

ROYAL GOLD INC

FORM 10-K (Annual Report)

Filed 09/28/00 for the Period Ending 06/30/00

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

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Address	1660 WYNKOOP STREET SUITE 1000 DENVER, Colorado 80202-1132
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-K Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Fiscal Year Ended June 30, 2000.
Commission File No. 0-5664

ROYAL GOLD, INC.

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation or Organization)

84-0835164

(Employer Identification Number)

1660 WYNKOOP STREET, SUITE 1000, DENVER, COLORADO

(Address of Principal Executive Offices)

80202-1132

(Zip Code)

(303) 573-1660

(Registrant's Telephone Number, including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act: NONE

Securities Registered Pursuant to Section 12(g) of the Act:

COMMON STOCK \$0.01 PAR VALUE

(Title of Class)

NASDAQ NATIONAL MARKET SYSTEM

(Name of Exchange on which registered)

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 (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of August 31, 2000, the average bid and asked price of the Company's stock was \$3.50 per share. The aggregate market value of voting stock held by non-affiliates was \$47,263,000. As of August 31, 2000, there were 17,700,096 shares of Common Stock, \$0.01 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders scheduled to be held on November 14, 2000: Part III, Items 11, 12 and 13.

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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 planned royalties and levels of exploration, general and administrative expenses, and other expenditures. Factors that could cause actual results to differ materially from projections or estimates include, among others, changes in gold, silver or other commodity prices, decisions and activities of mine operators regarding the various properties where the Company has royalties, unanticipated grade, geological, metallurgical, processing or other problems, timing of production and schedules for development, changes in project parameters as plans continue to be refined, results of current exploration activities, accidents, environmental costs and risks, as well as other factors described elsewhere in this report. 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. See "Business and Properties - Risk Factors".

PART I

Items 1 and 2. BUSINESS AND PROPERTIES

GENERAL

Royal Gold, Inc. (together with its subsidiaries, "Royal Gold" or the "Company"), is engaged in the acquisition and management of precious metals royalties.

The Company seeks to acquire existing royalties or to finance projects that are in production or near production in exchange for royalty interests. The Company also explores and develops properties thought to contain precious metals and seeks to obtain royalty and other carried ownership interests in these properties through the subsequent transfer of operating interests to other mining companies. 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. During the fiscal year, the Company focused on the acquisition of royalty interests, rather than the creation of such interests through exploration, followed by further development and property transfers to larger mining companies. The Company expects that this emphasis on acquisition or royalty financing, rather than exploration, will continue in the future.

The Company's principal mineral property interests are two sliding-scale gross smelter returns ("GSR") royalties and one fixed GSR royalty over the mining complex that includes the Pipeline and South Pipeline gold mines, operated by the Cortez Joint Venture. The Pipeline Mining Complex is located in Crescent Valley, Nevada. The sliding scale GSR royalties were obtained as a result of the conversion of the Company's 20% net profits interest royalty at South Pipeline; this transaction occurred April 1, 1999. The Company also has a 1.75% net smelter returns ("NSR") royalty interest covering a portion of the Bald Mountain mine, operated by Placer Dome U.S. Inc ("PDUS").

In fiscal 2000, the Company generated revenues of \$8,976,422 from its GSR royalties at the Pipeline Mining Complex and \$429,881 from its royalty interest at the Bald Mountain mine.

The Company also owns a 2% NSR royalty on all of the properties held by Yamana Resources, Inc. in Argentina and a royalty interest over a

portion of the Mule Canyon mine, and over one other exploration-stage project in Nevada. (The portion of Mule Canyon property that is subject to the Company's royalty is not yet in production.) The Company is also engaged in exploration at the Milos Gold project, in Greece. During the past fiscal year, the Company evaluated opportunities in Canada, Europe, South America, Australia and at the Alligator Ridge project in Nevada.

Royal Gold is also engaged, through two wholly-owned subsidiaries, Denver Mining Finance Company ("DMFC") and Environmental Strategies, Inc. ("ESI"), in the provision of financial, operational, and environmental consulting services to the mining industry and to companies serving the mining industry. During fiscal 2000, income generated from consulting services was not material.

The Company was incorporated under the laws of the State of Delaware on January 5, 1981. Its executive offices are located at 1660 Wynkoop Street, Suite 1000, Denver, Colorado 80202, (303) 573-1660. See Exhibit 21, "The Company and Its Subsidiaries."

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Developments During Fiscal 2000

The significant developments during fiscal 2000 were:

- (1) The Company recorded royalty revenues of \$9,406,656.
- (2) The Company returned to profitability with earnings of \$3,952,979, or \$0.22 per diluted share.
- (3) The Company added to its producing portfolio with the acquisition of a third royalty described below as GSR3, at the Pipeline Mining Complex, which yielded royalty revenue of \$1,366,605.
- (4) The Company purchased three million units of the securities of Yamana Resources, Inc., for \$1,293,480. Each unit consists of one share and one-half warrant to purchase an additional share for Cdn \$0.50 per share, until February 2003. The Company also purchased a 2% net smelter returns royalty over all of Yamana Resources, Inc.'s current properties in Argentina.
- (5) The Company has reached its one-half share of \$5 million in expenditures that were required for it to earn a 25% share of Midas, S.A., the exploration and exploitation license holder at the Milos Gold project.
- (6) The Company declared its first dividend of \$0.05 per share, which was paid on July 21, 2000.
- (7) Cortez, the operator of the Pipeline Mining Complex, advised the Company that all permits for full scale mining and processing of the South Pipeline Pit were received in June 2000, and that, as of July 17, 2000, pre-stripping and other development work had commenced at South Pipeline.

PROPERTIES

Recent activities at each of the significant properties in which the Company has an interest are described below. Reference is made to footnotes in the financial statements for more information on property histories.

In all instances, reserves have been estimated by the use of drilling, mapping, sampling, geological interpretation, assaying and other standard evaluation methods generally applied by the mining industry.

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Pipeline Mining Complex

The Pipeline Mining Complex is located 60 miles southwest of Elko, Nevada, in Lander County. Access to the Complex is achievable by federal highway, and state and county roads, all of which are paved.

On April 1, 1999, Royal Gold and The Cortez Joint Venture ("Cortez") agreed to convert the Company's 20% net profits interest in the South Pipeline project into several gross smelter returns royalties extending over a mining complex that includes the Pipeline and South Pipeline gold mines. Each of the Pipeline and South Pipeline mines is operated by Cortez, which is a joint venture between Placer Cortez Inc. (60%) and Kennecott Explorations (Australia) Ltd. (40%), a subsidiary of Rio Tinto.

A "Gross Smelter Returns" royalty is measured by all of the revenues attributed to material that is mined and processed, with no deduction for any costs paid by or charged to Cortez. The only possible deduction would be for any amounts that might be paid for future royalty assessments that might be imposed by the United States government following revision of the 1872 Mining Law.

Under the new agreement providing for the GSR royalties, Royal Gold is entitled to receive all material information about exploration, planning, budgeting, development, mining and production for the Pipeline Mining Complex. In consideration of the agreement, Royal Gold surrendered its 20% net profits interest at South Pipeline and various contractual rights, including the contingent right to operate the South Pipeline property under defined circumstances.

The royalty interests Royal Gold now holds at the Pipeline Mining Complex, includes:

(a) Reserve Claims ("GSR1"). A sliding scale GSR for all gold produced from the "Reserve Claims," or some 52 claims that encompass all of the currently-known reserves in the Pipeline and South Pipeline deposits. The GSR rate on the Reserve Claims is tied to the gold price, without indexing for inflation or deflation, as follows:

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Price of Gold Per Ounce (\$U.S.)	Gross Smelter Returns
-----	-----
Below \$210	0.40%
\$210-\$229.99	0.50%
\$230-\$249.99	0.75%
\$250-\$269.99	1.30%
\$270-\$309.99	2.25%
\$310-\$329.99	2.60%
\$330-\$349.99	3.00%
\$350-\$369.99	3.40%
\$370-\$389.99	3.75%
\$390-\$409.99	4.00%
\$410-\$429.99	4.25%
\$430-\$449.99	4.50%
\$450-\$469.99	4.75%
\$470 and above	5.00%

(b) GAS Claims ("GSR2"). A sliding scale GSR for all gold produced from the remaining GAS Claims. The GAS Claims include some 310 lode mining claims, but production from 22 of the GAS Claims (those claims that encompass the South Pipeline reserve) will be subject to the Reserve Claims GSR. At present, apart from the Reserve Claims, there are no ore reserves on the GAS claims, but the GAS claims do host gold mineralization. The GSR rate on the GAS Claims is tied to the gold price, without indexing for inflation or deflation, as follows:

Price of Gold Per Ounce (\$U.S.)	Gross Smelter Returns
-----	-----
Below \$210	0.72%
\$210-\$229.99	0.90%
\$230-\$249.99	1.35%
\$250-\$269.99	2.34%
\$270-\$309.99	4.05%
\$310-\$329.99	4.68%
\$330-\$349.99	5.40%
\$350-\$369.99	6.12%
\$370-\$389.99	6.75%
\$390-\$409.99	7.20%
\$410-\$429.99	7.65%
\$430-\$449.99	8.10%
\$450-\$469.99	8.55%
\$470 and above	9.00%

(c) The Saddle Area GSR. 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) The Silver GSR. A 7% GSR on all silver produced from any of the Reserve Claims or the GAS Claims, commencing July 1, 1999.

(e) The Other Products NSR. A 3% NSR royalty on all products, other than gold or silver, produced from any of the Reserve Claims or GAS Claims,

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commencing July 1, 1999. An NSR royalty is measured by all of the revenues received by the operator following the sale or final disposition of a given product, less the proportionate costs of refining such product for sale, transportation of the product to a market, and applicable insurance.

