

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 for the quarterly period ended March 31, 2002

Commission File Number 0-5664

(Name, State of Incorporation, Address and Telephone Number)



ROYAL GOLD, INC.
1660 Wynkoop Street, Suite 1000
Denver, Colorado 80202-1132
(303) 573-1660

I.R.S. Employer Identification Number **84-0835164**

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 90 days. Yes ☒ No ☐

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

Class of Common Stock

Outstanding at May 1, 2002

\$0.01 Par Value

17,938,039 Shares

INDEX

PART I	FINANCIAL STATEMENTS	<u>PAGE</u>
Item 1.	Financial Statements	
	Consolidated Balance Sheets	3
	Consolidated Statements of Operation	5
	Consolidated Statements of Cash Flows	7
	Notes to Consolidated Financial Statements	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
PART II	OTHER INFORMATION	
Item 6.	Exhibits and Reports on Form 8-K	17
SIGNATURES		18

Cautionary "Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995. With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements regarding projected production levels, reserves, settlement of the Casmalia matter, and that the Company envisions that further growth will more likely occur as a result of acquisitions, rather than from exploration. Factors that could cause actual results to differ materially from the projections incorporated herein include, among others, changes in precious metals prices, decisions and activities of the operators of its 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, the availability of acquisitions, and the ability to reach a definitive court-approved settlement of the Casmalia matter, 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.

ROYAL GOLD, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	<u>March 31,</u> <u>2002</u>	<u>June 30,</u> <u>2001</u>
Current assets		
Cash and equivalents	\$ 8,641,060	\$ 4,578,278
Royalty receivables	2,873,484	1,219,147
Prepaid expenses and other	<u>136,307</u>	<u>206,751</u>
Total current assets	<u>11,650,851</u>	<u>6,004,176</u>
Property and equipment, at cost, net	8,106,166	9,772,364
Available for sale securities	513,088	1,017,016
Other assets	<u>372,241</u>	<u>468,649</u>
Total assets	\$ 20,642,346 =====	\$ 17,262,205 =====

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, <u>2002</u>	June 30, <u>2001</u>
Current liabilities		
Accounts payable	\$ 820,400	\$ 485,785
Dividend payable	0	894,490
Accrued compensation	75,000	150,000
Other	<u>49,337</u>	<u>43,034</u>
Total current liabilities	<u>944,737</u>	<u>1,573,309</u>
Other liabilities	122,169	127,100
Commitments and contingencies (Note 4)		
Stockholders' equity		
Common stock, \$.01 par value, authorized 40,000,000 shares; and issued 18,167,265 and 18,101,622 shares, respectively	181,673	181,016
Additional paid-in capital	55,867,572	55,868,222
Accumulated other comprehensive income	114,298	(553,472)
Accumulated deficit	<u>(35,491,231)</u>	<u>(38,837,098)</u>
	<u>20,672,312</u>	<u>16,658,668</u>
Less treasury stock, at cost (229,226 shares)	<u>(1,096,872)</u>	<u>(1,096,872)</u>
Total stockholders' equity	<u>19,575,440</u>	<u>15,561,796</u>
Total liabilities and stockholders' equity	\$ 20,642,346 =====	\$ 17,262,205 =====

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

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

	<u>For The Three Months Ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2002</u>	<u>2001</u>
Royalty revenues	\$ 3,140,760	\$ 1,446,010
Costs and expenses		
Costs of operations	262,566	147,591
General and administrative	498,548	457,175
Exploration and business development	189,992	207,140
Depreciation and depletion	<u>569,043</u>	<u>330,456</u>
Total costs and expenses	<u>1,520,149</u>	<u>1,142,362</u>
Operating income	<u>1,620,611</u>	<u>303,648</u>
Interest and other income	30,622	74,595
Interest and other expense	<u>31,064</u>	<u>11,920</u>
Income before income taxes	1,620,169	366,323
Income tax expense (benefit)	<u>32,403</u>	<u>7,326</u>
Net earnings	\$ <u>1,587,766</u>	\$ <u>358,997</u>
Adjustments to comprehensive income		
Unrealized change in market value of available for sale securities	<u>114,298</u>	<u>144,709</u>
Comprehensive income	\$ <u>1,702,064</u>	\$ <u>503,706</u>
Basic earnings per share	\$ <u>0.09</u>	\$ <u>0.02</u>
Basic weighted average shares outstanding	17,922,617	17,751,596
Diluted earnings per share	\$ <u>0.09</u>	\$ <u>0.02</u>
Diluted weighted average shares outstanding	18,172,621	17,866,905

