GLAMIS GOLD LTD
Form 6-K
August 09, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

Current Report for August 2005

Glamis Gold Ltd.

(Translation of registrant s name into English)

5190 Neil Rd., Suite 310, Reno, Nevada 89502

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F o Form 40-F þ

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-________

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.

GLAMIS GOLD LTD.
(Registrant)

Date: August 5, 2005

By: /s/ Cheryl S. Maher

Cheryl S. Maher
Chief Financial Officer

GLAMIS GOLD LTD.
SECOND QUARTER 2005 REPORT
Financial Highlights
(in millions of U.S. dollars, except per share and per ounce amounts)

	Three Months Ended June 30, **2005**	2004	Six Months Ended June 30, **2005**	2004
Gold ounces produced	**109,377**	48,109	**203,098**	99,028
Gold ounces sold	**112,810**	47,037	**210,927**	99,700
Average revenue realized per gold ounce	**$ 430**	$ 394	**$ 429**	$ 404
Average market price per gold ounce	**$ 427**	$ 393	**$ 427**	$ 401
Total cash cost per gold ounce produced	**$ 191**	$ 183	**$ 190**	$ 194
Total production cost per gold ounce	**$ 295**	$ 268	**$ 294**	$ 279
Production Data:				
El Sauzal Mine:				
Ore tonnes milled	**429,578**		**732,555**	
Waste tonnes mined	**1,191,273**		**1,773,751**	
Grade (grams per tonne)	**3.473**		**3.380**	
Gold ounces produced	**44,502**		**88,037**	
Total cash cost per ounce	**$ 151**		**$ 138**	
Total production cost per ounce	**$ 267**		**$ 252**	
San Martin Mine:				
Ore tonnes processed	**1,432,564**	1,342,471	**2,891,640**	2,792,147
Waste tonnes mined	**883,619**	607,984	**2,074,135**	1,470,906
Grade (grams per tonne)	**0.647**	0.891	**0.639**	0.789
Gold ounces produced	**23,755**	22,418	**45,722**	51,344
Total cash cost per ounce	**$ 273**	$ 192	**$ 268**	$ 182
Total production cost per ounce	**$ 379**	$ 289	**$ 373**	$ 278
Marigold Mine (66.7%):				
Ore tonnes mined	**1,115,333**	1,892,571	**2,649,486**	3,057,149
Waste tonnes mined	**6,340,946**	4,092,732	**11,663,416**	9,623,281
Grade (grams per tonne)	**1.041**	0.960	**0.858**	0.857
Gold ounces produced	**41,120**	22,188	**69,339**	39,394
Total cash cost per ounce	**$ 187**	$ 160	**$ 204**	$ 198
Total production cost per ounce	**$ 275**	$ 240	**$ 295**	$ 277
Rand Mine (in reclamation):				
Gold ounces produced		3,503		8,290
Total cash cost per ounce		$ 268		$ 248
Total production cost per ounce		$ 311		$ 292
Financial Data:				
Working capital	**$ 29.3**	$ 73.0	**$ 29.3**	$ 73.0
Cash provided from operations	**$ 22.1**	$ 7.7	**$ 38.6**	$ 15.4

Net earnings	**$ 8.2**	$ 2.9	**$ 10.4**	$ 12.0
Basic earnings per share	**$ 0.06**	$ 0.02	**$ 0.08**	$ 0.09
Average shares outstanding	**131,002,303**	130,513,678	**130,951,724**	130,369,235

Glamis Gold Ltd.
Consolidated Balance Sheets
(Expressed in millions of U.S. dollars, except per share amounts)

	June 30 2005 (unaudited)	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	**$ 24.8**	$ 27.0
Accounts and interest receivable	**1.8**	2.8
Inventories (note 2)	**26.0**	25.7
Prepaid expenses and other	**1.5**	1.3
	54.1	56.8
Mineral property, plant and equipment, net	**593.3**	542.3
Other assets	**12.3**	14.2
	$ 659.7	$ 613.3
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 22.3**	$ 24.8
Site closure and reclamation costs, current	**0.8**	0.9
Taxes payable	**1.7**	3.7
	24.8	29.4
Site closure and reclamation costs	**8.9**	7.6
Long-term debt (note 3)	**65.0**	30.0
Future income taxes	**88.2**	86.0
	186.9	153.0
Shareholders equity		
Share capital (note 4):		
Authorized:		
Unlimited (2004 200,000,000) common shares without par value		
5,000,000 preferred shares, Cdn$10 per share par value, issuable in series		
Issued and fully paid:		
131,018,753 (2004 130,863,953) common shares	**474.2**	472.7
Contributed surplus	**17.1**	16.5
Deficit	**(18.5)**	(28.9)
	472.8	460.3

