

ROYAL GOLD INC

FORM 10-Q (Quarterly Report)

Filed 02/14/00 for the Period Ending 12/31/99

Address	1660 WYNKOOP STREET SUITE 1000 DENVER, CO 80202-1132
Telephone	3035731660
CIK	0000085535
Symbol	RGLD
SIC Code	6795 - Mineral Royalty Traders
Industry	Gold & Silver
Sector	Basic Materials
Fiscal Year	06/30

ROYAL GOLD INC

FORM 10-Q (Quarterly Report)

Filed 2/14/2000 For Period Ending 12/31/1999

Address	1660 WYNKOOP STREET SUITE 1000 DENVER, Colorado 80202-1132
Telephone	303-573-1660
CIK	0000085535
Industry	Gold & Silver
Sector	Basic Materials
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 1999

COMMISSION FILE NUMBER 0-5664

ROYAL GOLD, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

84-0835164

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER
IDENTIFICATION NO.)

SUITE 1000
1660 WYNKOOP STREET
DENVER, COLORADO

80202-1132

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(303) 573-1660

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NOT APPLICABLE

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED
SINCE LAST REPORT)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS OF
COMMON STOCK

\$.01 PAR VALUE

OUTSTANDING AT
FEBRUARY 1, 2000

17,593,643 SHARES

ROYAL GOLD, INC.

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PART I: FINANCIAL INFORMATION

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Cautionary "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995. With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements regarding future revenues from our principal royalties, planned levels of exploration and other expenditures, anticipated mine lives, timing of production and schedules for development. Factors that could cause actual results to differ materially include, among others, variations in production results at the Pipeline Mining Complex, decisions and activities of various mine operators, unanticipated grade, geological, metallurgical, processing or other problems, conclusions of feasibility studies, changes in project parameters as plans continue to be refined, the timing of receipt of governmental permits, the failure of plant, equipment or processes to operate in accordance with specifications or expectations, results of current exploration activities, accidents, delays in start-up dates, environmental costs and risks, changes in gold prices, as well as other factors. Most of these factors are beyond the Company's ability to predict or control. The Company disclaims any obligation to update any forward-looking statement made herein. Readers are cautioned not to put undue reliance on forward-looking statements.

ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	December 31, 1999	June 30, 1999
	-----	-----
Current Assets		
Cash and equivalents	\$ 3,157,908	\$ 4,670,476
Marketable securities	2,005,256	4,014,418
Trade and other receivables	550,428	570,212
Royalties receivable in gold	2,418,019	64,218
Inventory	8,292	92,440
Prepaid expenses and other	34,310	34,946
	-----	-----
Total current assets	8,174,213	9,446,710
	-----	-----
Property and equipment, at cost		
Mineral properties	11,149,605	3,044,135
Furniture, equipment and improvements	721,402	711,558
	-----	-----
	11,871,007	3,755,693
	-----	-----
Less accumulated depreciation, depletion and amortization	(2,060,843)	(1,445,358)
	-----	-----
Net property and equipment	9,810,164	2,310,335
	-----	-----
Other assets	35,767	57,767
	-----	-----
	\$18,020,144	\$11,814,812
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