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

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

	<u>For The Nine Months Ended</u>	
	<u>March 31,</u> <u>2002</u>	<u>March 31,</u> <u>2001</u>
Royalty revenues	\$ 8,861,773	\$ 4,389,061
Costs and expenses		
Costs of operations	724,013	482,655
General and administrative	1,383,265	1,315,848
Exploration and business development	485,023	590,240
Impairment of mining assets	0	490,215
Depreciation and depletion	<u>1,690,804</u>	<u>866,947</u>
Total costs and expenses	<u>4,283,105</u>	<u>3,745,905</u>
Operating income	<u>4,578,668</u>	<u>643,156</u>
Interest and other income	100,769	216,191
Gain (loss) on marketable securities	(1,171,679)	0
Interest and other expense	<u>93,608</u>	<u>11,920</u>
Income before income taxes	3,414,150	847,427
Income tax expense	<u>68,283</u>	<u>16,949</u>
Net earnings	\$ 3,345,867 =====	\$ 830,478 =====
Adjustments to comprehensive income		
Unrealized change in market value of available for sale securities	114,298	(308,640)
Realization of the change in market value of available for sale securities	<u>553,472</u>	<u>0</u>
Comprehensive income	\$ 4,013,637 =====	\$ 521,838 =====
Basic earnings per share	\$ 0.19 =====	\$ 0.05 =====
Basic weighted average shares outstanding	17,901,294	17,749,870
Diluted earnings per share	\$ 0.19 =====	\$ 0.05 =====
Diluted weighted average shares outstanding	18,057,655	17,865,551

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

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

	<u>For The Nine Months Ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2002</u>	<u>2001</u>
Cash flows from operating activities		
Net income	\$ 3,345,867	\$ 830,478
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and depletion	1,690,804	866,947
Impairment of mining assets	0	490,215
Loss on marketable securities	1,171,679	0
Other	0	104,061
(Increase) decrease in:		
Royalty receivables	(1,654,337)	621,467
Other current assets	70,444	(853)
Increase (decrease) in:		
Accounts payable and accrued liabilities	265,918	(540,901)
Other liabilities	<u>(4,931)</u>	<u>1,599</u>
Total adjustments	<u>1,539,577</u>	<u>1,542,535</u>
Net cash provided by operating activities	<u>4,885,444</u>	<u>2,373,013</u>

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

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

	<u>For The Nine Months Ended</u>	
	<u>March 31,</u> <u>2002</u>	<u>March 31,</u> <u>2001</u>
Cash flows from investing activities		
Purchase of available for sale securities	\$ 0	\$ (250,000)
Proceeds from marketable securities	19	0
Capital expenditures for property and equipment	(24,606)	(58,942)
Decrease in other assets	<u>96,408</u>	<u>0</u>
Net cash provided by (used in) investing activities	<u>71,821</u>	<u>(308,942)</u>
Cash flows from financing activities:		
Purchase of common stock	0	(53,242)
Dividends	(894,490)	(885,004)
Proceeds from issuance of common stock	<u>7</u>	<u>8,750</u>
Net cash provided by (used in) financing activities	<u>(894,483)</u>	<u>(929,496)</u>
Net increase (decrease) in cash and equivalents	<u>4,062,782</u>	<u>1,134,575</u>
Cash and equivalents at beginning of period	<u>4,578,278</u>	<u>4,647,160</u>
Cash and equivalents at end of period	\$ 8,641,060 =====	\$ 5,781,735 =====

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

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless the context requires otherwise, references to "we," "us," "our," or the "Company" are intended to mean Royal Gold, Inc. and its consolidated subsidiaries. We believe that our disclosures are adequate to make the information presented not misleading. The consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of our financial results for the interim periods presented. For a more complete understanding of the business and operations of Royal Gold, Inc., please refer to the report on Form 10-K of Royal Gold, Inc. for the annual period ended June 30, 2001.

