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# NEWSRELEASE

ROYALGOLD, INC

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

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**or**
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## ROYAL GOLD REPORTS SECOND QUARTER RESULTS

**DENVER, COLORADO. FEBRUARY 13, 2003: ROYAL GOLD, INC.** (NASDAQ:RGLD; TSE: RGL) today announced results for the second quarter of fiscal 2003 (October 1-December 31). For the three months ending December 31, 2002, the Company had net income of $1,232,345, or $0.06 per basic share, on royalty revenue of $3,117,384, which includes one month of revenue from the High Desert royalties. This compares to net income of $1,385,802, or $0.08 per basic share, on royalty revenue of $2.9 million, for the same period in fiscal 2002. Included in the current period was a non-cash charge for a deferred tax expense of $416,704, or $0.02 per basic share.

Net income for the six-month period ending December 31, 2002, was $2,657,850, or $0.14 per basic share, on royalty revenue of $6.5 million. Included in the current six month period was a non-cash charge for a deferred tax expense of $917,937, or $0.05 per basic share. This compares to net income of $1,758,101 on royalty revenue of $5.7 million for the six-month period ended December 31, 2001, or $0.10 per basic share.

Free cash flow for the second quarter was approximately $2.1 million, or 68% of revenues. For the six-month period, free cash flow was approximately $4.7 million, or 72% of revenues. Free cash flow is defined as operating income plus depreciation, depletion and amortization, non-cash charges and any

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impairment of mining assets.

At December 31, 2002, the Company had a working capital surplus of approximately $27.4 million. Current assets were $31,289,885, compared to current liabilities of $3,890,735, for a current ratio of 8 to 1.

Stanley Dempsey, Chairman, CEO & President, said, "We are pleased with the recent rise in the gold price, which will translate into higher revenues from our royalties. Our strategy continues to be to grow our royalty portfolio and cash flow through the purchase of quality assets. With the completion of the High Desert acquisition, we have added two Nevada Carlin Trend royalties to our portfolio. Our royalty portfolio is now well diversified, with royalties on three of the largest gold mines in North America."

**ROYALTY PORTFOLIO REVIEW**

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

The Company owns two sliding-scale gross smelter returns royalties (GSR1 and GSR2), a fixed gross royalty (GSR3), and a net value returns royalty (NVR1) 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% NVR1 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 NVR1 is calculated by deducting processing-related costs, but is not burdened by mining costs.

The Pipeline Mining Complex is owned by the Cortez Joint Venture ("Cortez"), 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.

For the second quarter of Royal Gold's fiscal 2003, the Pipeline Mining Complex produced 240,723 ounces of gold, providing $2,769,653 of royalty revenue to Royal Gold. This compares to 305,082 ounces of gold produced, providing $2,791,484 of royalty revenue for the same quarter in fiscal 2002.

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For the second quarter of fiscal 2003, the average gold price was between $322 per ounce and Royal Gold's GSR1 royalty rate was 2.60%, compared to an average gold price of $279 per ounce and a GSR1 royalty rate of 2.25%, for the same period in fiscal 2002. Current production from the Pipeline Mining Complex is subject to GSR1, GSR3, and NVR1.

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

Royal Gold owns a 1.75% net smelter return royalty ("NSR") that burdens a portion of the Bald Mountain mine, operated by Placer Dome U.S. Inc. During this fiscal quarter, the Bald Mountain mine produced approximately 17,800 ounces of gold, which were attributable to Royal Gold's interest, providing $100,264 of royalty revenue. This compares to 19,770 ounces of gold attributable to Royal Gold's interest, providing $97,896 of royalty revenue for the same period in fiscal 2002.

**Leeville Project (Eureka County, Nevada)**

Royal Gold owns a 2% NVR (which calculates as an NSR royalty for gold and silver), covering a portion of the Leeville project ("Leeville"). Leeville is an underground mine, currently under development by Newmont Mining Corporation. The mine currently produces from the Carlin East Deposit, a portion of which is covered by the Company's royalty. Royal Gold received $94,468 in royalty revenue, for the last month of the quarter.

**SJ Claims (Goldstrike Mine, Eureka County, Nevada)**

The Company owns a 1% NSR royalty covering a portion of the Goldstrike mine, an open pit mine operated by Barrick Gold Corporation. Royal Gold received $147,884 in royalty revenue, for the last month of the quarter.

**Leeville Project and SJ Claims (Goldstrike Mine) Royalty Assignment (Eureka County, Nevada)**

The Company has assigned 10% of its royalties on the Leeville project and the SJ Claims (Goldstrike mine) to a private company owned by the former principal stockholder of High Desert Mineral Resources in exchange for $2.9 million in indebtedness.