December 31, 1999	June 30, 1999
----------------------	------------------

Current Liabilities		
Accounts payable	\$ 584,722	\$ 631,565
Taxes payable	37,820	0
Current note payable (Note 5)	2,000,000	0
Accrued compensation	556,315	190,000
Post retirement benefits	26,400	26,400
Other	74,292	16,496
Total current liabilities	3,279,549	864,461
Post retirement benefit liabilities	67,898	81,098
Commitments and contingencies (Note 8)		
Stockholders' equity (Note 6)		
Common stock, \$.01 par value, authorized 40,000,000 shares; issued 17,803,822 and 17,321,322 shares, respectively	178,038	173,213
Additional paid-in capital	55,833,975	54,027,150
Accumulated deficit	(40,295,686)	(42,148,880)
	15,716,327	12,051,483
Less treasury stock, at cost (Note 6) (210,726 and 238,726 shares, respectively)	(1,043,630)	(1,182,230)
Total stockholders' equity	14,672,697	10,869,253
	\$18,020,144	\$11,814,812
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the six months ended December 31,	
	1999	1998
Royalty revenues	\$ 4,845,367	\$ 634,951
Gain (loss) on gold inventory	185,263	(580)
Consulting revenues	6,000	9,575
Costs and expenses		
Costs of operations	372,882	141,235
Direct costs of consulting	347	1,625
General and administrative	1,029,600	816,621
Exploration	1,029,262	1,545,550
Lease maintenance and holding costs	187,186	327,333
Depreciation and depletion	615,486	298,054
Total costs and expenses	3,234,763	3,130,418
Operating earnings (loss)	1,801,867	(2,486,472)
Interest income	150,842	406,985
Interest expense	56,250	0
Loss on marketable securities	(5,445)	(17,411)
Pretax earnings (loss)	1,891,014	(2,096,898)
Income tax expense	37,820	0
Net earnings (loss)	\$ 1,853,194	\$ (2,096,898)
	=====	=====
Basic earnings (loss)	\$ 0.11	\$ (0.12)

Basic weighted average shares outstanding	17,400,857	16,946,341
Diluted earnings (loss)	\$ 0.10	\$ (0.12)
Diluted weighted average shares outstanding	17,688,402	16,946,341

The accompanying notes are an integral part of these consolidated financial statements.

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended December 31,	
	1999	1998
Royalty revenues	\$ 3,052,805	\$ 251,846
Loss on gold inventory	(45,058)	(580)
Consulting revenues	4,000	6,575
Costs and expenses		
Costs of operations	219,430	80,494
Direct costs of consulting	347	1,625
General and administrative	650,624	444,624
Exploration	568,517	643,083
Lease maintenance and holding costs	166,774	15,358
Depreciation and depletion	403,251	132,414
Total costs and expenses	2,008,943	1,317,598
Operating earnings (loss)	1,002,804	(1,059,757)
Interest income	64,755	248,099
Interest expense	42,500	0
Loss on marketable securities	(6,797)	(17,411)
Pretax earnings (loss)	1,018,262	(829,069)
Income tax expense	20,365	0
Net earnings (loss)	\$ 997,897	\$ (829,069)
Basic earnings (loss)	\$ 0.06	\$ (0.05)
Basic weighted average shares outstanding	17,578,792	16,969,072
Diluted earnings (loss)	\$ 0.06	\$ (0.05)
Diluted weighted average shares outstanding	17,866,337	16,969,072

The accompanying notes are an integral part of these consolidated financial statements.

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the six months ended December 31,	
	1999	1998
Cash flows from operating activities		
Net earnings (loss)	\$ 1,853,194	\$(2,096,898)
Adjustments to reconcile net earnings (loss) to net cash used in		

operating activities:		
Depreciation and depletion	615,486	298,054
Unrealized loss		
on marketable securities	5,445	17,411
Unrealized gain on		
gold inventory	0	580
Non-cash stock issuance	136,500	0
(Increase) decrease for compensation in:		
Trade and other receivables	19,784	212,691
Marketable securities	3,717	0
Royalties receivable in gold	(2,353,801)	(14,263)
Inventory	84,148	7,432
Prepaid expenses and other	636	12,940
Increase (decrease) in:		
Accounts payable and accrued liabilities	415,088	58,351
Post retirement liabilities	(13,200)	(13,200)
	-----	-----
Total Adjustments	(1,086,197)	579,996
	-----	-----
Net cash provided by(used in)		
operating activities	766,997	(1,516,902)
	-----	-----
Cash flows from investing activities		
Purchase of marketable securities	0	(22,343)
Proceeds from marketable securities	2,000,000	0
Capital expenditures for		
property and equipment	(8,115,315)	(230,281)
(Increase) decrease in other assets	22,000	(200)
	-----	-----
Net cash used in investing		
activities	(6,093,315)	(252,824)
	-----	-----

The accompanying notes are an integral part of these consolidated financial statements.

