

## **Royal Gold, Inc.**

### **Board Of Directors' Governance Guidelines**

The following guidelines have been approved by the Board of Directors (the “Board”) of Royal Gold, Inc. (the “Company”). The guidelines, along with the certificate of incorporation, bylaws and Board committee charters, form the framework for governance of the Company.

#### **Role of the Board**

The business and affairs of the Company are managed under the direction of the Board. The Board has vested responsibility for the day to day management of the Company in its chief executive and other officers. The Board provides the chief executive with guidance in developing corporate strategy and policies, reviews and approves major corporate decisions and assists the Company in setting and achieving its objectives. The Board and its Committees monitor the performance of the Company, its chief executive and other officers, as well as the integrity of the Company's public disclosures, including its financial statements, its financial and operational controls and compliance with legal and regulatory requirements. Through its committees, the Board exercises ultimate control over the Company's outside auditors, the compensation of the directors and officers, including the chief executive, the nomination of candidates for Board membership and the governance of the Company.

#### **Composition**

The Board shall be comprised of individuals who meet the highest possible personal and professional standards. Directors should have broad experience in commercial matters, including without limitation, management, policy-making, accounting and/or finance. They should be committed to enhancing stockholder value and should be able to dedicate sufficient time to carry out their duties effectively. To assure their ability to focus on issues involved in overseeing the Company, their service on the boards of other companies should be limited to a reasonable number.

#### **Membership Criteria**

Nominees for director shall be selected on the basis of, among other things, knowledge, experiences, skills, expertise, integrity, diversity, ability to make independent analytical inquiries, and understanding of the Company's business and industry, all in the context of an assessment of the perceived needs of the Board. The Compensation, Nominating and Governance Committee shall be responsible for determining the appropriate balance of membership criteria required by the Board.

Independent directors, as defined by the Nasdaq Stock Market, Inc. corporate governance rules, shall constitute a majority of the Board. Independent directors should be free from any material relationship with the Company that would impair their exercise of independent judgment.

## **Term of Office**

Pursuant to the Company's certificate of incorporation, the Board is divided into three classes, designated as Class I, Class II and Class III. Members of each class are to be elected to serve a three-year term, with the terms of office of each class ending in successive years. The re-nomination of a director is dependent on an assessment of his or her qualifications, as well as the suitability review conducted by the Compensation, Nominating and Governance Committee.

## **Election of Directors**

At each annual meeting a particular class of director will be elected by the stockholders from a slate of nominees recommended by the Board in the proxy statement. Between annual meetings, the Board may appoint directors to fill any vacancies, including vacancies created by the addition of new seats on the Board, which directors will serve until the expiration of the term applicable to their particular class.

## **Retirement Policy and Term Limits**

While there is no mandatory retirement age for employee or non-employee directors, directors must maintain the energy as well as the physical and mental health necessary to perform their duties effectively. The Board does not believe that it should establish term limits due to a potential loss of contributions by directors who have developed increasing insight into the Company and its operations. In connection with evaluating recommendations for nomination for re-election, however, the Compensation, Nominating and Governance Committee shall consider the issue of continuing director tenure.

## **Committees**

The Board currently has two committees: Audit and Compensation, Nominating and Governance. The Board has the authority to establish additional permanent or ad hoc committees as it deems necessary. The committees will be comprised solely of independent, non-employee directors; however, employee directors may participate in an advisory capacity.

## **Committee Membership**

The Compensation, Nominating and Governance Committee is responsible, after consultation with the Chairman of the Board, for recommending committee assignments.

## **Compensation**

Non-employee directors should receive compensation that is competitive within the industry and which also links the financial interest of the directors with the stockholders. Employee directors will not be paid any additional compensation for serving on the Board. The Compensation, Nominating and Governance Committee will periodically review and recommend changes in directors' compensation to ensure it remains competitive and appropriate.

The Company will not enter into any consulting or other compensatory contracts with any independent director without the approval of a majority of the Board.

### **Contact with Management**

Directors are encouraged to speak directly to the chief executive or other officers regarding any questions or concerns they may have. The Board encourages the chief executive to bring members of the staff from time-to-time to Board meetings to provide insight into items being discussed by the Board because of their involvement in those areas and make presentations to the Board. Any director may, at any time, ask the Chairman to arrange to have one or more officers or other employees meet with the Board or one of its committees. Such requests will be honored to the extent practical.

### **Interactions with the Press or Investors**

As management has been designated by the Board to speak publicly for the Company, directors should refrain from commenting on the Company or its business except in very general terms. Inquiries from investors or the press should be referred to the Chairman of the Board and the chief executive officer or his or her nominee unless the Board specifically directs otherwise in a particular case.

### **Contact with Independent Auditors and Counsel**

Directors have unlimited access to the Company's independent auditors and legal counsel.

### **Access to Independent Advisors**

The Board or any of its committees may, at any time, retain outside financial, legal or other advisors it believes necessary and appropriate to meet its responsibilities.

### **Self-Assessment**

The Compensation, Nominating and Governance Committee will oversee a self-assessment of the Board's performance every year. The assessment shall seek to identify specific areas, if any, in need of improvement or strengthening, and the results will be discussed with the full Board.

The Compensation, Nominating and Governance Committee will utilize the results of this self-assessment process in assessing and determining the characteristics and skills required of prospective candidates for election to the board and in making recommendations to the Board with respect to nominations for re-election and assignments of Board members to various committees.

### **Chief Executive Performance**

The Compensation, Nominating and Governance Committee will evaluate the performance and effectiveness of the chief executive annually, based on such factors as the

performance of the business, accomplishment of long-term strategic objectives and management development, and will report its findings and recommendations to the full Board.

### **Meetings**

There will be at least four regularly scheduled meetings of the Board each year. In addition, special meetings may be called by the Chairman of the Board or upon the written request of a majority of the directors. Directors are expected to participate in all regularly scheduled meetings. Any director may suggest items for inclusion on a specific agenda and may bring up items in the meetings not specified on the agenda.

### **Meetings of the Independent Directors**

The independent directors will meet in executive session, without management present, at regularly scheduled meetings and at such times as may be determined by the Lead Director, which position will be a rotating position on a yearly basis. The Lead Director will serve as the presiding director for all executive sessions, or, if he or she is not present at an executive session, the other independent directors will select a presiding director for that executive session.

### **Director Orientation and Continuing Education**

The Compensation, Nominating and Governance Committee will provide new directors with appropriate orientation to familiarize them with the Company and its operations. The Compensation, Nominating and Governance Committee will also provide that directors receive appropriate information to assist them in the performance of their duties as directors and committee members, as applicable. In addition, the Company supports and encourages its directors to attend continuing education events for directors of public companies.

### **Code of Business Conduct and Ethics**

The Board expects all directors and officers to display the highest standards of ethics. Directors and officers must sign and acknowledge their adherence to the Company's Code of Business Ethics and Conduct.

The Board intends that these guidelines serve as a flexible general framework to supplement the Company's certificate of incorporation and bylaws, and applicable laws, rules and regulations binding upon the Company, and not as a set of binding legal obligations. The chair of the Compensation, Nominating and Governance Committee shall review annually the content of these guidelines and compliance with them.

Recommended by the Compensation, Nominating and Governance Committee to the Board on July 25, 2007.

Adopted by the Board on August 23, 2007.