	$	**659.7**	$	613.3

See accompanying notes to consolidated financial statements
Prepared by management without audit
Approved on behalf of the Board:

/s/ C. Kevin McArthur	/s/ A. Dan Rovig
C. Kevin McArthur	A. Dan Rovig
Director	Director

Glamis Gold Ltd.
Consolidated Statements of Operations
(Expressed in millions of U.S. dollars, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	**2005**	2004
	(unaudited)		(unaudited)	
Revenue	**$ 48.7**	$ 18.6	**$ 90.8**	$ 40.3
Costs and expenses:				
Cost of sales	**21.4**	8.5	**39.2**	19.2
Depreciation and depletion	**12.5**	4.0	**23.2**	8.4
Exploration	**1.4**	0.8	**2.5**	1.9
General and administrative	**2.0**	1.6	**8.1**	4.0
Stock-based compensation	**1.2**		**1.8**	0.1
Other operating expenses	**0.6**	0.3	**0.9**	0.4
	39.1	15.1	**75.7**	34.0
Earnings from operations	**9.6**	3.4	**15.1**	6.3
Interest and other income	**0.4**	0.1	**0.6**	8.4
Earnings before income taxes	**10.0**	3.5	**15.7**	14.7
Provision for income taxes:				
Current	**2.0**		**3.1**	1.2
Future	**(0.2)**	0.6	**2.2**	1.5
	1.8	0.6	**5.3**	2.7
Net earnings	**$ 8.2**	$ 2.9	**$ 10.4**	$ 12.0
Earnings per share:				
Basic	**$ 0.06**	$ 0.02	**$ 0.08**	$ 0.09
Diluted	**$ 0.06**	$ 0.02	**$ 0.08**	$ 0.09
Weighted average common shares outstanding:				
Basic	**131,002,303**	130,513,678	130,951,724	130,369,235
Diluted	**132,278,716**	132,104,099	132,266,792	131,948,374

Consolidated Statements of Deficit
(Expressed in millions of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	**2005**	2004
	(unaudited)		(unaudited)	

Deficit, beginning of period	**$**	**(26.7)**	$	(40.7)	**$**	**(28.9)**	$	(36.7)
Adjustment for stock-based compensation (note 5)								(13.1)
Net earnings		**8.2**		2.9		**10.4**		12.0
Deficit, end of period	**$**	**(18.5)**	$	(37.8)	**$**	**(18.5)**	$	(37.8)

See accompanying notes to consolidated financial statements
Prepared by management without audit

Glamis Gold Ltd.
Consolidated Statements of Cash Flows
(Expressed in millions of U.S. dollars)

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	**2005**	2004
	(unaudited)		(unaudited)	
Cash flows from operating activities				
Net earnings	**$ 8.2**	$ 2.9	**$ 10.4**	$ 12.0
Non-cash items:				
Depreciation and depletion	**12.5**	4.0	**23.2**	8.4
Future income taxes	**(0.2)**	0.6	**2.2**	1.5
Loss (gain) on sale of properties and investments	**(0.2)**	0.1	**(0.3)**	(6.9)
Stock-based compensation	**1.2**		**1.8**	0.1
Other	**0.6**	0.1	**1.3**	0.3
	22.1	7.7	**38.6**	15.4
Changes in non-cash operating working capital:				
Accounts and interest receivable	**1.0**	(1.6)	**1.1**	(2.3)
Taxes recoverable/payable	**(2.7)**		**(2.1)**	
Inventories	**0.6**	(3.4)	**(0.5)**	(3.1)
Prepaid expenses and other	**0.5**	2.5	**(0.2)**	(0.7)
Accounts payable and accrued liabilities	**(3.2)**	16.4	**(3.1)**	19.7
Site closure and reclamation expenditures	**(0.8)**	(0.5)	**(1.3)**	(1.1)
Net cash provided by operating activities	**17.5**	21.1	**32.5**	27.9
Cash flows from (used in) investing activities				
Purchase of mineral property, plant and equipment, net of disposals	**(38.6)**	(58.8)	**(72.1)**	(93.2)
Net proceeds from sale of investments and properties	**0.5**		**0.5**	13.3
Other assets	**0.7**		**1.3**	
Net cash used in investing activities	**(37.4)**	(58.8)	**(70.3)**	(79.9)
Cash flows from financing activities				
Proceeds from long-term debt	**20.0**		**35.0**	
Proceeds from issuance of common shares	**0.4**	1.2	**0.6**	3.1
Net cash provided by financing activities	**20.4**	1.2	**35.6**	3.1
Increase (decrease) in cash and cash equivalents	**0.5**	(36.5)	**(2.2)**	(48.9)
Cash and cash equivalents, beginning of period	**24.3**	113.7	**27.0**	126.1