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	For the six months ended December 31,	
	1999	1998
	-----	-----
Cash flows from financing activities		
Proceeds from issuance of common stock	\$ 1,813,750	\$ 30,500
Proceeds from issuance of debt	2,000,000	0
Purchases of common stock	0	(273,587)
	-----	-----
Net cash provided by (used in) financing		
activities	3,813,750	(243,087)
	-----	-----
Net decrease in cash and		
equivalents	(1,512,568)	(2,012,813)
	-----	-----
Cash and equivalents at beginning		
of period	4,670,476	8,462,083
	-----	-----
Cash and equivalents at end of period	\$ 3,157,908	\$ 6,449,270
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements

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ROYAL GOLD, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

For a more complete understanding of the business and operations of Royal Gold, Inc., please refer to the Report on Form 10-K of Royal Gold,

Inc. for the annual period ended June 30, 1999.

1. PROPERTY AND EQUIPMENT

The net carrying value of the Company's property and equipment consists of the following components at December 31, 1999, and June 30, 1999:

	December 31, 1999	June 30, 1999
Mineral Properties:		
Pipeline GSR #1	\$ -	\$ -
Pipeline GSR #2	-	-
Pipeline GSR #3	7,672,858	-
Bald Mountain Royalty	1,787,701	1,956,825
Other	300,823	300,823
	9,761,382	2,257,648
Office furniture, equipment and improvements	48,782	52,687
Net property and equipment	\$ 9,810,164	\$ 2,310,335

As discussed in the following paragraphs, activity is being conducted on substantially all of the Company's mineral properties. The recoverability of the carrying value of capitalized projects is evaluated based upon undiscounted estimated future net cash flows from each property's proven and probable reserves. Reductions in the carrying value of each property are recorded to the extent that the Company's carrying value in each property exceeds its estimated future discounted cash flows.

Presented below is a discussion of the status of each of the Company's significant mineral properties.

A. PIPELINE MINING COMPLEX ROYALTIES

The Company converted its 20% net profits interest at South Pipeline into several gross smelter return royalties extending over the mining complex that includes the Pipeline and South Pipeline deposits. The Pipeline Mining Complex is owned by the

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Cortez Joint Venture, a joint venture of Placer Cortez Inc. and Kennecott Explorations (Australia) Ltd.

The royalty interests that Royal Gold holds include:

A) A sliding scale gross smelter returns ("GSR") royalty for all gold produced from the "Reserve Claims" (52 claims that encompass all of the presently known reserves (as of July 1, 1999) making up the Pipeline and South Pipeline deposits). The GSR on the Reserve Claims, known as GSR #1, is tied to the gold price, with a floor of 0.40% GSR below \$210 per ounce gold, and is capped at a 5% GSR for a \$470 per ounce or higher gold price. At a \$300 gold price, the GSR on the Reserve Claims is 2.25%.

B) A sliding scale GSR for all gold produced from certain GAS Claims (296 claims immediately south and east of the Reserve Claims). This royalty, known as GSR #2, is tied to the gold price, with a floor of 0.72% GSR below \$210 per ounce gold, and is capped at a 9% GSR for a \$470 per ounce or higher gold price. At a gold price of \$300, the GSR on the GAS Claims is 4.05%.

C) A 10% GSR on all gold and silver produced from any of the GAS Claims from January 1, 1999, until the commencement of commercial production from the South Pipeline deposit.

D) A 7% GSR on all silver produced from any of the Reserve Claims or GAS Claims, commencing July 1, 1999.

Effective September 1, 1999, the Company acquired, for approximately \$8 million, 47.5 percent of a group of overriding royalty interests on mineral production from some 6,000 acres of contiguous lands in Lander County, Nevada that, in the aggregate, covers the Pipeline gold mine and the South Pipeline gold deposit. The overriding royalty interests purchased by the Company and identified as GSR #3 may be summarized as follows:

(i) 0.475% of the gross value of all mineral production from lands encompassed by 50 designated and unpatented mining claims situated in Lander County, until a total of 3.7 million troy ounces of gold has been produced from such lands (2.6 million ounces have been produced as of December 31, 1999), and, thereafter, 0.7125% of the gross value of any subsequent mineral production from such lands; and (ii) 0.7125% of the gross value

of all mineral production from any lands encompassed by the 348 claims identified in GSR #1 and GSR #2.

