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# News Release

ROYAL GOLD, INC

**FOR IMMEDIATE RELEASE:** **FOR FURTHER INFORMATION CONTACT:**

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## ROYAL GOLD ANNOUNCES PROFIT FOR FISCAL 2001

**DENVER, COLORADO. AUGUST 9, 2001: ROYAL GOLD, INC**. (NASDAQ:RGLD; TSE:RGL) today announced a profit for the fiscal year ended June 30, 2001.

The Company reported earnings of $1,138,297, or $0.06 per diluted share, as compared to earnings of $3,952,979, or $0.22 per diluted share, in fiscal 2000. Without the write-down of $490,215 related to a reduction in the carrying value of the Bald Mountain property in the second quarter of fiscal 2001, fiscal year end earnings would have been $1,628,512, or $0.09 per diluted share. Royalty revenue was $5,963,153 in fiscal 2001, as compared to $9,406,656 in fiscal 2000. Revenue from the Pipeline Mining Complex (Lander County, Nevada) was $5,658,996 during fiscal 2001, as compared with $8,976,775 in fiscal 2000. At Bald Mountain (White Pine County, Nevada), royalty revenue was $304,157 in fiscal 2001, as compared with $429,881 in fiscal 2000. Cash flow provided from operations for the fiscal year was approximately $3.2 million. The Company's tax loss carryforward was $21.8 million at fiscal year end.

For the fourth quarter, April 1 through June 30, 2001, royalty revenue was $1,574,092, as compared to $1,984,125 for the same period in fiscal 2000. The Company reported earnings of $307,819, or $0.02 per diluted share, for the fourth quarter, as compared to earnings of $957,483, or $0.05 per diluted share, for the fourth quarter of fiscal 2000.

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Exploration and lease maintenance and holding costs were $774,060 in fiscal 2001, as compared to $1,867,825 in fiscal 2000. General and administrative expenses in fiscal 2001 were $1,715,512 as compared to $1,768,428 in fiscal 2000.

At June 30, 2001, the Company had working capital of $4.4 million. Current assets were $6,004,176, compared to current liabilities of $1,573,309, for a current ratio of 3.8 to 1.

Stanley Dempsey, Chairman and CEO, stated, "Our royalty portfolio has enabled us to maintain profitability, provide significant cash flows, and declare a second annual dividend. We had about $4.6 million in cash and no debt at fiscal year-end. Royalty revenue was lower this fiscal year due to the lower price of gold and the structure of our sliding-scale royalty at the Pipeline Mining Complex."

## REVIEW OF OPERATIONS

**Pipeline Mining Complex, Lander County, Nevada**

The Company holds two sliding scale gross smelter return royalties (GSR1 and GSR2), a fixed gross royalty (GSR3), and a net value royalty (NVR) on the Pipeline Mining Complex, in Lander County, Nevada. The GSR1 royalty covers the current mine footprint, and the GSR2 ("super") royalty covers any reserves that are developed on the claim block lying outside the current mine footprint. The GSR2 royalty pays out at a rate that is 80% higher than that of GSR1, at all gold prices. The GSR3 royalty is a 0.71% fixed rate for the life of the mine. The 0.37% NVR covers production from the GAS Claims, an area of interest of approximately 4,000 acres including the South Pipeline deposit and Crossroads area, but not including the Pipeline pit. The NVR is calculated by deducting processing-related costs, but this royalty is not burdened by mining costs. At average gold prices between $250 and $269.99 for a quarter, Royal Gold's GSR1 royalty at the Pipeline Mining Complex is 1.30% of production. At average gold prices between $270 and $309.99 for a quarter, the royalty rate is 2.25% of production. For fiscal 2001, the Pipeline Mining Complex produced 1.1 million ounces of gold and production is expected to exceed 1.0 million ounces in fiscal 2002.

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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.

According to Placer Dome, as of December 31, 2000, based on a gold price of $300 per ounce, proven and probable reserves at the Pipeline Mining Complex were 151,338,000 tons (137,291,563 tonnes), at an average grade of 0.047 ounces of gold per ton ("opt") (1.61 grams per tonne ("gpt")), containing approximately 7.1 million ounces of gold.

Placer Dome also advised that in addition to the proven and probable reserves at the Pipeline Mining Complex, the property contains approximately 60.6 million tons (54.9 million tonnes) of additional mineralized material, at an average grade of 0.047 opt (1.61 gpt). Approximately 38 million tons (34 million tonnes) of this material, grading 0.043 opt (1.47 gpt) is subject to the Company's GSR2 ("super") royalty. Cortez is continuing its development and exploration drilling in calendar 2001, mainly at the Crossroads area at the Pipeline Mining Complex.

