,121	3,257

Ending balance	$3,874	$ 3,946

McWatters has approximately CA$140.0 million of available resource deductions and net operating loss carryforwards (Note 8).

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International Royalty Corporation

Notes to Interim Consolidated Financial Statements (unaudited)

September 30, 2009

The following is a summary of the McWatters transaction costs recorded as other expense as of September 30, 2009:

(in thousands of US$)	**September 30, 2009**
Deferred acquisition costs	$ 2,268
Net retained deficit acquired	548
Net present value of amounts due to Class A Preferred Shareholders	690
Net present value of amounts due to CFT	3,257
Ending balance	$ 6,763

For financial statements purposes, IRC has consolidated the balance sheet and results of operations of McWatters from the date of acquisition in its consolidated financial statements.

11 Financial Instruments

Interest expense

Details of interest expense were as follows:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(in thousands of US$)	**2009**	**2008**	**2009**	**2008**
Accretion of debenture discount and financing charges	$313	$266	$1,119	$ 804
Cash interest expense	375	226	920	1,047
Commitment and standby fees	102	303	297	508
Accretion of other liabilities	152		258	
	$942	$795	$2,594	$2,359

12 United States Generally Accepted Accounting Principals Reconciliation

The Company has no material reconciling differences between United States Generally Accepted Accounting Principals and Canadian GAAP as of and for the three and nine month periods ended September 30, 2009 and 2008.

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UNAUDITED PRO FORMA, COMBINED, CONDENSED FINANCIAL INFORMATION OF ROYAL GOLD

The following unaudited pro forma combined condensed financial information as of December 31, 2009, for the six-month period then ended and for the fiscal year ended June 30, 2009 is presented to show the results of operations and financial position of Royal Gold as if the Arrangement with IRC had occurred as of July 1, 2008, and with respect to the balance sheet as if the Arrangement had occurred as of December 31, 2009. The unaudited pro forma condensed financial information includes results of operations and financial position of IRC for the six-month period ended September 30, 2009.

This unaudited pro forma combined condensed financial information should be read in conjunction with the selected historical financial information included in this Circular and the financial statements and accompanying notes of Royal Gold that are incorporated by reference into this Circular. You should not rely on the unaudited pro forma combined condensed financial information as an indication of the results of operations or financial position that would have been achieved if the Arrangement with IRC had taken place on the dates indicated or an indication of the results of operations in the future.

The following Unaudited Pro Forma Combined Condensed Financial Data of Royal Gold consists of an Unaudited Pro Forma Condensed Balance Sheet as of December 31, 2009 for Royal Gold and as of September 30, 2009 for IRC and Unaudited Pro Forma Condensed Statements of Operations and Comprehensive Income for the six-months then ended, respectively, and for the year ended June 30, 2009 (collectively, the Pro Forma Statements). IRC s historical financial statements were prepared on a calendar year basis and in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP. IRC s historical results of operations used in the Pro Forma Statements have been prepared on a June 30 year end basis to conform to Royal Gold s year end and are adjusted to and presented in accordance with U.S. GAAP. The change to U.S. GAAP resulted in a de minimus increase in IRC s reported net income during the fiscal year ended June 30, 2009 (there were no differences for the six month period ended September 30, 2009). Royal Gold s historical financial statements are prepared in accordance with U.S. GAAP. Effective July 1, 2009, Royal Gold changed its presentation of non-controlling interest amounts in accordance with the FASB ASC 810. Except for presentation changes, the adoption of the new accounting standard had no impact on Royal Gold s consolidated financial position, results of operations or cash flows. The adoption of the new accounting standard has been reflected in all periods in the accompanying Pro Forma Statements.

The Pro Forma Statements reflect the Arrangement described herein under which shareholders of IRC will receive, at their election, C$7.45 in cash or 0.1385 shares of Royal Gold common stock or a combination thereof, subject to a maximum of $350 million in cash and a maximum of 7.75 million shares of Royal Gold common stock. The Pro Forma Statements have been prepared under the following purchase consideration scenario: cash consideration up to the maximum aggregate of $350 million which is equal to approximately 0.0700 shares of Royal Gold common stock plus $3.48 in cash for each fully diluted share of IRC, assuming 100,565,856 fully diluted shares of IRC common stock outstanding at the time of the closing. The actual purchase price may differ based on fluctuations in the price of Royal Gold common stock. See Note (1) in the unaudited pro forma financial statements for sensitivity analysis on the impact of fluctuations in the price of Royal Gold common stock and the purchase price.