The several GSR royalties (except for the Silver GSR) are payable in-kind and, under certain circumstances, the Company would be entitled to delayed production payments (i.e., payments not recoupable by Cortez) of \$400,000 per year.

The Company's new arrangement with Cortez is governed by a new Royalty Agreement, effective as of April 1, 1999, which supersedes the Agreement for Resolution of Disputes and Litigation and for the Formation of the South Pipeline Project, dated September 18, 1992, by which Royal Gold held its 20% net profits interest in South Pipeline.

Effective September 1, 1999, the Company purchased, from a group of individuals, a portion of the group's overriding royalty interest over the Pipeline Mining Complex. The purchase price was \$8.075 million. The royalty is known as GSR3 and is a 0.48% GSR royalty that escalates to 0.7125% GSR after 3.7 million ounces are produced from the Pipeline deposit. As of June 30, 2000, 3.1 million ounces had been produced. The GSR royalty covers the same area as covered by the Company's two sliding scale gross smelter returns royalties, GSR1 and GSR2.

Reserves

The following table shows the reserves that have been defined at the Pipeline Mining Complex:

5			
Pipeline Mining Complex Proven and Probable Reserves (1)(2) December 31, 1999			
	Tons (millions)	Average Grade (oz Au/ton)	Contained Oz Au (3)
	-----	-----	-----
Pipeline Mining Complex	145.5	0.056	8,203,000

(1) "Reserve" is that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.

"Proven (Measured) Reserves" are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes and the grade is computed from the results of detailed sampling, and
(b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that the size, shape, depth and mineral content of the reserves are well-established.

"Probable (Indicated) Reserves" are reserves for which the quantity and grade are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance of probable (indicated) reserves, although lower than that for proven (measured) reserves, is high enough to assume geological continuity between points of observation.

(2) Amounts shown represent 100% of the reserves. The Company holds a sliding-scale GSR royalty and a fixed rate GSR royalty on this property. See "Pipeline Mining Complex."

(3) Contained ounces shown are before an allowance for dilution of ore in the mining process. The assumed processing recovery rates are 88% for mill- grade ore, and 65% for heap leach material. These reserves, estimated by Cortez, are based on a life-of-mine gold price of \$325 per ounce.

Other Mineralization

Set forth below is a table showing, in the aggregate, the additional mineralization that has been defined at the Pipeline Mining Complex:

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Pipeline Mining Complex Additional Mineralization (1)(2) December 31, 1999		
	Tons (millions)	Average Grade (oz Au/ton)
	-----	-----
Pipeline Mining Complex	22.2	0.038

(1) Gold mineralization has not been included in the proven and probable ore reserve estimates because even though drilling, trenching and/or underground work indicates a sufficient quantity and grade to warrant further exploration or development expenditures, these deposits do not qualify as commercially mineable ore bodies until further drilling and metallurgical work are completed, and until other economic and technical feasibility factors based upon such work are resolved.

(2) The amounts shown are computed by Cortez and represent 100% of the deposits. The Company holds a sliding-scale GSR royalty and a

fixed rate GSR royalty on this property.

Bald Mountain

Effective January 1, 1998, the Company purchased, for \$2,250,000 in cash and the assumption of \$218,312 in debt, a 50% undivided interest in a sliding- scale NSR royalty that burdens approximately 81% of the Bald Mountain mine. Bald Mountain is located in White Pine County, approximately 65 miles south of Elko, Nevada. Year-round access to Bald Mountain is available via paved and improved but unpaved county roads. Bald Mountain is an open pit, heap leach mine operated by PDUS.

At December 31, 1999, Placer Dome informed the Company that the portion of the mine covered by this royalty contained proven and probable reserves of 10,226,000 tons of ore, at an average grade of 0.069 ounces per ton ("opt"), containing approximately 704,000 ounces of gold.

These reserves, estimated by Placer Dome, are based on a gold price of \$325/oz. In addition, the property covered by this royalty contains an additional 8,573,000 tons of mineralized material, at an average grade of 0.040 opt of gold.

Yamana Resources

The Company acquired, in February 2000, a 2% NSR royalty on all mineral production from any of Yamana's properties in Santa Cruz province, Argentina.

These properties are accessible via improved provincial highways, some of which are paved. Yamana Resources, Inc. is a Spokane-based mineral exploration company.

Mule Canyon

Mule Canyon is located in Lander County Nevada, 14 miles west of the town of Beowawe. The Company holds a 5% net smelter returns royalty interest on a portion of the Mule Canyon mine, operated by Newmont Gold Company. The portion of the mine that is subject to this royalty interest is expected to produce about 25,000 ounces of gold, with production expected to commence in calendar 2001. The property consists of three parcels of land covering 6,720 acres.

Buckhorn South

The Buckhorn South project is located in Eureka County, Nevada, approximately 50 miles southwest of Elko, Nevada. The property consists of 265 unpatented mining claims.

Of the 265 claims that comprise Buckhorn South, the Company leased 131 claims, and the Company staked the balance of the project area. The leased claims are burdened by cumulative royalties equal to a 4% NSR; the remaining claims are subject to a 1% NSR.

A predecessor in interest at the property completed some 10,400 feet of drilling and, on the basis of such work and other exploration, had by 1984, estimated that the "Zeke" deposit contains two million tons of mineralization, with an average grade of 0.056 opt.

During the period 1994-1997, the Company conducted geophysical surveys and several drilling programs. Through its work, the Company identified new areas of gold mineralization about one mile south of the Zeke deposit, and also identified structurally complex areas that may contain significant alteration and sulfides. Holes drilled by the Company identified viable targets with gold exceeding 0.01 opt, and five such holes contained intervals exceeding 0.045 opt of gold.

During 1998, the Company optioned its Buckhorn South project to Independence Mining Company, Inc., now called AngloGold North America. Under the agreement, AngloGold was to explore Buckhorn South and, depending upon the results, take an assignment of Royal Gold's interest in the property, subject to assumption of all existing burdens and with Royal Gold retaining a 14% net profits interest royalty. In fiscal 1998, AngloGold exercised its option at Buckhorn South.

Milos Gold

Athens-based Silver & Baryte Ore Mining Company S.A. ("Silver & Baryte"), through its Greek subsidiary Midas S.A., holds a Greek exploration and exploitation license to prospect, explore, and mine gold from public mining sites on the Greek island of Milos and on other islands in the Cyclades chain, in the south Aegean Sea.

In March 1998, the Company signed agreements with Silver & Baryte and with an Australian investor group, Aegean International Gold, Inc. ("Aegean")

(formerly Goldmax and Rakov Pty Ltd.), to explore for and mine gold and other minerals on the lease.

Prior exploration at Milos by Silver & Baryte and by Renison Goldfields, a major Australian gold producer, has confirmed that the island hosts epithermal gold deposits.

Under the agreements, Royal Gold and Aegean are required to jointly fund not less than \$5.0 million (\$2.5 million each) in exploration and development expenses on the Milos project, over a period of three years, at a rate of at least \$1.7 million per year to earn a 50% interest in Midas S.A. The three parties will thereafter participate jointly in further exploration and development. Silver & Baryte may elect to maintain a 50% interest in Midas S.A., or convert to a 20% net profits interest or a 5% NSR interest, in any mining project on Milos.

During fiscal 1999, the Company drilled 72,500 feet of reverse circulation drilling and discovered significant mineralization in three of the prospect areas. Based on this drilling, the mineralization estimate for the Milos gold project deposit is approximately 9.5 million tons, at an average grade of 0.071 opt, using a 0.029 opt cut-off. Programs are being planned and implemented for fiscal 2001 to develop the data necessary to determine the mineability of the mineralization that has been identified.

During fiscal 2000, the Company has spent its one-half share of the \$5 million in expenditures that were required for it to earn a 25% share of Midas, S.A.

In August 2000, Royal Gold was advised by Silver & Baryte that its affiliate, Midas S.A., received a letter from the Greek Ministry of Environment, Regional Planning and Public Works stating that the Ministry was returning the environmental impact study which had been submitted by Midas S.A. for the purpose of performing further exploration work on the island of Milos, Greece. The Ministry's letter stated the reason for such action was that "...approval of the study in this phase would create unfavorable consequences for the environment in the area." Silver and Baryte is protesting this return of the study with the Ministry.

Alligator Ridge

Alligator Ridge is located about 100 miles south-southeast of Elko, Nevada, in White Pine County, Nevada, and about 30 miles directly south of Placer Dome's Bald Mountain operations.

In August 1998, the Company entered into an agreement with Placer Dome U.S., Inc. pursuant to which Royal Gold would undertake approximately \$4 million in exploration work over the next six years. Depending on the results of Royal Gold's exploration program, and at the option of Placer Dome, either Royal Gold would acquire ownership of up to 1,638 unpatented claims that are now included within the Alligator Ridge claim block (such conveyance would be subject to a reservation by Placer Dome of a 5% net proceeds royalty interest), or else Placer Dome would reimburse Royal Gold for 200% of its

cumulative investment in Alligator Ridge, and would also grant to Royal Gold a 22% net proceeds royalty interest in any future production.

Under the terms of the agreement, Royal Gold had a firm commitment to spend at least \$300,000 in defined work during the first year. In years two through six, Royal Gold was required to spend successively greater amounts to keep the agreement in force, but the Company could also unilaterally terminate the agreement at any time after the first full year.

During fiscal 1999, exploration at Alligator Ridge focused on a review of an existing data base to identify targets that might contain significant gold potential, initiation of field work to access target areas, and the drilling of seven holes totaling 4,970 feet. Three of the drill holes encountered anomalous gold.

During fiscal 2000, the Company performed additional work and based on the cumulative results achieved, determined to terminate its interest in the property.