**Bald Mountain, White Pine County, Nevada**

Royal Gold holds a 1.75% net smelter returns royalty ("NSR") that burdens a portion of the Bald Mountain mine, operated by Placer Dome U.S. Inc. During fiscal 2001, the Bald Mountain mine produced approximately 65,000 ounces of gold which were attributable to Royal Gold's interest. It is anticipated that the mine will produce approximately 70,000 ounces of gold in fiscal 2002 that will be attributable to Royal Gold's interest.

The operator reports that as of December 31, 2000, at a $300 gold price, the proven and probable reserves related to Royal Gold's royalty include 11,529,000 tons (10,458,935 tonnes) of ore, with an average grade of 0.0288 opt (0.987 gpt), containing approximately 332,000 ounces of gold.

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In addition to the proven and probable reserves, the operator reports that the Bald Mountain property contains approximately 9.1 million tons (8.3 million tonnes) of additional mineralized material, at an average grade of 0.076 opt (2.60 gpt) of gold, related to Royal Gold's royalty interest.

**Yamana Resources, Argentina**

The Company holds a 2% net smelter returns royalty on all mineral production from all of Yamana's development and exploration properties in Santa Cruz Province, Southern Argentina. Yamana's properties include the high-grade silver property known as the Martha mine at the Bacon prospect, and the high-grade gold property known as Coyote at the Martinetas prospect.

Through June 30, 2001, Yamana has sent ten shipments of direct shipping ore ("DSO") from the Martha mine to the smelter, in Quebec, Canada, containing 2,866 tons (2,600 tonnes) of material containing approximately 1.3 million ounces of equivalent silver. Royal Gold has received royalty payment for three of these shipments. In a DSO project, high-grade ore is shipped directly to a smelter, and no on-site processing is required. Production from the initial Phase I operation is expected to continue into early 2002.

**Other Matters**

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

At the end of June 2001, the Company orally agreed, subject to the drafting of an acceptable consent decree, to accept responsibility for approximately 2 million pounds of drilling mud disposed of at Casmalia, and to settle for approximately $110,000.

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**Fiscal 2002 Outlook**

"The Company's current royalty portfolio will ensure that we have cash flow and earnings again in fiscal 2002 at current gold prices. The sliding-scale features of our royalty structure at the Pipeline Mining Complex provide leverage to gold price increases while our fixed rate royalties provide downside protection of gold price fluctuations. We continue to pursue acquisitions to expand our royalty portfolio," Dempsey said.

Royal Gold is the largest U.S.-based royalty company engaging in the acquisition and management of precious metal royalty interests. Royal Gold is publicly traded on the Nasdaq National Market System under the symbol "RGLD," and on the Toronto Stock Exchange under the symbol "RGL." The Company's web page is located at www.royalgold.com.

Note: Management' conference call reviewing fiscal 2001 will be held today at 12:00 noon (EDT), and will be simultaneously carried on the Company's web site under the Presentation section, Conference Call heading. A replay on the web site will be available approximately two hours after the call ends.

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Cautionary "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: With the exception of historical matters, the matters discussed in this press release 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 production levels and timing, reserves, mineralization, Cortez' development and exploration plans, cash flows and earnings, and settlement of the Casmalia matter. Factors that could cause actual results to differ materially from projections include, among others, precious metals prices, decisions and activities of the operators of our royalty properties, unanticipated grade, geological, metallurgical, processing or other problems, changes in project parameters as plans continue to be refined, economic and market conditions, future financial needs or opportunities, and the ability to reach a definitive court approved settlement of the Casmalia matter as well as other factors described elsewhere in this press release and in filings with the Securities and Exchange Commission. 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.