Royal Gold s management believes that, on the basis set forth herein, the Pro Forma Statements reflect a reasonable estimate of the IRC Arrangement based on currently available information. Royal Gold expects the Arrangement to qualify as a business combination which requires the allocation of the purchase price to be based upon the estimated fair value of assets acquired and liabilities assumed. Certain of the purchase price allocations reflected in the Pro Forma Statements are preliminary and may be different from the final allocation of the purchase price and such differences may be material.

The Pro Forma Statements also reflect a definitive agreement that Royal Gold entered into with a Chilean subsidiary of Teck Resources Limited, Compañía Minera Teck Carmen de Andacollo (CDA), to acquire an interest in the gold produced from the sulfide portion of the Andacollo project in Chile (the Andacollo Royalty). We refer to this transaction as the Teck Transaction. The purchase price for the Andacollo Royalty consisted of $217.9 million in cash and 1,204,136 of Royal Gold s common shares. The Teck Transaction was completed on January 25, 2010 and has been included in the Pro Forma Statements due to its significance and impact to Royal Gold. There is no impact to the

Pro Forma Statement of Operations and Comprehensive Income as

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the transaction is an asset purchase, the underlying assets are not yet producing and all related transaction costs have been capitalized.

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Unaudited Pro Forma Combined Condensed Balance Sheet
(In thousands)

	Royal Gold Historical December 31, 2009	International Royalty Historical September 30, 2009	Pro Forma Adjustments	Note Reference	Pro Forma Subtotal	Andacollo Adjustments	Note Reference	Pro Forma Combined Total
Current assets								
Cash and equivalents	$ 316,837	$ 51,344	$ (350,000)	(1)	$ 266,877	$ (217,943)	(8)	$ 48,935
			23,696	(2)				
			225,000	(3)				
Restricted cash		418			418			418
Royalty receivables	32,440	5,630			38,070			38,070
Income tax receivable	4,279				4,279			4,279
Deferred tax assets	158		(158)	(10)				
Prepaid expenses and other	720	265			985			985
Total current assets	354,434	57,657	(101,462)		310,629	(217,943)		92,687
Royalty interests in mineral properties, net	435,311	349,516	528,901	(1)	1,313,728	271,371	(8)	1,585,099
Investments		6,234			6,234			6,234
Furniture and equipment, net		111			111			111
Inventory restricted	9,943				9,943			9,943
Foreign currency contract		2,948			2,948			2,948
Other assets	4,665	2,278			6,943			6,943
Goodwill			4,708	(1)	4,708			4,708
Total assets	$ 804,353	$ 418,744	$ 432,147		$ 1,655,244	$ 53,428		$ 1,708,672
Current liabilities								
Accounts payable	$ 3,575	$ 1,328	$		$ 4,903	$		$ 4,903
			12,000	(4)	12,000			12,000

Accrued compensation and expense								
Accrued purchase transaction costs			11,300	(6)	11,300			11,300
Income tax payable		2,075			2,075			2,075
Net deferred tax liabilities, current		508	(158)	(10)	350			350
Dividends payable	3,684				3,684			3,684
Revolving credit facility, current			40,000	(3)	40,000			40,000
Other	545	149			694			694
Total current liabilities	7,804	4,060	63,142		75,006			75,006
Net deferred tax liabilities, long-term	21,224	46,808	216,372	(1)	284,404			284,404
Revolving credit facility			185,000	(3)	185,000			185,000
Senior secured debentures		25,666			25,666			25,666
Other long-term liabilities	831	3,725			4,556			4,556
Total liabilities	29,859	80,259	464,514		574,632			574,632
Commitments and contingencies								
Stockholders equity								
Common stock	407	324,925	(348,621)	(5)	477	12	(8)	489
			23,696	(2)				
			70	(1)				
Additional paid-in capital	710,478	10,464	(10,464)	(5)	1,022,826	53,416	(8)	1,076,242
			312,348	(1)				
Accumulated other comprehensive (loss) income	68	17	(17)	(5)	68			68
	56,503	3,079	13,921	(5)	50,203			50,203