Other Foreign Activities

The Company owns a 50% interest in Greek American Exploration Ltd. ("GRAMEX"), a Bulgarian private limited company that has entered into an agreement with the Bulgarian Committee of Geology and Mineral Resources to conduct geological research and exploration over 700 square kilometers in the Krumovgrad and Ivaylovgrad areas of Bulgaria.

GRAMEX and Phelps Dodge Exploration Corporation ("PDX") joined together to form a Bulgarian company named Sofia Minerals Ltd. ("SOMIN"). SOMIN is a joint venture company held equally by GRAMEX and PDX. SOMIN will explore, evaluate and develop properties in Bulgaria. SOMIN has signed a concession agreement with the Bulgarian Committee of Geology and Mineral Resources to conduct geological research in Bulgaria.

The Company has also formed an entity that will seek to acquire existing gold royalties in Australia as well as to create royalty interests by investing in junior Australian resource companies with emerging or advanced exploration projects. The company, Royal Australia Pty Ltd, is based in Perth, Western Australia, and the Company has a 67% interest in the entity. The remainder of the equity in the new entity is held by affiliates of Resource Finance Corporation ("RFC"). RFC is an investment and merchant banking firm that caters to natural resource firms.

Sales Contracts

The Company sold 21,348 ounces of gold bullion in fiscal 2000, utilizing two metal traders during the period, at an average realized price of \$290/oz. The Company maintains trading relationships with a number of metal traders. The Company is currently receiving its GRS1 royalty from the Pipeline Mining Complex in-kind.

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Competition

There is aggressive competition within the minerals industry to discover and acquire properties considered to have commercial potential. The Company competes for the opportunity to participate in promising exploration projects with other entities, many of which have greater resources than the Company. In addition, the Company competes with others in efforts to obtain financing to explore and develop mineral properties, and it also competes with others in efforts to purchase precious metals royalty interests.

Company Personnel

At August 31, 2000, the Company had eleven full-time employees located in Denver, Colorado. The Company's employees are not subject to a labor contract or collective bargaining agreement.

Consulting services, relating primarily to geologic and geophysical interpretations, and advice with respect to metallurgical, engineering, and other technical matters as may be deemed useful in the operation of the Company's business, are provided by independent contractors.

Regulation

The Company's world-wide exploration activities are subject to various federal, state and local laws and regulations governing prospecting, exploration, development, production, labor standards, occupational health, mine safety, control of toxic substances, and other matters involving environmental protection, and taxation. The environmental protection laws address, among other things, the maintenance of air and water quality standards, the preservation of threatened and endangered species of wildlife and vegetation, the preservation of certain archaeological sites, reclamation, and limitations on the generation, transportation, storage and disposal of solid and hazardous wastes. There can be no assurance that all the required permits and governmental approvals necessary for the Company's activities on any mining project with which the Company may be associated can be obtained on a timely basis and maintained as required. The operators of the properties where the Company holds its royalty interests are also subject to these same laws and regulations. See "LEGAL PROCEEDINGS." The Company believes that the properties and operations in which it retains interests are currently in material compliance with all applicable laws and regulations.

RISK FACTORS

Our business faces risks of passive ownership.

At present, the Company's principal assets are its royalty interests at the Pipeline Mining Complex. The Company's success is dependent on the extent to which the Pipeline Mining Complex proves to be successful, and on the extent to which Royal Gold is able to acquire or create other lucrative royalty interests.

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The holder of a royalty interest typically has no executive authority regarding development or operation of a mineral property. Therefore, unless the Company is able to secure and enforce certain extraordinary rights, it can be expected that the Company will not be in control of basic decisions regarding development and operation of the Pipeline Mining Complex, or any of the other properties in which the Company may have an interest.

Thus, the Company's strategy of having others operate properties in which it retains a royalty or other passive interest puts the Company generally at risk to the decisions of others regarding all basic operating matters, including permitting, feasibility analysis, mine design and operation, and processing, plant and equipment matters, among others. Although the Company attempts to secure contractual rights that will permit the Company to protect its interests, there can be no assurance that such rights will be sufficient or that the Company's efforts will be successful in achieving timely or favorable results.

Decreases in prices of gold and silver would reduce our royalty revenues.

The profitability of gold mining operations (and thus the value of the Company's royalty interests and exploration properties) is directly related to the market price of gold. The market price of gold fluctuates widely and is affected by numerous factors beyond the control of any mining company. These factors include industrial and jewelry fabrication demand, expectations with respect to the rate of inflation, the relative strength of the U.S. dollar and other currencies, interest rates, gold sales by central banks, forward sales by gold producers, global or regional political, economic or banking crises, and a number of other factors. If the market price of gold should drop dramatically, the value of the Company's royalty interests and exploration properties could also drop dramatically, and the Company might not be able to recover its investment in those interests or properties. (This risk also relates to fluctuations in the market prices of silver and other precious metals.) The selection of a property for exploration or development, the determination to construct a mine and place it into production, and the dedication of funds necessary to achieve such purposes are decisions that must be made long before the first revenues from production will be received. Price fluctuations between the time that such decisions are made and the commencement of production can drastically affect the economics of a mine.

The volatility in gold prices is illustrated by the following table, which sets forth, for the periods indicated, the high and low prices in U.S. dollars per ounce of gold based on the London PM fix.

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Year	Gold Price Per Ounce(\$)	
	High	Low
1994	396	370
1995	393	372
1996	416	368
1997	367	283
1998	313	273
1999	326	253
January - June 2000	313	271

At June 30, 2000, the Company held no gold bullion in inventory. Additionally, at June 30, 2000, the Company had a royalty receivable of 5,425 ounces of gold.

The Company has entered into hedging contracts.

The Company has purchased puts to protect against a significant decline in the price of gold during calendar years 2001 through 2003. Each calendar quarter has revenue protection for 2,550 ounces of gold at \$270 per ounce and 3,750 ounces of gold at \$250 per ounce.

The mining industry is subject to many risks.

Mineral exploration and development is highly speculative and capital intensive. Most exploration efforts are not successful, in that they do not result in the discovery of mineralization of sufficient quantity or quality to be profitably mined. The operations of the Company are also indirectly subject to all of the hazards and risks normally incident to developing and operating mining properties. These risks include insufficient ore reserves, fluctuations in production costs that may make mining of ore uneconomic; significant environmental and other regulatory restrictions; labor disputes; geological problems; pit-walls or tailings dam failures; force majeure events; and the risk of injury to persons, property or the environment.

Estimates of reserves and mineralization may be incorrect and this would adversely effect the properties covered by our royalties.

There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production, and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to great uncertainty and gold prices have fluctuated widely in the past. Declines in the market price of gold or other precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors

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including, but not limited to, short term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Proposed federal legislation would decrease our royalty revenues.

In recent years, the U.S. Congress has considered a proposed major revision of the General Mining Law, which governs the creation and

possession of mining claims, and related activities on federal public lands in the United States. It is anticipated that another bill may be introduced in the Congress during 2001, and it is possible that a new law could be enacted. The Company expects that if and when a new mining law is enacted, it will impose a royalty upon production of minerals from federal lands and will contain new requirements for mined land reclamation, and similar environmental control and reclamation measures. It remains unclear to what extent any such new legislation may affect existing mining claims or operations. The effect of any such revision of the General Mining Law on the Company's operations in the United States cannot be determined conclusively until such revision, if any, is enacted.

The mining industry is subject to environmental risks.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies within the mining industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

If title to properties are not properly maintained by the operators, the Company's royalty revenues may be decreased.

The validity of unpatented mining claims, which constitute a significant portion of the properties where the Company holds royalties in the United States, is often uncertain, and such validity is always subject to contest. Unpatented mining claims are unique property interests and are generally considered subject to greater title risk than patented mining claims, or real property interests that are owned in fee simple.

Foreign operations are subject to many risks.

The Company's foreign activities are subject to the risks normally associated with conducting business in foreign countries, including exchange controls and currency fluctuations, limitations on repatriation of earnings, foreign taxation, laws or policies of particular countries, labor practices and disputes, and uncertain political and economic environments, as well as

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risks of war and civil disturbances, or other risks that could cause exploration or development difficulties or stoppages, restrict the movement of funds or result in the deprivation or loss of contract rights or the taking of property by nationalization or expropriation without fair compensation. Foreign operations could also be adversely impacted by laws and policies of the United States affecting foreign trade, investment and taxation. The Company currently has exploration projects in Greece, Romania and Bulgaria and holds precious metals royalties in Argentina. The Company holds shares of Yamana Resources which trades on the Toronto Stock Exchange. The value of the Yamana Resources shares, and of the 2% NSR interest on Yamana Resources' Argentine properties, are dependent on the ability of Yamana Resources to identify and then profitably exploit silver or other precious metals deposits in Argentina. The Company also has precious metal royalty acquisition or development opportunities in other parts of the world, including Canada, Australia, Europe, Russia and other Republics of the former Soviet Union and South America.

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Item 3. LEGAL PROCEEDINGS

Casmalia

The Company received notice, on March 24, 2000, that the U.S. Environmental Protection Agency ("EPA") has identified Royal Resources, Inc. (Royal Gold's corporate predecessor) as one of 22,000 potentially responsible parties ("PRPs"), along with many oil companies, for clean-up of a fully-permitted hazardous waste landfill at Casmalia, Santa Barbara County, California, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("Superfund"). The Company's alleged PRP status stems from oil and gas exploration activities undertaken by Royal Resources in California during 1983-84.

The Company is evaluating its potential for liability in this matter and is gathering relevant information so that it can respond appropriately to the EPA's allegations.