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ASSETS

| | For The Years Ended June 30, 2001 | 2000 |
|---|---|---|
| Current assets | | |
| Cash and equivalents | $ 4,578,278 | $ 4,647,160 |
| Royalty receivables | 1,219,147 | 1,761,266 |
| Prepaid expenses and other | 206,751 | 235,990 |
| Available for sale securities | - | 920,273 |
| Total current assets | 6,004,176 | 7,564,689 |
| Property and equipment, at cost, net | 9,772,364 | 9,337,746 |
| Available for sale securities | 1,017,016 | - |
| Other Assets | 468,649 | 595,147 |
| Total assets | $ 17,262,205 | $ 17,497,582 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | For The Years Ended June 30, 2001 | 2000 |
|---|---|---|
| Current liabilities | | |
| Accounts payable | 485,785 | 713,580 |
| Dividend payable | 894,490 | 885,004 |
| Accrued compensation | 150,000 | 212,370 |
| Other | 43,034 | 61,292 |
| Total current liabilities | 1,573,309 | 1,872,246 |
| Other liabilities | 127,100 | 124,697 |
| Commitments and contingencies (note 5) | | |
| Stockholders' equity | | |
| Common stock, $.01 par value, authorized 40,000,000 shares; and issued 18,101,622 and 17,910,822 shares, respectively | 181,016 | 179,108 |
| Additional paid-in capital | 55,868,222 | 55,846,280 |
| Accumulated other comprehensive income | (553,472) | (400,215) |
| Accumulated deficit | (38,837,098) | (39,080,904) |
| | 16,658,668 | 16,544,269 |
| Less treasury stock, at cost (226,226 and 210,726 shares, respectively) | (1,096,872) | (1,043,630) |
| Total stockholders' equity | 15,561,796 | 15,500,639 |
| Total liabilities and stockholders' equity | $ 17,262,205 | $ 17,497,582 |

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CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME

| | For The Years Ended June 30, | |
|---|---|---|
| | 2001 | 2000 |
| Royalty revenues | $ 5,963,153 | $ 9,406,656 |
| Costs and expenses | | |
| Costs of operations | 784,993 | 692,940 |
| General and administrative | 1,715,512 | 1,768,428 |
| Exploration costs | 743,627 | 1,625,698 |
| Lease maintenance and holding costs | 30,433 | 242,127 |
| Impairment of mining assets | 490,215 | - |
| Depreciation and depletion | 1,270,621 | 1,193,108 |
| Total costs and expenses | 5,035,401 | 5,522,301 |
| Operating income (loss) | 927,752 | 3,884,355 |
| Interest and other income | 258,010 | 271,347 |
| Loss on marketable securities | - | 5,444 |
| Interest and other expense | 24,234 | 116,541 |
| Income (loss) before income taxes | 1,161,528 | 4,033,717 |
| Income tax expense | 23,231 | 80,738 |
| Net earnings | $ 1,138,297 | $ 3,952,979 |
| Adjustments to comprehensive income | | |
| Unrealized loss on available for sale securities | (153,257) | (400,215) |
| Comprehensive income | $ 985,040 | $ 3,552,764 |
| Basic earnings per share | $ 0.06 | $ 0.23 |
| Basic weighted average shares outstanding | 17,765,877 | 17,528,244 |
| Diluted earnings per share | $ 0.06 | $ 0.22 |
| Diluted weighted average shares outstanding | 17,770,735 | 17,710,371 |

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CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For The Years Ending June 30, | |
|---|---|---|
| | 2001 | 2000 |
| Cash flows from operating activities | | |
| Net income (loss) | $ 1,138,297 | $ 3,952,979 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in)operating activities: | | |
| Depreciation and depletion | 1,270,621 | 1,193,108 |
| Loss on marketable securities | - | 5,444 |
| Impairment of mining assets | 490,215 | - |
| Non cash compensation | - | 136,500 |
| (Increase) decrease in: | | |
| Royalty receivables | 542,119 | (1,449,168) |
| Other current assets | 29,239 | 222,702 |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | (308,424) | 122,782 |
| Other liabilities | 2,403 | 43,599 |
| Total adjustments | 2,026,173 | 274,967 |
| Net cash provided by (used in) operating activities | $ 3,164,470 | $ 4,227,946 |

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CONSOLIDATED STATEMENTS CASH FLOWS (CONTINUED)

| | For The Years Ended June 30, | |
|---|---|---|
| | 2001 | 2000 |
| Cash flows from investing activities | | |
| Capital expenditures for property and equipment | $ (2,195,454) | $ (8,340,629) |
| Maturity (purchase) of held-to-maturity securities, net | - | 4,000,000 |
| Purchase of available for sale securities | (250,000) | (1,320,488) |
| Increase in other assets | 126,498 | (417,270) |
| Net cash provided by (used in) investing activities | (2,318,956) | (6,078,387) |
| Cash flows from financing activities: | | |
| Dividends | (885,004) | - |
| Purchase of common stock | (53,242) | - |
| Proceeds from issuance of common stock | 23,850 | 1,827,125 |
| Net cash provided by (used in) financing activities | (914,396) | 1,827,125 |
| Net increase (decrease) in cash and equivalents | (68,882) | (23,316) |
| Cash and equivalents at beginning of period | 4,647,160 | 4,670,476 |
| Cash and equivalents at end of period | $ 4,578,278 | $ 4,647,160 |

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