Cash and cash equivalents, end of period	**$**	**24.8**	$	77.2	**$**	**24.8**	$	77.2
Supplemental disclosure of cash flow information:								
Cash paid (received) during the period for:								
Interest, net of interest amounts paid and capitalized (note 3)	**$**	**(0.2)**	$	(0.3)	**$**	**(0.3)**	$	(0.7)
Taxes	**$**	**4.7**			**$**	**4.8**		
Non-cash financing activities:								
Shares received on sale of mineral property rights							$	0.7

See accompanying notes to consolidated financial statements
Prepared by management without audit

Glamis Gold Ltd.

Notes to Unaudited Interim Consolidated Financial Statements
(tables expressed in millions of U.S. dollars, except per share amounts)
Three months and six months ended June 30, 2005

1. General

In the opinion of management, the accompanying unaudited interim consolidated balance sheet and consolidated statements of operations, deficit and cash flows contain all adjustments, consisting only of normal recurring accruals, necessary to present fairly, in all material respects, the financial position of Glamis Gold Ltd. (the Company) as of June 30, 2005 and the results of its operations and its cash flows for the three-month and the six- month periods ended June 30, 2005 and 2004.

These unaudited interim consolidated financial statements should be read in conjunction with the Company s audited consolidated financial statements and related footnotes included in the Company s annual report to shareholders for the year ended December 31, 2004. Certain of the comparative figures have been reclassified to conform to the current period s presentation.

The financial statements are prepared using the same accounting policies and methods of application as those disclosed in note 2 to the Company s consolidated financial statements for the year ended December 31, 2004, except as described in note 6 to these financial statements. These statements have been prepared in accordance with accounting principles generally accepted in Canada which conform, in all material respects, with accounting principles generally accepted in the United States, except as described in note 7 hereof. All amounts are stated in U.S. dollars unless otherwise specified.

2. Inventories

	June 30, 2005 (unaudited)	December 31, 2004
Finished goods	**$ 1.7**	$ 2.5
Work-in-progress	**15.6**	17.3
Supplies and spare parts	**8.7**	5.9
	$ 26.0	$ 25.7

3. Long-term debt

On June 30, 2004, the Company signed a loan agreement with International Finance Corporation, a division of the World Bank providing for up to $45.0 million in funding, at a six-month LIBOR plus 2.625%-based interest rate, for development of the Company s Marlin Project in Guatemala. The facility is secured by a pledge of the Company s shares in the related Guatemalan subsidiaries. As at June 30, 2005, there was $45.0 million outstanding under the facility. The blended interest rate was 5.515% as of June 30, 2005; interest is payable semiannually. Principal repayments are scheduled to begin in January 2007 and will be made semi-annually through July 2009. For the three months ended June 30, 2005, $0.6 million of interest was capitalized to the Marlin Project (2004 nil); $1.1 million of interest was capitalized for the six months ended June 30, 2005 (2004 nil).

On March 4, 2005, the Company finalized a $50.0 million revolving credit facility with the Bank of Nova Scotia. The facility is available for borrowing and repayment at any time during the 3-year period ending March 4, 2008 at a LIBOR-based interest rate. The facility is secured by a pledge of the Company s shares in certain U.S. and Mexican mining subsidiaries. As of June 30, 2005, $20.0 million was outstanding under this facility. The interest rate was 4.51% as of June 30, 2005; interest is payable quarterly. For the three months and six months ended June 30, 2005 $0.1 million in interest was capitalized to the Marlin Project.