The Company has responded to the EPA stating that it believes it has no liability at the site. The EPA has notified the Company that the response is being reviewed.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended June 30, 2000. Annual meeting results will be described in

PART II**Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED****STOCKHOLDER MATTERS**

The Common Stock of the Company is traded on the Nasdaq National Market system, under the symbol "RGLD" and on the Toronto Stock Exchange under the symbol "RGL." The following table shows the high and low closing sales prices, in U.S. dollars, for the Common Stock on Nasdaq for each quarter since June 30, 1998.

Fiscal Year -----	Sales Prices -----	
	High Closing -----	Low Closing -----
1999:		
First Quarter (July, Aug., Sept. - 1998)	\$5.00	\$3.38
Second Quarter (Oct., Nov., Dec. - 1998)	\$5.00	\$3.25
Third Quarter (Jan., Feb., March - 1999)	\$5.13	\$3.48
Fourth Quarter (April, May, June - 1999)	\$5.00	\$3.75
2000:		
First Quarter (July, Aug., Sept. - 1999)	\$6.13	\$3.38
Second Quarter (Oct., Nov., Dec. - 1999)	\$5.75	\$3.31
Third Quarter (Jan., Feb., March - 2000)	\$4.75	\$3.38
Fourth Quarter (April, May, June - 2000)	\$4.00	\$2.50

As of August 31, 2000, there were approximately 1,100 shareholders of record of the Company's Common Stock.

Dividends

The Company declared its first dividend of \$0.05 per share on its Common Stock, payable to holders of record as of July 6, 2000. This dividend was paid on July 21, 2000.

The Company plans to sustain a dividend on a fiscal year basis, subject to the discretion of the Board of Directors, which will consider among other things gold prices, economic and market conditions, and the financial needs of opportunities that might arise in the future.

Item 6. SELECTED FINANCIAL DATA

Selected Statement of Operations Data -----	For the Year Ended June 30, -----				
	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----
	(Amounts in thousands, except per share data)				
Royalty revenue	\$ 9,407	\$ 972	\$ 2,176	\$ 8,890	\$ 3,680
Exploration expense	1,627	2,831	\$ 2,001	1,738	1,434
General and administrative expense	1,768	1,704	1,679	1,693	1,186
Depreciation and depletion	1,193	464	155	51	229
Impairment of mining assets	0	4,616	0	0	0
Earnings (loss)	3,953	(8,808)	(3,543)	4,054	589
Basic earnings (loss) per share	\$ 0.23	\$ (0.51)	\$ (0.21)	\$ 0.26	\$ 0.04
Diluted earnings (loss) per share	\$ 0.22	\$ (0.51)	\$ (0.21)	\$ 0.24	\$ 0.04
Selected Balance	As of June 30, -----				
	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----

Sheet Data	(Amounts in thousands)				
-----	-----	-----	-----	-----	-----
Total assets	\$17,498	\$11,815	\$20,927	\$18,981	\$14,063
Working capital	5,692	8,582	11,437	13,942	11,130
Long-term obligations	125	81	108	134	111

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

At June 30, 2000, the Company had current assets of \$7,564,689 compared to current liabilities of \$1,872,246 for a current ratio of 4 to 1. This compares to current assets of \$9,446,710 and current liabilities of \$864,461, at June 30, 1999, resulting in a current ratio of 11 to 1.

During fiscal 2000, liquidity needs were met from: (i) \$9,406,656 in revenues from production at the Pipeline Mining Complex and at Bald Mountain, (ii) the Company's available cash resources, and interest and other income of \$271,374, and (iii) cash receipts from the issuance of common stock and the exercise of options of \$1,827,125.

During the fiscal year, the Company spent \$8,105,020 on the purchase of a GSR royalty at the Pipeline Mining Complex, \$172,310 on the purchase of a 2% royalty covering the properties held by Yamana Resources, Inc. in Argentina, and \$63,299 on other capital expenditures.

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During the fiscal year, the Company acquired three million units of the securities of Yamana Resources, Inc. for \$1,293,480. Each unit consists of one share and one-half warrant to purchase an additional share for Cdn \$0.50 per share, until February 2003. The Company has an unrealized loss of \$400,215 in these securities at June 30, 2000.

The only material commitments of the Company that cannot be terminated at the sole discretion of the Company are (i) employment agreements with three officers, calling for minimum payments of approximately \$540,000; and (ii) office lease payments of \$476,119 through the lease period ending October 2005.

For fiscal 2001, the Company anticipates royalty revenues of \$7.7 million at a \$275 gold price based on production estimates of 930,000 ounces of gold at the Pipeline Mining Complex, which includes the processing of carbonaceous ore. Depletion and depreciation from this production is estimated to be \$1.6 million. The Company has also budgeted general and administrative expenses of approximately \$1.7 million, costs of operations of approximately \$0.6 million and exploration and property holding costs of approximately \$0.8 million. The Company estimates interest income of \$0.4 million and income taxes of \$0.1 million. These amounts could increase or decrease significantly, at any time during the fiscal year, based on the gold price, exploration results and decisions about releasing or acquiring additional properties, among other factors. The Company will evaluate acquisition opportunities and may use cash or stock for these acquisitions. Acquisitions have become a more important part of the Company's growth strategy and could be substantial, while exploration is becoming less important.

The Company will continue to explore its remaining properties, with a view to enhance the value of any such properties prior to possible farm out to major mining company partners.

The Company's current financial resources and sources of income should be adequate to cover the Company's anticipated expenditures for general and administrative costs, exploration and leasehold expenses, and capital expenditures for the foreseeable future.

RESULTS OF OPERATIONS

Fiscal Year Ended June 30, 2000 Compared with Fiscal Year Ended June 30, 1999

For the year ended June 30, 2000, the Company recorded net earnings of \$3,952,979, or \$0.22 per diluted share, as compared to a net loss of \$8,808,173, or \$0.51 per diluted share, for the year ended June 30, 1999. Net earnings for the current year reflect \$9.4 million in royalty revenues.

The Company received royalty revenues of \$8,976,422 from its royalties at the Pipeline Mining Complex, of which \$1,151,843 relates to the now completed Crescent Pit production. The Company also received \$429,881 from its royalty at Bald Mountain. In the prior fiscal year, the Company

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received royalty revenues of \$441,102 from the Crescent Pit and \$530,848 from Bald Mountain.

Cost of operations increased compared to the prior year, primarily related to Nevada Net Proceeds Tax expenditures associated with the increased royalties at the Pipeline Mining Complex.

General and administrative expenses of \$1,768,428 for the year ended June 30, 2000 increased slightly compared to \$1,704,326 for the year ended June 30, 1999, primarily because of non-recurring severance costs and a non-recurring stock grant to non-employee directors offset by an overall decrease in expenses due to cost containment efforts.

Exploration expenses decreased from \$2,831,095 in fiscal 1999 to \$1,625,698 in fiscal 2000, primarily due to decreased expenditures at the Milos Gold project, the Manhattan project and the Alligator Ridge project. Lease maintenance and holding costs decreased from \$410,249 in fiscal 1999 to \$242,127 in fiscal 2000, primarily due to decreased holding costs at the Alligator Ridge property.

Interest and other income decreased from \$654,448 in fiscal 1999 to \$271,347 in fiscal 2000, primarily due to decreased funds available for investing.

In fiscal 1999, the Company recorded a full impairment of its investment in the Inyo Gold Project. There were no impairments in the current fiscal year.

Depreciation and depletion increased from \$463,733 in fiscal 1999 to \$1,193,108 in fiscal 2000, primarily due to the depletion associated with the Company's purchase of the GSR3 royalty at the Pipeline Mining Complex.

Fiscal Year Ended June 30, 1999 Compared with Fiscal Year Ended June 30, 1998

For the year ended June 30, 1999, the Company recorded a net loss of \$8,808,173, or \$0.51 per diluted share, as compared to a net loss of \$3,542,729, or \$0.21 per diluted share, for the year ended June 30, 1998. The net loss for the year ended June 30, 1999, reflects the \$4.6 million impairment of mining assets, primarily at the Inyo Gold project, and reduced revenues from royalties from the Crescent Pit.

The Company received royalty revenue from Crescent Pit heap leach material of \$441,102 and \$530,848 from the royalty at Bald Mountain in fiscal 1999. During the year ended June 30, 1998, the Company received \$2,047,142 from its 20% NPI royalty at the Crescent Pit and \$128,643 for its interest at Bald Mountain.

Costs of operations decreased compared to the prior year, which related to the payment of Nevada Net Proceeds Tax associated with the decreased production at the Crescent Pit, offset by increased costs of monitoring the Company's interest at South Pipeline.

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General and administrative expenses remained flat at \$1,704,326 for the year ended June 30, 1999, compared to \$1,679,203 for the year ended June 30, 1998. General and administrative expenses consist primarily of employee compensation and benefits, office lease expense, investor relations expenses, office equipment expenses, and travel and communication costs.

Exploration costs increased from \$2,001,118 in fiscal 1998 to \$2,831,095 in fiscal 1999, primarily due to expenditures at the Milos Gold project and the Manhattan project, offset by decreased expenditures related to three properties that have been dropped. Lease maintenance and holding costs decreased from \$736,457 in fiscal 1998 to \$410,249 in fiscal 1999, primarily due to decreased holding costs at Buckhorn South and at the Manhattan project, offset by holding costs associated with the Alligator Ridge property.

The Company recorded a full impairment of its investment in the Inyo Gold Project during the fourth quarter of fiscal 1999 because spot gold prices fell to \$261 per ounce at June 30, 1999.

Interest and other income was \$654,448 in fiscal 1999, a decrease from \$786,090 in fiscal 1998, due primarily to decreased funds available for investing.

Depreciation and depletion increased from \$155,296 for fiscal 1998 to \$463,733 for fiscal 1999, primarily due to the depletion associated with the Company's Bald Mountain royalty.