B. BALD MOUNTAIN

Effective January 1, 1998, Royal Gold acquired a 1.75% net smelter return royalty that burdens approximately 81% of the current reserves at the Bald Mountain Mine, White Pine County, Nevada. Bald Mountain is owned and operated by Placer Dome U.S. Inc.

2. INCOME TAXES

At June 30, 1999, the Company had an estimated net operating loss carryforward for federal income tax purposes of approximately \$24.7 million. If not used, the net operating loss carryforwards will expire during the years 2001 through 2017. The Company's ability to generate future taxable income to realize the benefit of its tax assets will depend primarily on the spot price of gold. Due to net losses as a result of depressed gold prices, a full valuation allowance of \$11,528,157 was established for the net deferred tax assets at June 30, 1999. The continued volatility of the gold price makes it uncertain as to the ultimate realization of these net deferred tax assets. However, the benefits of prior losses, which are limited to fiscal year 2000 earnings, are being recognized in fiscal year 2000 through an adjustment of the valuation allowance.

3. ROYALTIES RECEIVABLE IN GOLD

At December 31, 1999, 8,331 ounces of gold, related to the December 31 quarterly production from GSR #1 at the Pipeline Mining Complex, were recorded as a receivable. This gold was received on January 27, 2000.

4. INVENTORY

Gold inventory on the balance sheet consists of refined gold bullion held in uninsured accounts. This gold is stored by the Company's refiner in Utah. The inventory is carried at market value at the end of the period with unrealized gains or losses included in the results of operations for the period. During the quarter ended December 31, 1999, all gold

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inventory was sold and at December 31, 1999, the Company held no gold bullion in inventory. Inventory at December 31, 1999, consisted of gold coins held for sale.

5. CURRENT NOTE PAYABLE

The Company has a \$2,000,000 demand loan with HSBC (formerly Republic National Bank). This loan is collateralized by \$2,000,000 in U.S. Treasury obligations that are held by HSBC and carries interest calculated at the prime rate.

6. SHAREHOLDERS' EQUITY

The Company issued 452,500 shares of common stock under its shelf registration statement which generated proceeds of \$1,810,000 and received \$3,750 from the exercise of 30,000 stock options. The Company also granted 28,000 shares of treasury stock to non-employee directors. This issuance was recorded at a market price of \$4.875, the stock price on the date of the grant.

7. EARNINGS PER SHARE COMPUTATION

	For the three months ended		12/31/99
	Income	Shares	Per-Share
	(Numerator)	(Denominator)	Amount
	-----	-----	-----
BASIC EPS			
Earnings to			
common stockholders	\$ 997,897	17,578,792	\$ 0.06
Effect of			
dilutive securities			
Options	-	287,545	-
	-----	-----	-----
DILUTED EPS	\$ 997,897	17,866,337	\$ 0.06
	=====	=====	=====

	For the six months ended 12/31/99		
	Income	Shares	Per-Share
	(Numerator)	(Denominator)	Amount
	-----	-----	-----
BASIC EPS			
Earnings to			
common stockholders	\$ 1,853,194	17,400,857	\$ 0.11
Effect of			
dilutive securities			
Options	-	287,545	-
	-----	-----	-----
DILUTED EPS	\$ 1,853,194	17,688,402	\$ 0.10
	=====	=====	=====

At December 31, 1999, options to purchase 1,005,532 shares of common stock, at an average price of \$5.66 per share, were not included in the computation of diluted EPS because the exercise price of these options was greater than the market price of the common shares at December 31, 1999. At December 31, 1998, options to purchase 555,020 shares of common stock, at an average price of \$0.13 per share, were not included in the computation of diluted EPS because the Company experienced a net loss in the quarter and the six month period and these options are anti-dilutive. Options to purchase 850,498 shares of common stock, at an average price of \$6.06 per share, were outstanding at December 31, 1998, but were not included in the computation of diluted EPS for the quarter and six month period because the exercise price of these options was greater than the market price of the common shares at December 31, 1999.

