

**NOTE 12: SIMPLIFIED EMPLOYEE PENSION
("SEP") PLAN**

We maintain a Simplified Employee Pension Plan ("SEP Plan") in which all employees are eligible to participate. We contribute a minimum of 3% of an employee's compensation to an account set up for the benefit of the employee. If an employee chooses to make additional contributions to the SEP Plan through salary withholdings, we will match such contributions to a maximum of 7% of the employee's salary. We contributed \$147,139, \$150,683 and \$126,390 in fiscal years 2007, 2006 and 2005, respectively.

NOTE 13: COMMITMENTS AND CONTINGENCIES

TAPARKO PROJECT

On March 1, 2006, Royal Gold entered into an Amended and Restated Funding Agreement with Somita related to the Taparko project in Burkina Faso, West Africa. We have a \$35 million funding commitment pursuant to the Amended and Restated Funding Agreement, of which we had funded approximately \$34.6 million as of June 30, 2007. Our final funding of the Taparko project, in the amount of \$400,000, will be made upon project completion, as defined in the Amended and Restated Funding Agreement. Our royalties are subject to completion of our funding commitment.

Under a separate Contribution Agreement, High River is responsible for contributing additional equity contributions for any cost overruns incurred during the construction of the Taparko project and construction warranty periods. If High River is unable to make the required equity contributions, we have the right to either (a) provide funding that High River failed to fund, or (b) declare a default under the Funding Agreement. In the event that we elect to provide funding in the amount that High River fails to fund, we may elect to acquire either an equity interest in High River, consisting of units of common shares and warrants of High River as defined, or to obtain additional royalty interests in the Taparko project in a proportional amount to any additional funding compared with our original \$35 million funding commitment. As of August 15, 2007, High River has made all required equity commitments as scheduled, under its Contribution Agreement.

TARANIS

On November 4, 2005, we entered into a strategic alliance with Taranis for exploration on the Kettukuusikko project located in Finland. During our fiscal year 2006, we funded exploration totaling \$500,000 in return for a 2.0% NSR royalty. We also have an option to fund up to an additional \$600,000. The Company elected to exercise this option in April 2006. If we fund the entire additional amount, we will earn a 51% joint venture interest in the Kettukuusikko project, and we will release our 2.0% NSR royalty. In the event that Royal Gold does not fully fund the \$600,000 to earn the joint venture interest, we would retain our 2.0% NSR royalty. As of June 30, 2007, we had funded \$506,404 of the additional \$600,000 option.

REVETT

Under the terms of the Revett purchase agreement, the Company has the right, but not the obligation, to cure any default by Revett under their obligations pursuant to an existing mortgage payable, secured by a promissory note, to Kennecott Montana Company, a third party and prior joint venture interest owner of the Troy mine. If the Company elects to exercise its right, it would have the subsequent right to reimbursement from Revett for any amounts disbursed in curing such defaults. The principal and accrued interest under the promissory note owed to Kennecott Montana Company as of June 30, 2007, was approximately \$6.2 million with a maturity date of February 2008.

CASMALIA

On March 24, 2000, the United States Environmental Protection Agency ("EPA") notified Royal Gold and 92 other entities that they were considered potentially responsible parties ("PRPs") under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("Superfund"), at the Casmalia Resources Hazardous Waste Disposal Site (the "Site") in Santa Barbara County, California. EPA's allegation that Royal Gold was a PRP was based on the disposal of allegedly hazardous petroleum exploration wastes at the Site by Royal Gold's predecessor, Royal Resources, Inc., during 1983 and 1984.

After extensive negotiations, on September 23, 2002, Royal Gold, along with 35 members of the PRP group targeted by EPA, entered into a Partial Consent Decree with the United States of America intending to settle their liability for the United States of America's past and future clean-up costs incurred at the Site. Based on the minimal volume of allegedly hazardous waste that Royal Resources, Inc. disposed of at the Site, our share of the \$25.3 million settlement amount was \$107,858, which we deposited into the escrow account that the PRP group set up for that purpose in January 2002. The funds were paid to the United States of America on May 9, 2003. The United States of America may only pursue Royal Gold and the other PRPs for additional clean-up costs if the United States of America total clean-up costs at the Site significantly exceed the expected cost of approximately \$272 million. We believe our potential liability with the United States of America to be a remote possibility.

At present, Royal Gold is considering entering into a de minimis settlement with the State of California. This settlement offer must be accepted on or before September 14, 2007, unless an extension is sought and granted. Such settlement will result in a final conclusion regarding the Company's responsibility to address the Casmalia Site matter.