1. PROPERTY AND EQUIPMENT

The carrying value of the Company's property and equipment consists of the following components at March 31, 2002:

As of March 31, 2002	<u>Gross</u>	<u>Accumulated Depreciation & Depletion</u>	<u>Net</u>
Royalties			
GSR1	\$ -	\$ -	\$ -
GSR2	-	-	-
GSR3	8,105,020	2,802,796	5,302,224
NVR1	2,135,107	392,547	1,742,560
Bald Mountain	1,978,547	1,302,683	675,864
Mule Canyon	180,714	-	180,714
Yamana Resources, Inc.	<u>172,810</u>	<u>61,403</u>	<u>111,407</u>
Total royalties	12,572,198	4,559,429	8,012,769
Office furniture, equipment and improvements	<u>858,879</u>	<u>765,482</u>	<u>93,397</u>
	\$ <u>13,431,077</u>	\$ <u>5,324,911</u>	\$ <u>8,106,166</u>

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. The Company also owns a net value royalty (NVR1) on the South Pipeline gold deposit.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

2. AVAILABLE FOR SALE SECURITIES

The Company holds available for sale securities in a number of mining and exploration companies. The Company recorded an unrealized gain of \$114,298 on these securities for the three months and the nine months ended March 31, 2002. The Company recorded a mark to market loss of \$1,171,679 for the nine months ended March 31, 2002.

The securities are valued at current market value.

3. EARNINGS PER SHARE ("EPS") COMPUTATION

For The Nine Months Ended March 31, 2002

	Income (<u>Numerator</u>)	Shares (<u>Denominator</u>)	Per-Share <u>Amount</u>
Basic EPS			
Income available to common stockholders	\$ 3,345,867	17,901,294	\$ 0.19
Effect of dilutive securities	<u> </u>	<u>156,361</u>	<u> </u>
Diluted EPS	\$ 3,345,867 <u> </u>	18,057,655 <u> </u>	\$ 0.19 <u> </u>

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At March 31, 2002, 60,000 options to purchase shares of common stock at an average purchase price of \$12.73 per share were not included in the computation of diluted EPS, because the exercise price of these options was greater than the average market price of the common shares.

For The Nine Months Ended March 31, 2001

	Income (<u>Numerator</u>)	Shares (<u>Denominator</u>)	Per-Share <u>Amount</u>
Basic EPS			
Income available to common stockholders	\$ 830,478	17,749,870	\$ 0.05
Effect of dilutive securities	<u> </u>	<u>115,681</u>	<u> </u>
Diluted EPS	\$ 830,478 =====	17,865,551 =====	\$ 0.05 =====

At March 31, 2001, 1,052,079 options to purchase common stock at an average price of \$5.01 per share were not included in the computation of diluted EPS, because the exercise price of the options was greater than the average market price of these common shares.

For The Three Months Ended March 31, 2002

	Income (<u>Numerator</u>)	Shares (<u>Denominator</u>)	Per-Share <u>Amount</u>
Basic EPS			
Income available to common stockholders	\$ 1,587,766	17,922,617	\$ 0.09
Effect of dilutive securities	<u> </u>	<u>250,004</u>	<u> </u>
Diluted EPS	\$ 1,587,766 =====	18,172,621 =====	\$ 0.09 =====

At March 31, 2002, 60,000 options to purchase shares of common stock, at an average price of \$12.73 per share were not included in the computation of diluted EPS, because the exercise price of the options was greater than the average market price of these common shares.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Three Months Ended March 31, 2001

	Income (<u>Numerator</u>)	Shares (<u>Denominator</u>)	Per-Share <u>Amount</u>
Basic EPS			
Income available to common stockholders	\$ 358,977	17,751,596	\$ 0.02
Effect of dilutive securities	<u> </u>	<u>115,309</u>	<u> </u>
Diluted EPS	\$ 358,977 =====	17,866,905 =====	\$ 0.02 =====

At March 31, 2001, 1,052,079 options to purchase common stock at an average price of \$5.01 per share were not included in the computation of diluted EPS, because the exercise price of the options was greater than the average market price of these common shares.

4. COMMITMENTS AND CONTINGENCIES

Casmalia

The Company received notice, on March 24, 2000, 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 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 stemmed from oil and gas exploration activities undertaken by Royal Resources in California during 1983-84.

At the end of June 2001, the Company agreed, in principle, subject to the drafting of an acceptable consent decree, to accept financial responsibility for approximately two million pounds of customary oil and gas well drilling mud, and to settle with the EPA for approximately \$110,000.

On January 31, 2002, the Company entered into various agreements with other "Tier II" parties identified as potentially responsible for a portion of the clean-up of the Casmalia Disposal Facility, in Casmalia, California (the "Site"), and, in connection with such agreements, deposited the sum of \$107,858 into escrow. The escrowed funds are intended to resolve the Company's alleged liability under Superfund for clean-up costs to be incurred at the Site.