Impact of Inflation

The Company's operations have been subject to general inflationary pressures, which have not had a significant impact on its operating costs.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ROYAL GOLD, INC. AND SUBSIDIARIES
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
Royal Gold, Inc.:

In our opinion, the accompanying consolidated balance sheets and related consolidated statements of operations and comprehensive income, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Royal Gold, Inc. and its subsidiaries at June 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Denver, Colorado
August 18, 2000

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of June 30, 2000 and 1999

ASSETS

	2000	1999
	-----	-----
Current Assets		
Cash equivalents	\$ 4,647,160	\$ 4,670,476
Marketable securities	0	4,014,418
Royalty receivables	1,761,266	312,098
Prepaid expenses and other	235,990	449,718
Available for sale securities (Note 3)	920,273	0
	-----	-----
Total current assets	7,564,689	9,446,710
	-----	-----
Property and equipment, at cost, net (Note 2)	9,337,746	2,190,225
	-----	-----
Other Assets	595,147	177,877
	-----	-----
Total Assets	\$ 17,497,582	\$ 11,814,812
	=====	=====

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

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, Continued
As of June 30, 2000 and 1999

LIABILITIES AND STOCKHOLDERS' EQUITY

	2000	1999
	-----	-----
Current Liabilities		
Accounts payable	\$ 713,580	\$ 631,565
Dividend payable	885,003	0
Accrued compensation	212,370	190,000
Other	61,293	42,896
	-----	-----
Total current liabilities	1,872,246	864,461
	-----	-----
Other liabilities	124,697	81,098
Commitments and contingencies (Notes 6 and 10)		
Stockholders' equity		
Common stock, \$.01 par value, authorized 40,000,000 shares; and issued 17,910,822 and 17,321,322 shares, respectively	179,108	173,213
Additional paid-in capital	55,846,280	54,027,150
Accumulated other comprehensive income	(400,215)	0
Accumulated deficit	(39,080,904)	(42,148,880)
	-----	-----
	16,544,269	12,051,483
	-----	-----
Less treasury stock, at cost (210,726 and 238,726 shares, respectively)	(1,043,630)	(1,182,230)
	-----	-----
Total stockholders' equity	15,500,639	10,869,253
	-----	-----
Total liabilities and stockholders' equity	\$ 17,497,582	\$ 11,814,812
	=====	=====

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

ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

for the years ended June 30, 2000, 1999 and 1998

	2000	1999	1998
	-----	-----	-----
Royalty revenues	\$ 9,406,656	\$ 959,014	\$ 1,344,276
Interest and other income	271,347	654,448	786,090
	-----	-----	-----
Total revenues	9,678,003	1,613,462	2,130,366
	-----	-----	-----
Costs and expenses			
Costs of operations	692,940	361,055	367,010
General and administrative	1,768,428	1,704,326	1,679,203
Exploration	1,625,698	2,831,095	2,001,118
Lease maintenance and holding costs	242,127	410,249	736,457
Impairment of mining assets	0	4,615,731	0
Depreciation and depletion	1,193,108	463,733	155,296
	-----	-----	-----
Total costs and expenses	5,522,301	10,386,189	4,939,084
	-----	-----	-----
Operating income (loss)	4,155,702	(8,772,727)	(2,808,718)
	-----	-----	-----
Loss on marketable securities	5,444	35,446	53,731
Interest and other expense	116,541	0	0
	-----	-----	-----

Income (loss) before income taxes	4,033,717	(8,808,173)	(2,862,449)
Income tax expense	80,738	0	680,280
Net earnings (loss)	3,952,979	(8,808,173)	\$(3,542,729)
Adjustments to comprehensive income			
Unrealized loss on available for sale securities	(400,215)	0	0
Comprehensive income (loss)	\$ 3,552,764	\$(8,808,173)	\$(3,542,729)
Basic earnings (loss) per share	\$ 0.23	\$ (0.51)	\$ (0.21)
Basic weighted average shares outstanding	17,528,244	17,160,228	16,617,133
Diluted earnings (loss) per share	\$ 0.22	\$ (0.51)	\$ (0.21)
Diluted weighted average shares outstanding	17,710,371	17,160,228	16,617,133

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

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
for the years ended June 30, 2000, 1999 and 1998

	Common Stock	
	Shares	Amount
Balance, June 30, 1997	15,877,202	\$ 158,772
Issuance of common stock for:		
Exercise of options	189,400	1,894
Exercise of warrants	203,000	2,030
Private placement	800,000	8,000
Balance, June 30, 1998	17,069,602	170,696
Issuance of common stock for:		
Exercise of options	251,720	2,517
Balance, June 30, 1999	17,321,322	173,213
Issuance of common stock for:		
Exercise of options	137,000	1,370
Private placement	452,500	4,525
Balance of June 30, 2000	17,910,822	\$ 179,108

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

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ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, Continued

for the years ended June 30, 2000, 1999 and 1998

	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income (Loss)
Balance, June 30, 1997	\$ 47,447,397	\$(29,797,978)	\$ -

Issuance of common stock for:			
Exercise of options	39,187		
Exercise of warrants	302,470		
Private placement	6,189,773		
Net loss and comprehensive loss for the year ended June 30, 1998		(3,542,729)	
Balance, June 30, 1998	53,978,827	(33,340,707)	-
Issuance of common stock for:			
Exercise of options	48,323		
Net loss and comprehensive loss for the year ended June 30, 1999		(8,808,173)	
Balance, June 30, 1999	54,027,150	(42,148,880)	-
Issuance of common stock for:			
Exercise of options	15,755		
Private placement	1,805,475		
Issuance of treasury shares to: Non-employee directors	(2,100)		
Net earnings and comprehensive loss for the year ended June 30, 2000		3,952,979	(400,215)
Dividends		(885,003)	
Balance of June 30, 2000	\$ 55,846,280	\$(39,080,904)	\$ (400,215)
	=====	=====	=====

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

ROYAL GOLD, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, Continued

for the years ended June 30, 2000, 1999 and 1998

	Treasury Stock		Total
	Shares	Amount	Stockholders' Equity
Balance, June 30, 1997	15,026	\$ (75,173)	\$17,733,018
Issuance of common stock for:			
Exercise of options			41,081
Exercise of warrants			304,500
Private placement			6,197,773
Purchases of common stock	128,700	(684,610)	(684,610)
Net loss and comprehensive loss for the year ended June 30, 1998			(3,542,729)
Balance, June 30, 1998	143,726	(759,783)	20,049,033
Issuance of common stock for:			
Exercise of options	-	-	50,840
Purchases of common stock	95,000	(422,447)	(422,447)
Net loss and comprehensive loss for the year ended June 30, 1999			(8,808,173)
Balance, June 30, 1999	238,726	(1,182,230)	10,869,253
Issuance of common stock for:			

Exercise of options			17,125
Private placement			1,810,000
Issuance of treasury shares to:			
Non-employee directors	(28,000)	138,600	136,500
Net earnings and comprehensive loss for the year ended June 30, 2000			3,552,764
Dividends			(885,003)
Balance, June 30, 2000	210,726	\$(1,043,630)	\$15,500,639
	=====	=====	=====

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

for the years ended June 30, 2000, 1999 and 1998

	2000	1999	1998
	-----	-----	-----
Cash flows from operating activities			
Net income (loss)	\$ 3,952,979	\$(8,808,173)	\$(3,542,729)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and depletion	1,193,108	463,733	155,296
Loss on marketable securities	5,444	35,446	53,731
Impairment of mining assets	0	4,615,731	0
Deferred taxes	0	0	635,000
Non cash compensation	136,500	0	0
(Increase) decrease in:			
Royalty receivables	(1,449,168)	(95,068)	5,220,436
Other current assets	222,702	61,627	54,630
Increase (decrease) in:			
Accounts payable and accrued liabilities	122,782	93,687	(343,140)
Other liabilities	43,599	(26,399)	(26,400)
	-----	-----	-----
Total adjustments	274,967	5,148,757	5,749,553
	-----	-----	-----
Net cash provided by (used in) operating activities	\$ 4,227,946	\$(3,659,416)	\$ 2,206,824
	-----	-----	-----

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

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ROYAL GOLD, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS CASH FLOWS, Continued for the years ended June 30, 2000, 1999 and 1998

	2000	1999	1998
	-----	-----	-----
Cash flows from investing activities			
Capital expenditures for property and equipment	\$(8,340,629)	\$ (740,696)	\$(2,901,983)
Maturity (purchase) of held-to-maturity securities, net	4,000,000	980,312	0
Purchase of available for sale			

securities	(1,320,488)	0	0
Increase in other assets	(417,270)	(200)	(34,800)
Net cash provided by (used in) investing activities	(6,078,387)	239,416	(2,936,783)
Cash flows from financing activities			
Purchase of common stock	0	(422,447)	(684,610)
Proceeds from issuance of common stock	1,827,125	50,840	6,543,354
Net cash provided by (used in) financing activities	1,827,125	(371,607)	5,858,744
Net increase (decrease) in cash and equivalents	(23,316)	(3,791,607)	5,128,785
Cash and equivalents at beginning of period	4,670,476	8,462,083	3,333,298
Cash and equivalents at end of period	\$ 4,647,160	\$ 4,670,476	\$ 8,462,083

Supplemental Information:

The Company paid federal income taxes of \$57,500 in fiscal 1998.

The Company declared a dividend on common stock of \$885,004 during fiscal year 2000, which was paid in July 2000.

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

ROYAL GOLD, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Operations and Summary of Significant Accounting Policies

Operations

Royal Gold, Inc. (the "Company" or "Royal Gold") was incorporated under the laws of the State of Delaware on January 5, 1981, and is engaged in the acquisition and management of precious metals royalty interests. Royalty revenue currently is generated from mining operations in the United States. The Company also provides financial, operational, and environmental consulting services to companies in the mining industry. Substantially all the Company's revenues are and can be expected to be derived from royalty interests rather than mining activity or consulting services.