Accumulated earnings							
			(12,000)	(4)			
			(11,300)	(6)			
Treasury stock	(3,557)				(3,557)		(3,557)
Total controlling interest stockholders equity	763,899	338,485	(32,367)		1,070,017	53,428	1,123,445
Non-controlling interests	10,595				10,595		10,595
Total stockholders equity	774,494	338,485	(32,367)		1,080,612	53,428	1,134,040
Total liabilities and stockholders equity	$ 804,353	$ 418,744	$ 432,147		$ 1,655,244	$ 53,428	$ 1,708,672

See accompanying notes to unaudited pro forma combined condensed financial statements.

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Unaudited Pro Forma Combined Condensed Statement of Operations and Comprehensive Income
For the Year Ended June 30, 2009
(In thousands except share and per share amounts)

	Royal Gold Historical	International Royalty Historical	Pro Forma Adjustments	Note Reference	Pro Forma Subtotal	Andacollo Adjustments	Note Reference	Pro Forma Combined Total
Royalty revenues	$ 73,771	$ 36,023	$		$ 109,794	$		$ 109,794
Costs and expenses								
Costs of operations	3,551		6,289	(10)	9,840			9,840
General and administrative	7,352	6,009			13,361			13,361
Asset impairments		8,581			8,581			8,581
Exploration and business development	2,998	1,461			4,459			4,459
Royalty taxes		6,289	(6,289)	(10)				
Depreciation, depletion and amortization	32,578	16,265	14,063	(7)	62,906			62,906
Total costs and expenses	46,479	38,605	14,063		99,147			99,147
Operating income (loss)	27,292	(2,582)	(14,063)		10,647			10,647
Gain on royalty restructuring	33,714				33,714			33,714
Foreign currency gain (loss)		3,153			3,153			3,153
Unrealized gain on fair market value of foreign currency contract		833			833			833
Purchase transaction costs		(6,708)			(6,708)			(6,708)
Interest and other income	3,192	121			3,313			3,313
Interest and other expense	(984)	(3,243)	(6,158)	(3)	(10,385)			(10,385)

Income (loss) before income taxes	63,214	(8,426)	(20,221)		34,567		34,567
Income tax (expense) benefit	(21,857)	3,621	7,077	(9)	(11,159)		(11,159)
Net income (loss)	41,357	(4,805)	(13,144)		23,408		23,408
Less: Net income attributable to non-controlling interests	(3,009)				(3,009)		(3,009)
Net income (loss) attributable to controlling interest	$ 38,348	$ (4,805)	$ (13,144)		$ 20,399	$	$ 20,399
Net income (loss)	$ 41,357	$ (4,805)	$ (13,144)		$ 23,408	$	$ 23,408
Adjustments to comprehensive income (loss), net of tax							
Unrealized change in market value of available for sale securities	(145)	(173)			(318)		(318)
Comprehensive income (loss)	$ 41,212	$ (4,978)	$ (13,144)		$ 23,090	$	$ 23,090
Comprehensive income attributable to non-controlling interest	(3,009)				(3,009)		(3,009)
Comprehensive income (loss) attributable to controlling interest	$ 38,203	$ (4,978)	$ (13,144)		$ 20,081	$	$ 20,081
Net income (loss) per share attributable to controlling interest:							
Basic earnings (loss) per share	$ 1.09	$ (0.06)			$ 0.48		$ 0.47

Basic weighted average shares outstanding		35,337,133		78,480,356	7,039,610	(1)		42,376,743	1,204,136	(8)		43,580,879
Diluted earnings (loss) per share	$	1.07	$	(0.06)			$	0.48			$	0.46
Diluted weighted average shares outstanding		35,789,076		78,480,356	7,039,610	(1)		42,828,686	1,204,136	(8)		44,032,822

See accompanying notes to unaudited pro forma combined condensed financial statements.