The escrow amount is based on the percentage of the total waste volume at the Site that the Company or its predecessors allegedly disposed of there, during 1983 and 1984. Although the Company's waste consisted entirely of customary oil field waste, the EPA has alleged that the waste was hazardous. The Company's volumetric contribution of allegedly hazardous waste was then used to calculate the Company's share of the projected cost of \$272 million to accomplish remediation of the Site.

ROYAL GOLD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company may still remain exposed for its proportionate share of "natural resources damages" at the Site, but that matter remains the subject of further negotiation, in connection with the completion of the consent decree that the Company will be obliged to enter into with EPA and the other Tier II parties before the deposited funds may be released from escrow. Any liability for "natural resources damages", at the Site, that may remain after the consent decree has been executed likely will not be determined until after the clean-up of the Casmalia Site has been completed.

5. GENERAL

The unaudited financial statements as of March 31, 2002, and for the three and nine months ended March 31, 2002 and 2001, reflect all adjustments, consisting solely of normal recurring items, which are necessary for the fair presentation of financial position, results of operations, and cash flows on a basis consistent with that of the prior audited consolidated financial statements.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Therefore, it is suggested that these financial statements be read in connection with the audited financial statements and the notes included in the Company's Annual Report on Form 10-K as of June 30, 2001.

Royal Gold is engaged in the acquisition and management of precious metals royalties and in the exploration and development of precious metals properties.

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 such properties from 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.

ROYAL GOLD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying interim Consolidated Financial Statements, related Notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the report on Form 10-K of Royal Gold, Inc. for the annual period ended June 30, 2001.

At March 31, 2002, the Company had current assets of \$11,650,851 compared to current liabilities of \$944,737 for a current ratio of 12 to 1. This compares to current assets of \$6,004,176 and current liabilities of \$1,573,309 at June 30, 2001, resulting in a current ratio of 4 to 1.

During the first nine months of fiscal 2002, liquidity needs were met from \$8,861,773 in royalty revenues from production at the Pipeline Mining Complex, Yamana, and at Bald Mountain, the Company's available cash resources, and interest and other income of \$100,769.

The Company recorded a non-cash charge of \$1,171,679 related to its available for sale securities for the nine months ended March 2002. The decline in value of these securities was deemed to be other-than-temporary and, therefore, the decline in value was recognized, including \$553,472 that had previously been recorded as a loss in Other Comprehensive Income.

For fiscal 2002, based on information from the operator, the Company anticipates production of approximately 1.1 million (revised from one million) ounces of gold at the Pipeline Mining Complex, which includes the processing of carbonaceous ore, based on estimates provided by Cortez. Production at the Pipeline Mining Complex was approximately 889,000 ounces of gold during the nine months ended March 31, 2002.

The Company has a \$10 million line of credit from HSBC that may be used to acquire producing royalties. Repayment of any loan under the line of credit will be secured by a mortgage on the Company's GSR3 royalty at the Pipeline Mining Complex, and by a security interest in the proceeds from any of the Company's royalties at the Pipeline Mining Complex. Any assets purchased with the line of credit will also serve as collateral. At this time, no funds have been drawn under the line of credit.

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 business development costs, and capital expenditures for the foreseeable future.

Other Events:

On April 3, 2002, Coeur d'Alene ("Coeur") announced it had completed the purchase of the Martha high-grade silver mine and other precious metal exploration properties in southern Argentina from Yamana Resources Inc. Coeur said it estimates that the Martha Mine contains fully diluted proven and probable reserves of 2.7 million ounces of silver at an average silver equivalent grade of 140 ounces per ton. Coeur plans to commence operations at the Martha Mine in May. Mining had been suspended as of October 2001. The Company holds a 2% NSR on these properties.

ROYAL GOLD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On April 22, 2002, Yamana Resources Inc. ("Yamana") announced it had executed a Memorandum of Understanding with Compania de Minas Buenaventura S.A.A. ("Buenaventura") covering Yamana's gold properties in the eastern half of Deseado Massif gold-silver region in Santa Cruz Province, Argentina. Buenaventura can earn 50% in the property by funding a staged three-year \$2,850,000 exploration program. The Company holds a 2% NSR royalty on these properties.

RESULTS OF OPERATIONS

Quarter Ended March 31, 2002, Compared with Quarter Ended March 31, 2001

For the quarter ended March 31, 2002, the Company recorded net earnings of \$1,587,766, or \$0.09 per diluted share, as compared to net earnings of \$358,997, or \$0.02 per diluted share, for the quarter ended March 31, 2001. Net earnings for the current quarter reflect \$3,140,760 in royalty revenues.