Summary of Significant Accounting Policies

Use of Estimates:

The preparation of the Company's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Basis of Consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and account balances have been eliminated in consolidation.

Cash Equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2000, cash equivalents included approximately \$4,273,985 of temporary cash investments in three uninsured government securities money market funds.

Available for Sale Securities:

Investments in securities that have readily determinable fair values are classified as available-for-sale investments. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive income as a separate component of stockholders' equity, except that declines in market value judged to be other than temporary are recognized in determining net income. Realized gains and losses on these investments are included in determining net income.

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ROYAL GOLD, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Mineral Properties:

Acquisition costs of royalty properties are capitalized and depleted using the units of production method over the life of the mineral property. Exploration costs are charged to operations when incurred. The recoverability of the carrying value of royalty interests is evaluated based upon estimated future net cash flows from each royalty interest property using estimates of proven and probable reserves. Reductions in the carrying value of each property are measured and recorded to the extent that the Company's carrying value in each property exceeds its estimated future discounted cash flows.

Management's estimate of the gold prices, recoverable proven and probable reserves related to the royalty property, operating, capital and reclamation costs of the mine operators are subject to certain risks and uncertainties which may affect the recoverability of the Company's investment in property, plant and equipment. Although management has made its best estimate of these factors based on current conditions, it is possible that changes could occur in the near term which could adversely affect management's estimate of the net cash flows expected to be generated from properties in operation.

Office Furniture, Equipment and Improvements:

The Company depreciates its office furniture, equipment and improvements over estimated useful lives of 15 years for office furniture, 3 years for computer equipment, and 5 years for other office equipment, using the straight-line method. The cost of normal maintenance and repairs is charged to expenses as incurred. Significant expenditures which increase the life of the asset are capitalized and depreciated over the estimated remaining useful life of the asset. Upon retirement or disposition of office furniture, equipment, or improvements, related gains or losses are recorded in operations.

Revenue:

Royalty revenue is recognized when earned. For royalties received in gold, royalty revenue is recorded at the spot price of gold.

Income Taxes:

Deferred income taxes reflect the expected future tax consequences of temporary differences between the tax basis amounts and financial statement carrying amounts of assets and liabilities at each year end and the expected future benefits of net operating loss carryforwards, tax credits and other carryforwards.

Reclassifications:

Certain accounts in the prior period financial statements have been reclassified for comparative purposes to conform with the presentation in the current period financial statements.

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ROYAL GOLD, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Earnings (Loss) Per Share:

Basic earnings (loss) per share is computed by dividing the net income or loss by the weighted average number of common shares outstanding during each year. Diluted earnings per share reflects the effect of dilutive options and warrants.

2. Property and Equipment

The carrying value of the Company's property and equipment consists of the following components at June 30, 2000 and 1999:

	Gross	Accumulated Depreciation & Depletion	Net
	-----	-----	-----
As of June 30, 2000			
Royalties			
GSR1	\$ -	\$ -	\$ -
GSR2	-	-	-
GSR3	8,105,020	856,389	7,248,631
Bald Mountain	2,468,762	822,649	1,646,113
Mule Canyon	180,714	-	180,714
Yamana Resources, Inc.	172,809	-	172,809
	-----	-----	-----
Total royalties	10,927,305	1,679,038	9,248,267
Office furniture, equipment and improvements	773,906	684,427	89,479
	-----	-----	-----
	\$ 11,701,211	\$ 2,363,465	\$ 9,337,746
	=====	=====	=====
As of June 30, 1999			
Royalties			
GSR1	\$ -	\$ -	\$ -
GSR2	-	-	-
Bald Mountain	2,468,312	511,487	1,956,825
Mule Canyon	180,714	-	180,714
	-----	-----	-----
Total royalties	2,649,026	511,487	2,137,539
Office furniture, equipment and improvements	711,558	658,872	52,686
	-----	-----	-----
	\$ 3,360,584	\$ 1,170,359	\$ 2,190,225
	=====	=====	=====

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

Pipeline Mining Complex:

The Company holds two sliding scale gross smelter returns royalties (GSR1 and GSR2) and a fixed gross royalty (GSR3) over the Pipeline Mining Complex that includes the Pipeline and South Pipeline gold deposits in Lander County, Nevada.

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ROYAL GOLD, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Pipeline Mining Complex is owned by The Cortez Joint Venture, a joint venture between Placer Cortez Inc. (60%), a subsidiary of Placer Dome Inc., and Kennecott Explorations (Australia) Ltd. (40%), a subsidiary of Rio Tinto.

Bald Mountain:

Effective January 1, 1998, the Company purchased a 50% undivided interest in a sliding-scale net smelter returns royalty that burdens a portion of the Bald Mountain mine, in White Pine County, Nevada. Bald Mountain is an open pit, heap leach mine operated by Placer Dome U.S. Inc.

Mule Canyon:

In fiscal 1999, the Company purchased a 5% NSR royalty on a portion of the Mule Canyon mine, operated by Newmont Gold Company.

Yamana Resources:

In fiscal 2000, the Company purchased a 2% NSR royalty on Yamana Resources' properties in Argentina.

3. Available for Sale Securities

During the fiscal year, the Company acquired three million units of the securities of Yamana Resources, Inc. for \$1,320,488. Each unit consists of one share and one-half warrant to purchase an additional share for Cdn \$0.50 per share, until February 2003. The Company had an unrealized loss of \$400,215 in these securities at June 30, 2000.

4. Earnings per share ("EPS") computation

For the year ended June 30, 2000

	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income available to common stockholders	\$ 3,952,979	17,528,244	\$ 0.23
Effect of dilutive securities		182,127	
Diluted EPS	\$ 3,952,979	17,710,371	\$ 0.22

Options to purchase 1,080,532 shares of common stock, at an average purchase price of \$5.46 per share, were outstanding at June 30, 2000, but were not included in the computation of diluted EPS because the exercise price of these options were greater than the average market price of the common shares.

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ROYAL GOLD, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 1999

	Income(Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income (loss) available to common stockholders	\$ (8,808,173)	17,160,228	\$ (0.51)
Effect of dilutive securities		-	
Diluted EPS	\$ (8,808,173)	17,160,228	\$ (0.51)

Options to purchase 341,800 shares of common stock, at an average purchase price of \$0.28 per share, and 892,498 shares, at an average price of \$5.96 per share, were not included in the computation of diluted EPS because the Company experienced a net loss in the year and these options were antidilutive.

For the year ended June 30, 1998

	Income(Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
Basic EPS			
Income (loss) available to common stockholders	\$ (3,542,729)	16,617,133	\$ (0.21)
Effect of dilutive securities		-	
Diluted EPS	\$ (3,542,729)	16,617,133	\$ (0.21)

Options to purchase 609,520 shares of common stock, at an average purchase price of \$0.35 per share, and 703,498 shares, at an average price of \$6.39, were not included in the computation of diluted EPS because the Company experienced a net loss in the year and these options were antidilutive.

5. Income Taxes

The tax effects of significant temporary differences and carryforwards which give rise to the Company's deferred tax assets and liabilities at June 30, 2000 and 1999, are as follows:

	2000	1999
Net operating loss carryforwards	\$ 8,311,261	\$ 8,661,069

Mineral property basis	1,273,075	2,610,368
AMT credit carryforward	155,715	99,172
Loss on sale of gold	-	295,367
Other	114,926	192,019
	-----	-----
Total deferred tax assets	9,854,977	11,857,995
	-----	-----
Valuation allowance	(9,305,431)	(11,528,157)
	-----	-----
Net deferred tax assets	549,546	329,838
	-----	-----
Gold inventory	(549,546)	(58,641)
Other	-	(271,197)
	-----	-----
Total deferred tax liabilities	(549,546)	(329,838)
	-----	-----
Total net deferred taxes	\$ -	\$ -
	=====	=====

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ROYAL GOLD, INC. AND SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

At June 30, 2000, the Company has approximately \$23.7 million of net operating loss carryforwards which, if unused, will expire during the years 2001 through 2019. Historically, the Company has experienced taxable losses and the Company's ability to generate future taxable income to realize the benefits of its tax assets will depend primarily on the spot price of gold and the operating decisions of the owners of these mineral properties. The Company will continue to evaluate the valuation allowance.

The components of income tax expense (benefit) for the years ended June 30, 2000, 1999 and 1998, are as follows:

	2000	1999	1998
	-----	-----	-----
Current federal tax expense	\$ 80,738	\$ -	\$ 680,280
Deferred tax expense(benefit)	2,222,726	(3,464,237)	-
Increase (decrease) in deferred tax asset valuation allowance	(2,222,726)	3,464,237	-
	-----	-----	-----
	\$ 80,738	\$ -	\$ 680,280
	=====	=====	=====

The provision for income taxes for the years ended June 30, 2000, 1999 and 1998, differs from the amount of income tax determined by applying the applicable U.S. statutory federal income tax rate to pre-tax loss from operations as a result of the following differences:

	2000	1999	1998
	-----	-----	-----
Total expense(benefit) computed by applying statutory rate	\$ 1,411,801	\$ (3,082,861)	\$ (1,001,857)
Adjustments of valuation allowance and other	(1,002,402)	3,464,237	1,839,002
Excess depletion	(328,661)	(381,376)	(156,865)
	-----	-----	-----
	\$ 80,738	\$ -	\$ 680,280
	=====	=====	=====

The changes in the valuation allowance in fiscal 2000 and 1999 are due to the utilization of net operating losses in the current year.

The change in the valuation allowance in fiscal 1998 is related to establishing a valuation allowance for the 1998 net operating losses.