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**Martha Mine (Santa Cruz Province, Argentina)**

The Company owns a 2% NSR on the Martha silver mine operated by Coeur d'Alene Mines Corporation ("Coeur"). Shipments of high-grade silver ore from the Martha mine to Coeur's Cerro Bayo (Chili) mining facility during Royal Gold's second quarter of fiscal 2003, totaled approximately 9,390 tons (8,519 tonnes), at an average grade of approximately 132 silver-equivalent ounces per ton (4,542 grams per tonne).

Royal Gold also owns a 2% NSR on a number of other exploration properties in the Santa Cruz Province.

**Other Royalty Positions**

The Company also owns a 1.0% NSR royalty on the Long Valley gold project, in eastern California, now under option to Vista Gold Corp.

**Corporate Profile**

Royal Gold, Inc. is a dividend paying, precious metals royalty company engaging in the acquisition and management of precious metals royalty interests. Royal Gold is publicly traded on the Nasdaq 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's conference call reviewing its second quarter of fiscal 2003 will be held today at 12:00 noon Eastern (10:00 a.m. Mountain; 9:00 a.m. Pacific) time. The call will be simultaneously carried on the Company's web site at **www.royalgold.com** under the "Presentations" section. A replay on the web site will be available approximately two hours after the call ends. The conference call is also available by calling 800-603-2779 or 706-634-7230. Audio replays will be available about two hours after the call and until February 20 by dialing 800-642-1687 or 706-645-9291, access number 8371167.

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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, royalty acquisitions, ore shipments, cash flow and earnings, and the sliding-scale features of our royalty structure at the Pipeline Mining Complex. Factors that could cause actual results to differ materially include, among others, precious metals prices, decisions and activities of the operators of our royalty

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properties, unanticipated grade, geological, metallurgical, processing or other problems the operators of the mining properties may encounter, changes in project parameters as plans continue to be refined, results of current or planned exploration activities, economic and market conditions, and future financial needs or opportunities, and the impact of any future acquisitions, as well as other factors described elsewhere in this press release and in our Annual Report on Form 10-K, and other 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.

The Company includes in its reporting, information on free cash flow. Free cash flow is defined by operating income plus depreciation, depletion and amortization, non-cash charges, and any impairment of mining assets. While we believe free cash flow is a useful measure of the Company's performance, we also want to advise that this is not a measure recognized by general accepted accounting principals.

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**ROYAL GOLD, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(Unaudited)**

| **ASSETS** | December 31, 2002 | June 30, 2002 |
|---|---|---|
| Current assets | | |
| Cash and equivalents | $ 28,316,861 | $ 11,104,140 |
| Royalty receivables | 2,728,075 | 3,022,214 |
| Prepaid expenses and other | 244,949 | 165,238 |
| Total current assets | 31,289,885 | 14,291,592 |
| Property and equipment, at cost, net | 36,940,456 | 7,518,205 |
| Available for sale securities | 554,781 | 583,771 |
| Deferred tax asset | 5,931,750 | 6,849,687 |
| Other assets | 275,261 | 346,825 |
| Total assets | $ 74,992,133 | $ 29,590,080 |

| **LIABILITIES AND STOCKHOLDERS' EQUITY** | December 31, 2002 | June 30, 2002 |
|---|---|---|
| Accounts payable | $ 1,627,923 | $ 698,136 |
| Dividend payable | 1,023,620 | 1,354,022 |
| Notes payable | 647,649 | - |
| Accrued compensation | 390,000 | 150,000 |
| Other | 201,543 | 99,667 |
| Total current liabilities | 3,890,735 | 2,301,825 |
| Other liabilities | 117,237 | 120,525 |
| Commitments and contingencies (note 6) | | |
| Stockholders' equity | | |
| Common stock, $.01 par value, authorized 40,000,000 shares; and issued 20,703,061 and 18,279,840 shares, respectively | 207,031 | 182,798 |
| Additional paid-in capital | 99,570,009 | 57,389,220 |
| Accumulated other comprehensive income | 162,160 | 184,981 |
| Accumulated deficit | (27,858,167) | (29,492,397) |
| | 72,081,033 | 28,264,602 |
| Less treasury stock, at cost (229,224 shares) | (1,096,872) | (1,096,872) |
| Total stockholders' equity | 70,984,161 | 27,167,730 |
| Total liabilities and stockholders' equity | $ 74,992,133 | $ 29,590,080 |