8. CONTINGENCIES AND COMMITMENTS

The operations and activities conducted on the properties in which the Company holds various interests are subject to various federal, state, and local laws and regulations governing protection of the environment. These laws are continually changing and are generally becoming more restrictive. Management believes that the Company is in material compliance with all applicable laws and regulations.

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9. GENERAL

The unaudited financial statements as of December 31, 1999, and for the three and six months ended December 31, 1999 and 1998 reflect all adjustments, consisting solely of normal recurring items, which are necessary for the fair presentation of financial position, results of operations, and cash flows on a basis consistent with that of the prior audited consolidated financial statements.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Therefore, it is suggested that these financial statements be read in connection with the audited financial statements and the notes included in the Company's Annual Report on Form 10-K as of June 30, 1999.

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ROYAL GOLD, INC.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Royal Gold is engaged in the acquisition of gold and other precious metal royalties and in the exploration and development of gold and other precious metal properties.

The Company's primary business strategy is to acquire royalties and other carried ownership interests in gold and other precious metal mining properties through the direct acquisition of such interests, financing properties in production or near production and through exploration and development activity (and subsequent transfer of the operating interest in the subject properties to other firms). Substantially all of the Company's revenues are and can be expected to be derived from royalty interests rather than from mining operations conducted by the Company.

The Company has continued to explore its properties and anticipates continued exploration activities for the remainder of the fiscal year. The Company's long-term viability is ultimately dependent upon the acquisition of royalties and the successful exploration and subsequent development and operation by others of the Company's mineral interests. It can be anticipated, because of the nature of the business, that exploration on many of these properties will prove unsuccessful and that the Company will terminate its interest in such properties. As significant results are generated, at any such property, the Company will re-evaluate the property and may substantially increase or decrease the level of expenditures on that particular property. The profitability and reserves of the Company are affected by the prevailing gold price.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1999, the Company had a working capital surplus of \$4,894,664. Current assets were \$8,174,213, compared to current liabilities of \$3,279,549, for a current ratio of 2.5 to 1. This compares to current assets of \$9,446,710, and current liabilities of \$864,641, at June 30, 1999, resulting in a current ratio of 11 to 1.

The Company's liquidity needs are generally being met from its available cash resources, royalty income, interest income, and the issuance of common stock. During the first six months of fiscal 2000, the Company earned \$4,610,000 from its royalty interest at the Pipeline Mining Complex, and \$235,000 from its royalty interest at Bald Mountain. The Company also earned \$150,842 in interest income on its cash and marketable securities portfolio during the six month period. This marketable securities portfolio is invested in U.S. treasury notes with maturities of five months or less. These marketable securities have a market value of \$2,003,438 and an adjusted cost basis of \$2,005,255.

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During the six month period, the Company issued 452,500 shares of common stock under its shelf registration statement which generated proceeds of \$1,810,000 and received \$3,750 from the exercise of 30,000 stock options.

The Company entered into a \$2,000,000 demand loan agreement with HSBC (formerly Republic National Bank). This loan is collateralized by \$2,000,000 in U.S. Treasury obligations that are held by HSBC.

Management believes its cash resources will be adequate to fund planned operations for the foreseeable future, based on production estimates from Cortez. The Company's royalties are expected to yield approximately \$8.5 million (revised from \$7.1 million) to the Company in fiscal year 2000 at a \$300 gold price. The Company is unhedged. The Company anticipates receiving \$350,000 to \$450,000 per year in revenues, based on production estimates from the operator, from its interest at Bald Mountain, assuming a constant gold price of \$300 per ounce.

The Company anticipates total general and administrative expenses for fiscal 2000 to be approximately \$1,700,000, of which \$1,030,000 has been spent to date. The Company also anticipates expenditures for exploration and property holding costs to be approximately \$1,900,000, of which \$1,216,000 has been spent. On a prospective basis, these amounts could increase or decrease significantly, based on exploration results and decisions about releasing or acquiring additional properties, among other factors.