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Unaudited Pro Forma Combined Condensed Statement of Operations and Comprehensive Income
(In thousands except share and per share amounts)

	Royal Gold Historical Six Months Ended December 31, 2009	International Royalty Historical Six Months Ended September 30, 2009	Pro Forma Adjustments	Note Reference	Pro Forma Subtotal	Andacollo Adjustments	Note Reference	Pro Forma Combined Total
Royalty revenues	$ 60,853	$ 12,691	$		$ 73,544	$		$ 73,544
Costs and expenses								
Costs of operations	2,839		1,000	(10)	3,839			3,839
General and administrative	5,167	2,710			7,877			7,877
Exploration and business development	3,713	704			4,417			4,417
Royalty taxes		1,942	(1,000)	(10)	942			942
Depreciation, depletion and amortization	23,179	5,876	1,880	(7)	30,935			30,935
Total costs and expenses	34,898	11,232	1,880		48,010			48,010
Operating income (loss)	25,955	1,459	(1,880)		25,534			25,534
Foreign currency gain (loss)		(6,270)			(6,270)			(6,270)
Unrealized gain on fair market value of foreign currency contract		3,993			3,993			3,993
Purchase transaction costs		(6,763)			(6,763)			(6,763)
Interest and other income	1,903	27			1,930			1,930
Interest and other expense	(521)	(1,819)	(3,079)	(3)	(5,419)			(5,419)
Income (loss) before	27,337	(9,373)	(4,959)		13,005			13,005

income taxes								
Income tax (expense) benefit	(7,864)	691	1,736	(9)	(5,437)			(5,437)
Net income (loss)	19,473	(8,682)	(3,223)		7,568			7,568
Less: Net income attributable to non-controlling interests	(2,733)				(2,733)			(2,733)
Net income (loss) attributable to controlling interest	$ 16,740	$ (8,682)	$ (3,223)		$ 4,835	$		$ 4,835
Net income (loss)	$ 19,473	$ (8,682)	$ (3,223)		$ 7,568	$		$ 7,568
Adjustments to comprehensive income (loss), net of tax								
Unrealized change in market value of available for sale securities	147				147			147
Comprehensive income (loss)	$ 19,620	$ (8,682)	$ (3,223)		$ 7,715	$		$ 7,715
Comprehensive income attributable to non-controlling interest	(2,733)				(2,733)			(2,733)
Comprehensive income (loss) attributable to controlling interest	$ 16,887	$ (8,682)	$ (3,223)		$ 4,982	$		$ 4,982
Net income (loss) per share attributable to controlling interest:								
Basic earnings (loss) per share	$ 0.41	$ (0.09)			$ 0.10			$ 0.10
	40,540,283	91,844,704	7,039,610	(1)	47,579,893	1,204,136	(8)	48,784,029

Basic weighted average shares outstanding								
Diluted earnings (loss) per share	$ 0.41	$ (0.09)			$ 0.10			$ 0.10
Diluted weighted average shares outstanding	40,942,564	91,844,704	7,039,610	(1)	47,982,174	1,204,136	(8)	49,186,310

See accompanying notes to unaudited pro forma combined condensed financial statements.

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The following adjustments have been reflected in the Pro Forma Statements:

(1) To record the issuance of 7,039,610 shares of Royal Gold common stock and $350 million of cash as purchase consideration for the arrangement based on assumed September 30, 2009 closing. The preliminary allocation of the purchase price based on the estimated fair value of assets acquired and liabilities assumed as follows:

Calculation of purchase price ($000 s):

Cash consideration	$ 350,000
Stock consideration (a)	312,418
Total purchase price	$ 662,418

(a) The value of Royal Gold common stock used ($44.38) is the closing price of Royal Gold common stock on February 16, 2010. The value of Royal Gold common stock will not be known until the Effective Date and may differ materially based on changes in share price through the Effective Date.

Preliminary allocation of purchase price ($000 s):

Current assets	$ 81,353
Royalty interests in mineral properties	878,417
Long-term assets	11,571
Liabilities assumed (b)	(50,451)
Deferred and other tax liabilities	(263,180)
Goodwill and other intangible assets (c) & (d)	4,708
Total purchase price	$ 662,418

(b) Liabilities assumed have been recorded at their carrying values, which approximate fair value.