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ROYAL GOLD, INC. AND SUBSIDIARIES **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

6. Commitments

Operating Lease:

The Company leases office space under a lease agreement which expires October 31, 2004. Future minimum cash rental payments are as follows:

Years ending June 30,

2001	\$ 102,887
2002	107,014
2003	111,317
2004	115,797
2005	39,104

	\$ 476,119
	=====

Rent expense charged to operations for the years ended June 30, 2000, 1999, and 1998, amounted to \$159,122, \$145,731 and \$135,838, respectively.

Employment Agreements:

The Company has one-year employment agreements with three of its officers which require total minimum future compensation, at June 30, 2000, of \$540,000. The terms of each of these agreements automatically extend, every February, for one additional year, unless terminated by the Company or the officer, according to the terms of the agreements.

7. Stockholders' Equity

Preferred Stock:

The Company has 10,000,000 authorized and unissued shares of \$.01 par value Preferred Stock.

Stockholders' Rights Plan:

During fiscal 1998, the Company sold 800,000 shares of common stock, to an institutional investor in Canada, resulting in a net proceeds of \$6,200,000. The proceeds of this offering were used to advance the Company's royalty acquisition program, exploration activities, and for general corporate purposes.

On September 10, 1997, the Company's board of directors adopted a stockholders' rights plan in which preferred stock purchase rights ("Rights") were distributed as a dividend at the rate of one Right for each share of common stock held as of close of business on September 11, 1997. The terms of the Rights plan provide that if any person or group were to announce an intention to acquire or were to acquire 15 percent or more of the Company's outstanding common stock, then the owners of each share of common stock (other than the acquiring person or group) would become entitled to exercise a right to buy one one-hundredth of a newly

ROYAL GOLD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

issued share of Series A Junior Participating Preferred Stock of the Company at an exercise price of \$50 per Right.

Stock Option Plans:

During fiscal 1989, an Employee Stock Option Plan ("Employee Plan") was adopted. Provisions of the Employee Plan provide for the issuance of either incentive or non-qualified stock options or stock appreciation rights. All options were granted at fair market value. In December 1996, shareholders approved the adoption of an Equity Incentive Plan to replace the Stock Option Plan. The options under the Equity Incentive Plan are exercisable at prices equal to the market value of the Company's common stock as of the date of grant and, expire ten years after the date of grant.

On May 29, 1998, the Board of Directors approved the implementation of a Stock Option Exchange Program for current employees of Royal Gold. In effect, the Exchange Program gave employees a period of time to exchange their options for a lesser number of new options with an exercise price based on the closing price of the stock on May 29, 1998 (\$5.375/share). Under this Exchange Program, 715,750 options were canceled and 522,498 new options were issued. The new options could not be exercised for six months from the date of grant. The vesting of the new options is the same as for the old options.

The new number of options which were offered to each employee were computed in reliance on the Black-Scholes Option Pricing Model. The net result of applying this model was that the exercise price for the options was lower, and the number of shares subject to each such option

was reduced.

ROYAL GOLD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Stock Options and Warrants:

The following schedules detail activity related to options for the years ended June 30, 1998, 1999 and 2000:

	Optioned Shares	Weighted Average Option Prices
	-----	-----
Options Outstanding, June 30, 1997	1,425,420	\$ 4.63

Granted	804,998	\$ 6.38
Exercised	(189,400)	\$ 0.22
Surrendered or expired	(728,000)	\$ 9.59

Options Outstanding, June 30, 1998	1,313,018	\$ 3.59

Granted	199,000	\$ 4.59
Exercised	(251,720)	\$ 0.20
Surrendered or expired	(26,000)	\$ 4.00

Options Outstanding, June 30, 1999	1,234,298	\$ 4.66

Granted	310,000	\$ 4.42
Exercised	(137,000)	\$ 0.13
Surrendered or expired	(140,966)	\$ 6.08

Options Outstanding, June 30, 2000	1,266,332	\$ 4.67
	=====	

All exercisable options outstanding at June 30, 2000 are exercisable at a weighted average exercise price of \$4.75. Options outstanding at June 30, 2000, consist of: 327,800 options at a strike price of \$0.125 and a remaining contractual life of 1.5 years; 979,532 options at an average strike price of \$4.89 (a range of \$2.88 to \$5.63), and a weighted average remaining contractual life of 7.5 years; and 101,000 options at an average strike price of \$11.02 (a range of \$7.88 to \$14.13), and a weighted average remaining contractual life of 1.9 years.

The Company measures compensation cost as prescribed by APB Opinion No.

25 ("APB 25"), Accounting for Stock Issued to Employees. No compensation cost has been recognized in the financial statements as the exercise price of all options grants is equal to the market price of the Company's common stock at the date of grant. In October 1995, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 123 ("SFAS 123"). SFAS defines a "fair value" based method of accounting for employee options or similar equity instruments. Had compensation cost been determined under the provisions of SFAS 123, the following pro forma net income (loss) and per share amounts would have been recorded.

ROYAL GOLD, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2000	1999	1998
	-----	-----	-----
Net income (loss)			
As reported	\$ 3,952,979	\$ (8,808,173)	\$ (3,542,729)
Pro Forma	\$ 3,522,851	\$ (9,154,224)	\$ (4,232,401)
Net income (loss) per basic share			
As reported	\$ 0.23	\$ (0.51)	\$ (0.21)
Pro Forma	\$ 0.20	\$ (0.53)	\$ (0.25)

Net income (loss) per diluted share				
As reported	\$	0.22	\$	(0.51) \$ (0.21)
Pro Forma	\$	0.20	\$	(0.53) \$ (0.25)

The pro forma amounts were determined using the Black-Scholes model with the following assumptions:

	2000	1999	1998
Weighted average expected volatility	45.5%	58.9%	64.4%
Weighted average expected option term	5.5 years	5.5 years	3.8 years
Weighted average risk free interest rate	5.4%	4.6%	5.5%
Forfeiture rate	5%	5%	5%
Weighted average grant fair value	\$2.12	\$2.62	\$2.28

8. Major Customers

In each of fiscal years 2000, 1999 and 1998, \$8,976,422, \$441,102 and \$2,047,142, respectively, of the Company's royalty revenues were received from the same source.

9. Simplified Employee Pension ("SEP") Plan

The Company maintains a SEP Plan in which all employees are eligible to participate. The Company contributes a minimum of 3% of an employee's compensation to an account set up for the benefit of the employee. If an employee also chooses to contribute to the SEP Plan through salary reduction

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ROYAL GOLD, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

contributions, the Company will match such contributions to a maximum of 7% of the employee's salary. The Company contributed \$82,528, \$79,543 and \$75,510, in fiscal years 2000, 1999 and 1998, respectively.

10. Contingencies

Casmalia:

The Company received notice, on March 24, 2000, that the U.S. Environmental Protection Agency ("EPA") has identified Royal Resources, Inc. (Royal Gold's corporate predecessor) as one of 22,000 potentially responsible parties ("PRPs"), along with many oil companies, for clean-up of a fully-permitted hazardous waste landfill at Casmalia, Santa Barbara County, California, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("Superfund"). The Company's alleged PRP status stems from oil and gas exploration activities undertaken by Royal Resources in California during 1983-84.

The Company is evaluating its potential for liability in this matter and is gathering relevant information so that it can respond appropriately to the EPA's allegations.

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PART III

Item 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Stanley Dempsey: Age 61

Chairman of the Board of Directors and Chief Executive Officer of the Company since April 4, 1988; term expires 2000. President and Chief

Operating Officer of the Company from July 1, 1987 to April 4, 1988. From 1984 through June 1986, Mr. Dempsey was a partner in the law firm of Arnold & Porter. During the same period, he was a principal in Denver Mining Finance Company. From 1960 through 1987, Mr. Dempsey was employed by AMAX, Inc. serving in various managerial and executive capacities. Mr. Dempsey is a member of the board of directors of various mining-related associations.

Peter B. Babin: Age 46

Class I Director since December 1997. Term Expires 2002. President of the Company since December 10, 1996. Executive Vice President from January 1, 1995 to December 10, 1996. Senior Vice President from July 1, 1993 to January 1, 1995. From 1989 until 1993, Mr. Babin was a consultant to the Company. From 1986 through 1989, Mr. Babin was Senior Vice President and General Counsel of Medserv Corporation, a provider of ancillary health care services.

John W. Goth: Age 73

Class I Director Since August 1988; term expires 2000. Executive Director of the Denver Gold Group and past chairman of the Minerals Information Institute. A consultant to the mining industry since 1985. Mr. Goth was formerly a Senior Executive of AMAX, Inc. and Director of Magma Copper Company. He is currently a Director of U.S. Gold Corporation, Qualchem, Inc. (1) (2)

Pierre Gousseland: Age 78

Class II Director since June 1992; term expires 2001. Financial Consultant. From 1977 until January 1986, Mr. Gousseland was Chairman and Chief Executive Officer of AMAX, Inc. He is presently a Director of Guyanor Ressources S.A. Formerly, director of the French American Banking Corp. of New York, the American International Group, Inc., Union Miniere, S.A. (Belgium), Degussa AG (Germany), IBM World Trade Europe/Middle East Africa Corporation, and Pancontinental Mining Europe GmbH (Germany). Mr. Gousseland has served on the Chase Manhattan and Creditanstalt (Vienna, Austria) International Advisory Boards and is past president of the French- American Chamber of Commerce in the United States. (2)

Merritt Marcus: Age 66

Class II Director since December 1992; term expires 2001. President and Chief Executive Officer of Marcus Paint Company, a manufacturer of industrial coatings, and Performance Powders, L.L.C., a manufacturer of industrial powder coatings since 1983. Mr. Marcus has served several terms as a director of the National Paint and Coatings Association.