For the quarter ended March 31, 2002, the Company received royalty revenues of \$3,009,996 from its royalties at the Pipeline Mining Complex and \$130,764 from its royalty at Bald Mountain. For the quarter ended March 31, 2001, the Company received royalty revenues of \$1,446,010. This increase resulted from a higher royalty rate due to a higher gold price, higher production at the Pipeline Mining Complex, and royalties received from NVR1, which was not owned last fiscal year. The gold price averaged \$290 in the current quarter versus \$264 in the prior year's same quarter.

Cost of operations increased compared to the quarter ended March 31, 2001, primarily related to Nevada net proceeds tax expenditures associated with the increased royalties at the Pipeline Mining Complex.

General and administrative expenses of \$498,548 for the quarter ended March 31, 2002, increased from \$457,175 for the quarter ended March 31, 2001, primarily because of increased costs of maintaining listings on U.S. and Canadian stock exchanges.

Exploration and business development expenses decreased from \$207,140 for the quarter ended March 31, 2001, to \$189,992 for the quarter ended March 31, 2002, primarily due to decreased exploration expenditures, somewhat offset by increased business development costs.

Depreciation and depletion increased from \$330,456 for the quarter ended March 31, 2001, to \$569,043 for the quarter ended March 31, 2002, primarily due to increased production at the Pipeline Mining Complex, and depletion related to the Company's NVR1 royalty, which was not owned last fiscal year.

Interest and other income decreased from \$74,595 for the quarter ended March 31, 2001 to \$30,622 for the quarter ended March 31, 2002, primarily due to lower interest rates received on invested funds.

ROYAL GOLD, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Nine Months Ended March 31, 2002, Compared with Nine Months Ended March 31, 2001

For the nine months ended March 31, 2002, the Company recorded net earnings of \$3,345,867, or \$0.19 per diluted share, as compared to net earnings of \$830,478, or \$0.05 per diluted share, for the nine months ended March 31, 2001. Net earnings for the nine months ended March 31, 2002, reflect \$8,861,773 in royalty revenues.

For the nine months ended March 31, 2002, the Company received \$8,436,873 from its royalties at the Pipeline Mining Complex and \$314,956 from its royalty at Bald Mountain. For the nine months ended March 31, 2001, the Company received royalty revenues of \$4,389,061. This increase resulted from a higher royalty rate due to the higher gold price, higher production at the Pipeline Mining Complex, and royalties received from NVR1, which was not owned by the Company last fiscal year. The gold price averaged \$282 for the nine months ended March 31, 2002 versus \$264 for the nine months ended March 31, 2001.

Cost of operations increased compared to the nine months ended March 31, 2001, primarily related to Nevada net proceeds tax expenditures associated with the increased royalties at the Pipeline Mining Complex.

General and administrative expenses of \$1,383,265 for the nine months ended March 31, 2002, increased compared to \$1,315,848 for the nine months ended March 31, 2001, primarily because of increased costs of maintaining listings on U.S. and Canadian stock exchanges.

Exploration and business development expenses decreased from \$590,240 for the nine months ended March 31, 2001, to \$485,023 for the nine months ended March 31, 2002, primarily due to decreased exploration expenditures, somewhat offset by increased business development costs.

Depreciation and depletion increased from \$866,947 for the nine months ended March 31, 2001, to \$1,690,804 for the nine months ended March 31, 2002, primarily due to increased production at the Pipeline Mining Complex, the increased depletion associated with the Company's purchase of the GSR3 royalty at the Pipeline Mining Complex, because the royalty rate increased from 0.475% to 0.7125%, and depletion related to the Company's NVR1 royalty which was not owned last fiscal year.

The Company recorded a non-cash charge of \$1,171,679 related to its equity investments in Yamana Resources for the nine months ended March 31, 2002. The decline in value of these securities was deemed to be other-than-temporary and, therefore, the decline in value was recognized. Included in the charge for the nine months ended March 31, 2002, was a previous unrealized loss of \$553,472 recorded in Other Comprehensive Income.

Interest and other income decreased from \$216,191 for the nine months ended March 31, 2001, to \$100,769 for the nine months ended March 31, 2002, primarily due to lower interest rates received on invested funds.

ROYAL GOLD, INC.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits
None
- (b) Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROYAL GOLD, INC.

Date: May 9, 2002

By: /s/ Stanley Dempsey
Stanley Dempsey
Chairman, Chief Executive
Officer and Director

Date: May 9, 2002

By: /s/ John Skadow
John Skadow
Treasurer and Controller