(c) Certain intangibles may be acquired in the final Arrangement but they have not been valued yet for the preliminary allocation of the purchase price. If intangibles are acquired, they will be valued and identified upon the final allocation of the purchase price. No amortization of other intangible assets has been recorded in the Pro Forma Statements.

(d) Goodwill represents the premium paid for the assets acquired and represents the scarcity value of the royalties acquired and possible optionality related to the royalty contracts acquired. The allocation of the purchase price is preliminary and subject to change based upon full valuation of the

acquired assets
and liabilities.

(2) To record expected proceeds from the exercise of outstanding IRC stock options prior to closing of the Arrangement as the holders of these instruments are economically compelled to exercise prior to the closing due to the in-the-money nature of the options. Each outstanding IRC stock option shall be cancelled and the holder thereof shall have no further rights or benefits in respect of such option upon closing of the Arrangement. As this is expected to occur prior to closing, the proceeds from the exercise of $23.7 million have been included in current assets of $81.4 million in Note (1).

(3) To record $125 million of floating-rate borrowings under Royal Gold s current credit facility and $100 million of floating-rate borrowings to be made available under a new term loan ($40 million in current liabilities) which was entered into with HSBC Bank USA, National Association (HSBC Bank), on January 21, 2010, including the related interest expense at LIBOR (0.25% as of February 16, 2010) plus 2.25%. The interest expense includes the amortization of the estimated related debt issuance costs. If the floating-rates on this debt changed by 1/8%, the annual effect to interest expense would be approximately $0.3 million.

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(4) To record a payable to the existing officers and certain employees of IRC as a result of the Arrangement under change of control provisions of existing employment contracts.

(5) To eliminate IRC historical equity balances, including eliminating the stockholders equity effects of the Arrangement discussed in Note 2 and one-time transaction costs discussed in Note 6.

(6) The Pro Forma Statement of Operations and Comprehensive Income does not include the estimated one-time transaction costs totaling \$11.3 million. Total transaction costs are estimated to be \$13.5 million, of which \$2.2 million has been expensed in the Royal Gold Statement of Operations for the six months ended December 31, 2009. The remaining \$11.3 million is comprised of Royal Gold estimated remaining one-time transaction costs of \$6.3 million and IRC estimated one-time transaction costs of \$5 million. The transaction costs will be recorded once the expenses have been incurred.

(7) To record additional depreciation, depletion and amortization on acquired royalty interests, resulting from the step-up of carrying value of the royalty interests to fair value in purchase accounting times the production during the respective periods. The additional depreciation, depletion and amortization was calculated by comparing depreciation, depletion and amortization using rates based on the stepped-up carrying values under the units-of-production method to actual depreciation, depletion and amortization for the same periods using historical rates. The impact to depreciation, depletion and amortization expense for a \$10 million change in the carrying values of the acquired royalty interests would be approximately \$0.8 million and \$0.2 million for the year ended June 30, 2009 and the six months ended December 31, 2009, respectively.

(8) To give effect to the issuance of 1,204,136 shares of Royal Gold common stock to acquire the Andacollo Royalty on January 25, 2010, as well \$217.9 million in cash. The value of Royal Gold common stock was \$44.37 on January 25, 2010.

(9) To record the tax benefits for the increased expenses discussed in Notes 3, 6 and 7 using the statutory tax rate of 35%.

(10) To reclassify certain historical amounts to conform to the Royal Gold presentation.

The preliminary allocation of the purchase price to the acquired identifiable tangible and intangible assets and assumed liabilities of IRC was based on the September 30, 2009 IRC balance sheet and other currently available information. The actual purchase price and the number of Royal Gold shares to be issued at the closing of the Arrangement may differ based on fluctuations in Royal Gold common stock price. For purposes of the preliminary purchase price allocation, the acquired Royalty Interests in Mineral Properties have been recorded at their estimated fair values based upon Royal Gold s estimate of the expected future discounted cash flows associated with those assets. The final allocation may change upon actual closing and completion of a full valuation.

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SIGNATURE

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

Royal Gold, Inc.
(Registrant)

Date: February 18, 2010

By: /s/ Karen Gross
Karen Gross
Vice President and Corporate Secretary

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EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of PricewaterhouseCoopers LLP.