SUBSEQUENT EVENT

On December 23, 1999, Royal Gold announced that it had agreed to acquire, via a private placement, three million units of Yamana Resources Inc. for Cdn \$1.8 million or U.S. \$1.3 million based on the exchange rates at closing on February 1, 2000. Each Unit consists of one common share of Yamana and one-half of a warrant, with each full warrant entitling Royal Gold to purchase another common share of Yamana within a three-year period at Cdn \$0.50 per share. Yamana common stock is traded on Toronto Stock Exchange and the securities purchased by the company will be restricted from public sale for ninety days.

Royal Gold also purchased, for U.S. \$150,000, a 2% net smelter returns royalty on all mineral production from any of Yamana's properties, including the high-grade silver property known as the Martha mine, at the Bacon prospect, and the high-grade gold property known as Coyote, at the Martinetas prospect. The private placement and royalty purchase transaction was closed on February 1, 2000.

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Yamana's mineral holdings in the Santa Cruz Province of Argentina encompass about 365,000 acres (148,000 hectares). The most advanced of these properties is the Martha mine, where permitting is now underway for a direct shipping ore ("DSO") mining operation that is expected to be the first phase of a four-phase mining program at Bacon. In a DSO project, high-grade ore is shipped directly to a smelter, and no on-site processing is required.

Yamana has advised Royal Gold that it expects the Martha mine to be in production by the first quarter of 2001, and that the DSO ore shoots at Bacon are expected to produce about four million ounces of silver equivalent within the first year of operations.

Royal Gold now holds approximately 7% of the issued and outstanding shares of Yamana. Royal Gold's exercise of the warrants would increase its stake in Yamana. All of the Yamana shares, and any shares acquired upon the exercise of the warrants, will be subject to certain restrictions upon any proposed resale.

RESULTS OF OPERATIONS

FOR THE QUARTER ENDED DECEMBER 31, 1999, COMPARED TO THE QUARTER ENDED DECEMBER 31, 1998

For the quarter ended December 31, 1999, the Company reported net earnings of \$997,897 or \$0.06 per basic share, as compared to a net loss of \$829,069, or \$0.05 per basic share, for the quarter ended December 31, 1998.

Royalty revenues for the current quarter increased to \$3,052,805, compared to \$251,846 for the quarter ended December 31, 1998. The increase

in royalty income is primarily attributable to royalty revenues from the company's interests in the Pipeline Mining Complex, that were not in effect in the prior year period. In the prior year the Company's royalty revenues derived from a 20% NPI interest at the Crescent Pit.

The loss of \$45,058 on gold inventory in the current quarter relates to a decrease in the gold price during the current quarter.

Costs of operations increased to \$219,430 for the quarter ended December 31, 1999, compared to \$80,494 for the quarter ended December 31, 1998, primarily because of the increase in expenditures related to Nevada net proceeds tax owing on the higher royalty revenues.

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General and administrative costs of \$650,624 for the current quarter increased from \$444,624 for the quarter ended December 31, 1998, primarily because of non-recurring severance costs and a non-recurring stock grant to non-employee directors.

Exploration expenditures of \$568,517 for the quarter ended December 31, 1999, decreased from \$643,083 for the quarter ended December 31, 1998, primarily because the Company ceased activity at one project in Nevada that was dropped, offset by increased activity at one other project in Nevada.

Lease maintenance and holding costs increased from \$15,538 for the quarter ended December 31, 1998, to \$166,744 for the quarter ended December 31, 1999, primarily due to the holding costs on one property in Nevada.

Depreciation, depletion, and amortization costs increased from \$132,414 to \$403,251 for the quarter ended December 31, 1999, primarily due to three months of depletion relating to the Company's newly acquired royalty interest at the Pipeline Mining Complex.

Interest income decreased from \$248,099 for the quarter ended December 31, 1998, to \$64,755 for the quarter December 31, 1999, primarily due to decreased funds available for investing.