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**ROYAL GOLD, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**AND COMPREHENSIVE INCOME**
**(Unaudited)**

| | For The Three Months Ended | |
|---|---|---|
| | December 31, 2002 | December 31, 2001 |
| Royalty revenues | $ 3,117,384 | $ 2,889,380 |
| Costs and expenses | | |
| Costs of operations | 315,126 | 243,058 |
| General and administrative | 537,641 | 439,099 |
| Exploration and business development | 150,747 | 172,711 |
| Depreciation and depletion | 515,109 | 524,950 |
| Total costs and expenses | 1,518,623 | 1,379,818 |
| Operating income | 1,598,761 | 1,509,562 |
| Interest and other income | 121,779 | 32,289 |
| Loss on marketable securities | - | (96,286) |
| Interest and other expense | 37,837 | 31,481 |
| Income before income taxes | 1,682,703 | 1,414,084 |
| Current tax expense | 33,654 | 28,282 |
| Deferred tax expense | 416,704 | - |
| Net earnings | $ 1,232,345 | $ 1,385,802 |
| Adjustments to comprehensive income | | |
| Unrealized change in market value of available for sale securities | 55,977 | - |
| Comprehensive income | $ 1,288,322 | $ 1,385,802 |
| Basic earnings per share | $ 0.06 | $ 0.08 |
| Basic weighted average shares outstanding | 19,443,692 | 17,899,951 |
| Diluted earnings per share | $ 0.06 | $ 0.08 |
| Diluted weighted average shares outstanding | 20,022,836 | 18,025,966 |

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**ROYAL GOLD, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**AND COMPREHENSIVE INCOME**
**(Unaudited)**

| | For The Six Months Ended | |
|---|---|---|
| | December 31, 2002 | December 31, 2001 |
| Royalty revenues | $ 6,483,556 | $ 5,721,013 |
| Costs and expenses | | |
| Costs of operations | 582,113 | 461,447 |
| General and administrative | 981,826 | 884,717 |
| Exploration and business development | 243,768 | 295,032 |
| Depreciation and depletion | 1,148,946 | 1,121,760 |
| Total costs and expenses | 2,956,653 | 2,762,956 |
| Operating income | 3,526,903 | 2,958,057 |
| Interest and other income | 191,676 | 70,147 |
| Loss on marketable securities | - | (1,171,679) |
| Interest and other expense | 69,817 | 62,544 |
| Income before income taxes | 3,648,762 | 1,793,981 |
| Current tax expense | 72,975 | 35,880 |
| Deferred tax expense | 917,937 | - |
| Net earnings | $ 2,657,850 | $ 1,758,101 |
| Adjustments to comprehensive income | | |
| Unrealized change in market value of available for sale securities | (22,821) | - |
| Realized change in market value of available for sale securities | - | 553,472 |
| Comprehensive income | $ 2,635,029 | $ 2,311,573 |
| Basic earnings per share | $ 0.14 | $ 0.10 |
| Basic weighted average shares outstanding | 19,040,482 | 17,890,862 |
| Diluted earnings per share | $ 0.14 | $ 0.10 |
| Diluted weighted average shares outstanding | 19,582,186 | 18,002,912 |

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

| | For The Six Months Ended | |
|---|---|---|
| | December 31, 2002 | December 31, 2001 |
| Cash flows from operating activities | | |
| Net income | $ 2,657,850 | $ 1,758,101 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and depletion | 1,148,946 | 1,121,760 |
| Loss on marketable securities | - | 1,171,679 |
| Deferred tax expense | 917,937 | - |
| (Increase) decrease in: | | |
| Royalty receivables | 294,139 | (1,326,374) |
| Other current assets | (79,711) | 32,363 |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 1,919,312 | 443,990 |
| Other liabilities | (3,288) | (3,288) |
| Total adjustments | 4,197,335 | 1,440,130 |
| Net cash provided by operating activities | 6,855,185 | 3,198,231 |

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**ROYAL GOLD, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**
**(Unaudited)**

| | For The Six Months Ended | |
|---|---|---|
| | December 31, 2002 | December 31, 2001 |
| Cash flows from investing activities | | |
| Acquisition | $ (2,521,224) | - |
| Capital expenditures for property and equipment | (10,166) | $ (14,039) |
| Decrease in other assets | 77,733 | 58,367 |
| Net cash provided by (used in) investing activities | (2,453,657) | 44,328 |
| Cash flows from financing activities: | | |
| Dividends | (1,354,022) | (894,490) |
| Proceeds from issuance of common stock | 14,165,215 | 12 |
| Net cash provided by (used in) financing activities | 12,811,193 | (894,478) |
| Net increase (decrease) in cash and equivalents | 17,212,721 | 2,348,081 |
| Cash and equivalents at beginning of period | 11,104,140 | 4,578,278 |
| Cash and equivalents at end of period | $ 28,316,861 | $ 6,926,359 |

Non-cash Activity

During the period the Company acquired High Desert Mineral Resources, Inc. See Note 2.

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