4. Share Capital
(a) Shares Outstanding

	Six months ended June 30, 2005 (unaudited)		Six months ended June 30, 2004 (unaudited)	
	Number of Shares	**Amount**	Number of shares	Amount
Issued and fully paid:				
Balance at beginning of period	**130,863,953**	**$ 472.7**	130,133,678	$ 465.4
Cumulative adjustment for change in accounting for stock-based compensation (note 6)				1.4
Issued during the period:				
Pursuant to the terms of Directors and Employees stock option plan	**97,800**	**0.8**	491,000	3.9
Pursuant to the terms of Directors and Employees restricted stock plan	**57,000**	**0.7**		
Balance at end of period	**131,018,753**	**$ 474.2**	130,624,678	$ 470.7
Directors and employees stock options outstanding, end of period	**3,996,200**		3,624,700	
Directors and employees stock options exercisable, end of period	**3,503,534**		3,617,200	

The Company had 200,000,000 shares of common stock without par value authorized as of December 31, 2004. At an extraordinary shareholders meeting on February 9, 2005, the restriction on the number of shares authorized was removed allowing the Company to issue an unlimited number of common shares without par value. Each common share is entitled to one vote.

(b) Stock-based compensation

The Company granted 340,000 options during the three months ended June 30, 2005 (2004 none). The Company used the Black-Scholes option pricing model to determine the fair value of options granted during the three months ended June 30, 2005 with the following weighted average assumptions: risk-free interest rate 2.88%, expected volatility 32.5% and expected life of the option 2.32 years. The Company also granted 378,000 options during the three months ended March 31, 2005 (2004 15,000 options). The Company used the Black-Scholes option pricing model to determine the fair value of options granted during the three months ended March 31, 2005 and 2004 with the following weighted average assumptions: risk-free interest rate 2.95% (2004 - 2.55%), expected volatility 35% (2004 55%), and expected life of the option 1.5 years (2004 2.5 years). The weighted average fair value of options granted in the three months ended June 30, 2005 was $1.1 million (2004 nil) and for the six months ended June 30, 2005 was $2.3 million (2004 $0.1 million).

During the three months ended March 31, 2005, the Company also issued 57,000 common shares as restricted stock, one third of which vested and the balance of which will vest over the next two years. The fair value of the common shares issued as restricted stock was $0.7 million of which $0.4 million has been deferred and will be charged to operations over the vesting period. There was no restricted stock issued in the three months ended June 30, 2005, or during the six months ended June 30, 2004.

The Company also has a stock-based management incentive plan that allows it to grant rights for a holder to receive the appreciation in the value of the stock-based right over the stated base price in shares of stock (SARs). During the three months ended June 30, 2005 the Company granted 843,000 SARs, of which 281,000 are vested. As at March 31, 2005 and December 31, 2004, there were no SARs outstanding. At June 30, 2005, the Company accrued $0.8 million for the excess of the Company s share price at June 30, 2005 over the stated base price of vested SARs. Total expense incurred by the Company in 2005 upon exercise of SARs was nil (2004 nil).

5. Segment Reporting

As at June 30, 2005 and 2004 and for the three and six months ended June 30, 2005 and 2004:

Three months ended June 30, 2005	El Sauzal	San Martin	Marigold	Rand	Marlin	Other	Total
Revenue	$ 19.7	$ 9.9	$ 18.6	$ 0.5	$	$	$ 48.7
Cost of sales	6.8	6.3	8.1	0.2			21.4
Depreciation and depletion	5.2	2.4	3.9	0.1		0.9	12.5
Other operating expenses	0.4	0.1	0.1		0.1	4.5	5.2
Earnings (loss) from operations	7.3	1.1	6.5	0.2	(0.1)	(5.4)	9.6
Other income (loss)	0.2	(0.2)	0.1	0.1		0.2	0.4
Earnings (loss) before taxes	$ 7.5	$ 0.9	$ 6.6	$ 0.3	$ (0.1)	$ (5.2)	$ 10.0
Cash from operating activities[(1)]	$ 12.6	$ 0.6	$ 10.4	$ 0.2	$ (0.1)	$ (1.6)	$ 22.1
Capital expenditures	$ 1.2	$ 0.9	$ 7.6	$	$ 29.1	$	$ 38.8

(1) Before changes in non-cash working capital and site closure and reclamation expenditures.

Three months ended June 30, 2004	El Sauzal	San Martin	Marigold	Rand	Marlin	Other	Total
Revenue	$	$ 8.5	$ 8.7	$ 1.4	$	$	$ 18.6
Cost of sales		4.2	3.4	0.9			8.5
Depreciation and depletion		2.0	1.8	0.2			