FOR THE SIX MONTHS ENDED DECEMBER 31, 1999, COMPARED TO SIX MONTHS ENDED DECEMBER 31, 1998

For the six months ended December 31, 1999, the Company reported net earnings of \$1,853,194, or \$0.11 per basis share, as compared to a net loss of \$2,096,898, or \$0.12 per basic share, for the six months ended December 31, 1998.

Royalty revenues for the six month period increased to \$4,845,367, compared to \$634,951 for the six months ended December 31, 1998. The increase in royalty income is primarily attributable to royalty revenues from its interests in the Pipeline Mining Complex, that were not in effect in the prior period. In the prior year the Company's royalty revenues were derived from a 20% NPI interest at the Crescent Pit.

The gain of \$185,263 on gold inventory in the current six month period relates to a substantial increase in the gold price during the first quarter of the fiscal year.

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Costs of operations increased to \$372,882 for the six months ended December 31, 1999, compared to \$141,235 for the six months ended December 31, 1998, primarily because of the increase in expenditures related to the Nevada net proceeds tax owing on the higher royalty revenues.

General and administrative costs of \$1,029,600 for the six months ended December 31, 1999 increased from \$816,621 for the six months ended December 31, 1998, primarily because of non-recurring severance costs and a non-recurring stock grant to non-employee directors.

Exploration expenditures of \$1,029,262 for the six months ended December 31, 1999, decreased from \$1,545,550 for the six months ended December 31, 1998, primarily because the Company ceased activity at one project in Nevada that was dropped, a slight decrease in activity at the Milos Gold property, offset by increased expenditures at one property in Nevada.

Lease maintenance and holding costs decreased from \$327,323 for the six months ended December 31, 1998, to \$187,186 for the six months ended December 31, 1999, primarily due to the cessation of claims fees on one property in Nevada.

Depreciation, depletion, and amortization costs increased from \$298,054 to \$615,486 for the six months ended December 31, 1999, primarily due to four months of depletion relating to the Company's newly acquired royalty interest at the Pipeline Mining Complex.

Interest income decreased from \$406,985 for the six months ended December 31, 1998, to \$150,842 for the six months December 31, 1999, primarily due to decreased funds available for investing.

For a more complete understanding of the business and operations of Royal Gold, Inc., please refer to the Report on Form 10-K of Royal Gold,

Inc. for the annual period ended June 30, 1999.

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PART II: OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits None

(b) Reports on Form 8-K None

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SIGNATURES

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 thereunto duly authorized.

ROYAL GOLD, INC. (Registrant)

Date: February 14, 2000

By: /s/ Stanley Dempsey

Stanley Dempsey
Chairman of the Board and
Chief Executive Officer

Date: February 14, 2000

By: /s/ John Skadow

John Skadow
Controller and Treasurer

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ARTICLE 5

PERIOD TYPE	6 MOS	3 MOS
FISCAL YEAR END	JUN 30 2000	JUN 30 2000
PERIOD END	DEC 31 1999	DEC 31 1999
CASH	3,157,908	3,157,908
SECURITIES	2,005,256	2,005,256
RECEIVABLES	2,968,447	2,968,447
ALLOWANCES	0	0
INVENTORY	8,292	8,292
CURRENT ASSETS	8,174,213	8,174,213
PP&E	11,871,007	11,871,007
DEPRECIATION	2,060,843	2,060,843
TOTAL ASSETS	18,020,144	18,020,144
CURRENT LIABILITIES	3,279,549	3,279,549
BONDS	0	0
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	56,012,013	56,012,013
OTHER SE	0	0
TOTAL LIABILITY AND EQUITY	18,020,144	18,020,144
SALES	0	0
TOTAL REVENUES	4,851,367	3,056,805
CGS	0	0
TOTAL COSTS	3,234,763	2,008,943
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	56,250	56,250
INCOME PRETAX	1,891,014	1,018,262
INCOME TAX	37,821	20,365
INCOME CONTINUING	1,853,194	997,897
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	1,853,194	1,018,262
EPS BASIC	0.11	0.06
EPS DILUTED	0.10	0.06

End of Filing

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