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James W. Stuckert: Age 62

Class II Director since September 1989; term expires 2001. Chairman and Chief Executive Officer of Hilliard, Lyons, Inc., Louisville, Kentucky. Mr. Stuckert is also a Director of Hilliard, Lyons, Inc. and Thomas Transportation. He joined Hilliard Lyons in 1962 and served in several capacities prior to being named Chairman in December 1995. Mr. Stuckert is a member of the Hilliard Lyons Trust Company Board. (1) (2)

S. Oden Howell, Jr.: Age 60

Class III Director since December 1993; term expires 2002. President of Howell & Howell Painting Contractors, Inc. and owner of Kessinger Service Industries, LLC. Consultant to H&N Constructors, Inc. From 1972 until 1988, Mr. Howell was Secretary/Treasurer of Howell & Howell, Inc.

Edwin W. Peiker, Jr.: Age 69

Class III Director Since May 1987; term expires 2002. President and chief operating officer of the Company from April 4, 1988 until February 1, 1992. Vice president of engineering of the Company from May 1987 to April 4, 1988. Principal in Denver Mining Finance Company from 1984 until 1986. From 1983 to 1986, Mr. Peiker was engaged in mineral consulting activities. During the period 1966-1983, Mr. Peiker served in a variety of positions with the Climax Molybdenum division of AMAX involved in exploration activities worldwide. (1)

Donald Worth: Age 68

Class III Director since April 1999. Term expires 2002. Mr. Worth has been involved in the mining industry since 1949. He formerly was a mining specialist and a vice president of Canadian Imperial Bank of Commerce (Canada). Mr. Worth is a director of Canarc Resource Corporation, Cominco Ltd., Founders Capital Corporation, and Tiomin Resources Inc. He is also a trustee of Labrador Iron Ore Royalty Income Fund, and is involved with several professional associations both in Canada and the United States.

Karen P. Gross: Age 46

Vice President of the Company since June of 1994 and Corporate Secretary of the Company since 1989. From 1987 until 1989, Ms. Gross was the Assistant Secretary to the Company. Ms. Gross is in charge of investor relations, public relations and ensuring the Company's compliance with various corporate governance standards.

Donald J. Baker: Age 51

Vice President of the Company since November 1998. From January 1997 until 1999, Mr. Baker was Manager of Corporate Development. From 1994 until 1997, he was a consultant to the Company. Mr. Baker was previously employed with Climax Molybdenum Company and Homestake Mining Company.

John F. Skadow: Age 42

Controller of the Company since October 1993. Treasurer of the Company since November 1999. Mr. Skadow was previously employed by Dekalb Energy where he held various accounting and finance positions.

- (1) Member of Audit Committee
- (2) Member of Compensation Committee

Three officers of the Company have one-year employment agreements that renew for an additional year in February each year.

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ITEMS 11, 12, and 13

The information called for by Item 11, "Executive Compensation," Item 12, "Security Ownership of Certain Beneficial Owners and Management," and Item 13, "Certain Relationships and Related Transactions," is incorporated by reference to the Company's definitive proxy statement to be filed with respect to the upcoming Annual Meeting of Stockholders to be held November 14, 2000, in Denver, Colorado.

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PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following is a list of documents filed as part of this report and are included herewith (*) or have been filed previously:

(1) Financial Statements included in Item 8.

(2) Financial Statement schedules:

All Schedules are omitted because the information called for is not applicable or is not required or because the required information is set forth in the financial statements or notes thereto.

(3) The following exhibits are filed with this annual report on Form 10-K. The exhibit numbers correspond to the numbers assigned in Item 601 of Regulation S-K. Those exhibits that have been marked with an asterisk are filed herewith; all other exhibits have been previously filed with the Commission pursuant to the Company's various reports on Forms 10-K, 10-Q, 8-K, 8-A, S-1 and S-8, and are incorporated herein by reference.

Exhibit Number

- 3 (a) Certificate of Incorporation - Exhibit (b) to the Company's Form 10-K for the fiscal year ended December 31, 1980.
- (b) Amendment to Certificate of Incorporation - Exhibit (c) to the Company's Form 10-K for the fiscal year ended December 31, 1980.
- (c) Amendments to Articles of Incorporation dated May 7, 1987 - Exhibit (xiv) to the Company's Form 10-K for the year ended June 30, 1987.
- (d) Amendment to Articles of Incorporation dated February 2, 1988 - Exhibit 3(f) to the Company's Form 10-K for the year ended June 30, 1990.
- (e) By-Laws - Exhibit (d) to the Company's Form 10-K, for the fiscal year ended December 31, 1980.
- 4 (a) Shareholders' Rights Agreement Exhibit B to the Company's Form 8-A dated September 11, 1997.
- 10 (a) Employee Stock Option Plan - Exhibit 4(a) to the Company's Form S-8 dated February 6, 1990.
- (b) Directors' Stock Option Plan - Exhibit 4(b) to the Company's Form S-8 dated February 6, 1990.
- (c) Equity Incentive Plan - filed as part of Def 14A, filed November 25, 1996.

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Exhibit Number

(d) Private Agreement between Rakov Pty. Ltd., Silver and Baryte Ores Mining Co., S.A., and Royal Gold, Inc., dated effective March 30, 1998 - Exhibit 10(s) to the Company's Form 10-K for the year ended June 30, 1998.

(e) Private Agreement between Rakov Pty. Ltd. and Royal Gold, Inc. dated effective March 28, 1998 - Exhibit 10(t) to the Company's Form 10-K for the year ended June 30, 1998.

(f) Exploration and Development Option Agreement between Placer Dome U.S., Inc. and Royal Gold, Inc. dated effective July 1, 1998 - Exhibit 10(v) to the Company's Form 10-K for the year ended June 30, 1998.

(g) Royalty Agreement between Royal Gold, Inc. and the Cortez Joint Venture dated April 1, 1999. Item 5 of Form 8-K filed April 12, 1999.

(h) Firm offer to purchase royalty interest of "Idaho Group" between Royal Gold, Inc. and Idaho Group dated July 22, 1999. Item 5 of Form 8-K filed September 2, 1999.

(i) Amendment to Equity Incentive Plan - filed as part of Def 14A, filed October 15, 1999.

(j) * Consent of Independent Accountants

21*(a) The Company and Its Subsidiaries.

* - Filed herewith.

(b) Reports on Form 8-K:
None.

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EXHIBIT 21

ROYAL GOLD, INC. AND SUBSIDIARIES

Denver Mining Finance Company (1)
Royal Trading Company (1)
Calgom Mining, Inc. (1)(4)
Mono County Mining Company (1)
Royal Camp Bird, Inc. (1)
Royal Crescent Valley, Inc. (1)
Royal Kanaka Creek Corporation (1)
Environmental Strategies, Inc. (2)
GRAMEX LTD (3)
SOMIN LTD (5)
Royal Gold Australia (6)

(1) Owned 100% by Royal Gold, Inc.
(2) Owned 100% by Denver Mining Finance Company
(3) Owned 50% by Royal Gold, Inc.
(4) Owns a 100% interest in the Goldstripe Project.
(5) Owned 25% by Royal Gold, Inc.
(6) Owned 67% by Royal Gold, Inc.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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.

Date: September 27, 2000

By: /s/Stanley Dempsey

*Stanley Dempsey, Chairman,
Chief Executive Officer, and Director*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<i>Date: September 27, 2000</i>	<i>By: /s/Stanley Dempsey</i> ----- <i>Stanley Dempsey, Chairman,</i> <i>Chief Executive Officer, and Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/John Skadow</i> ----- <i>John Skadow</i> <i>Treasurer and Controller</i>
<i>Date: September 27, 2000</i>	<i>By: /s/Edwin W. Peiker, Jr.</i> ----- <i>Edwin W. Peiker, Jr.,</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/John W. Goth</i> ----- <i>John W. Goth,</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/James W. Stuckert</i> ----- <i>James W. Stuckert,</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/Pierre Gousseland</i> ----- <i>Pierre Gousseland,</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/Merritt E. Marcus</i> ----- <i>Merritt E. Marcus</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/S. Oden Howell, Jr.</i> ----- <i>S. Oden Howell, Jr.</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/Peter B. Babin</i> ----- <i>Peter B. Babin</i> <i>Director</i>
<i>Date: September 27, 2000</i>	<i>By: /s/Donald Worth</i> ----- <i>Donald Worth</i> <i>Director</i>

ARTICLE 5

PERIOD TYPE	3 MOS	YEAR
FISCAL YEAR END	JUN 30 2000	JUN 30 2000
PERIOD END	JUN 30 2000	JUN 30 2000
CASH	4,647,160	4,647,160
SECURITIES	0	0
RECEIVABLES	1,761,266	1,761,266
ALLOWANCES	0	0
INVENTORY	0	0
CURRENT ASSETS	7,564,689	7,564,689
PP&E	11,976,212	11,976,212
DEPRECIATION	2,638,466	2,638,466
TOTAL ASSETS	17,497,582	17,497,582
CURRENT LIABILITIES	1,872,246	1,872,246
BONDS	0	0
PREFERRED MANDATORY	0	0
PREFERRED	0	0
COMMON	56,025,388	56,025,388
OTHER SE	(400,215)	(400,215)
TOTAL LIABILITY AND EQUITY	17,497,582	17,497,582
SALES	0	0
TOTAL REVENUES	1,613,462	9,678,003
CGS	0	0
TOTAL COSTS	1,039,897	5,522,301
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	20,191	116,541
INCOME PRETAX	977,089	4,033,717
INCOME TAX	19,606	80,738
INCOME CONTINUING	957,483	3,952,979
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	957,483	3,952,979
EPS BASIC	0.05	0.23
EPS DILUTED	0.05	0.22

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-18943) of Royal Gold, Inc. of our report dated August 31, 2000, relating to the financial statements which appear in this Form 10-K.

PricewaterhouseCoopers LLP

Denver, Colorado
September 28, 2000

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