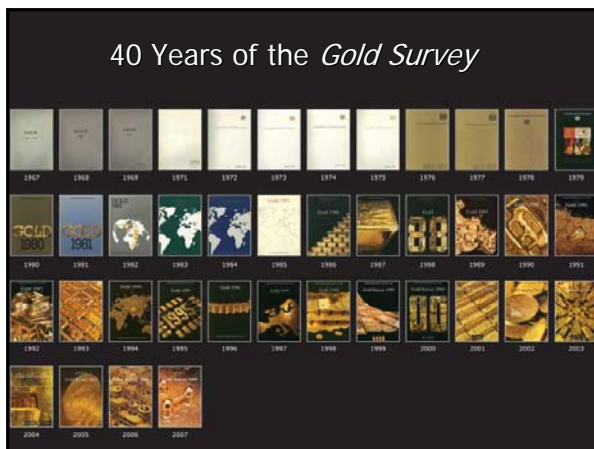


The Gold Survey Cover

The cover of *Gold Survey 2007* features five hundred 50 gramme Valcambi sa rectangular minted bars, twenty five 20 gramme Valcambi sa round minted bars, five hundred 50 gramme Tanaka KK minted bars and one 1 kilogramme, one 2 kilogramme and one 3 kilogramme Tanaka KK gold dumbbells.

GFMS gratefully acknowledge the generous support from the following companies for this year's *Gold Survey* and its two *Updates*

COMMERZBANK Global Precious Metals Commerzbank Global Precious Metals	Valcambi sa Valcambi sa	TANAKA KUKINZOKU GROUP Tanaka Precious Metals Group	PAMP www.pamp.com
gold World Gold Council	Dubal Multi Commodities Centre	BARRICK Barrick Gold Corporation	JPMorgan JPMorgan Chase Bank
IBK Capital Corp. www.IBKCapital.com	ScotiaMocatta ScotiaMocatta	Standard Bank www.standardbank.com	NEWMONT www.newmont.com
GOLDAS www.goldas.com	JM Johnson Matthey	Goldfields www.goldfields.co.za	SOCIETE GENERALE Commodity & Investment Banking www.commodities.sgib.com
POLYUS www.polyusgold.com	NATEXIS www.natexiscm.com	Randrefinery www.randrefinery.com	NYMEX www.nymex.com



The GFMS Group's Unique Research Capabilities & Programme

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Presentation Outline

- Gold Prices
- Supply
- Demand
- Outlook



US Dollar Gold Price

Weekly Averages



Source: GFMS



Real and Nominal Gold Prices

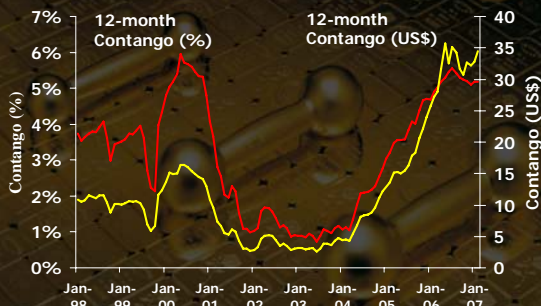
(real price in constant 2006 terms)



Source: GFMS, Reuters EcoWin



The contango continued to grow in 2006



Source: LBMA



Euro Gold Price

Weekly Averages



Source: GFMS



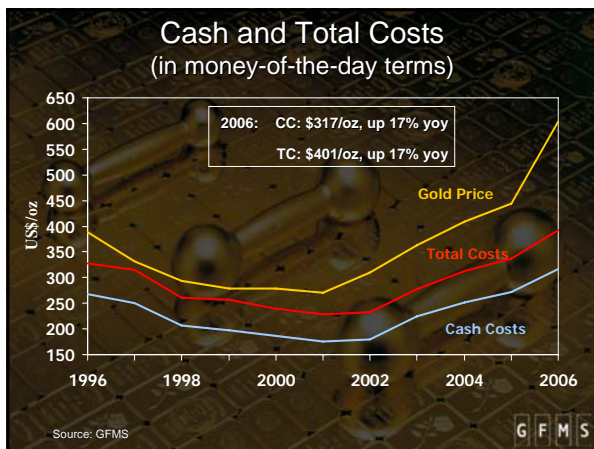
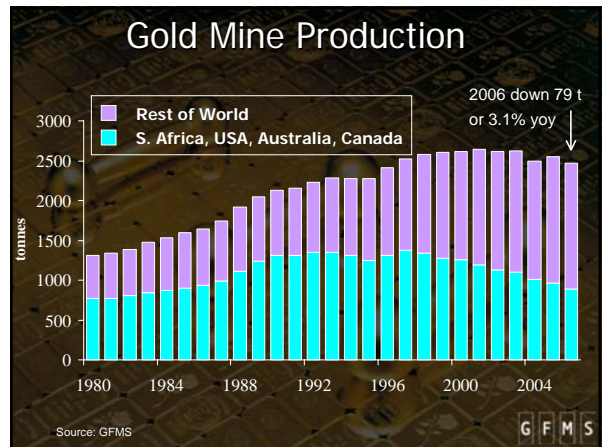
Gold Price Correlations (based on daily price changes)

	06Q1	06Q2	06Q3	06Q4	07Q1
US\$/Euro Rate	0.26	0.52	0.39	0.46	0.34
US\$/Yen Rate	0.13	0.46	0.21	0.36	-0.20
Silver	0.61	0.64	0.61	0.54	0.62
Oil (WTI)	0.29	0.33	0.13	0.14	0.00
GSCI	0.35	0.51	0.26	0.12	0.16
CRB	0.09	0.59	0.33	0.22	0.14

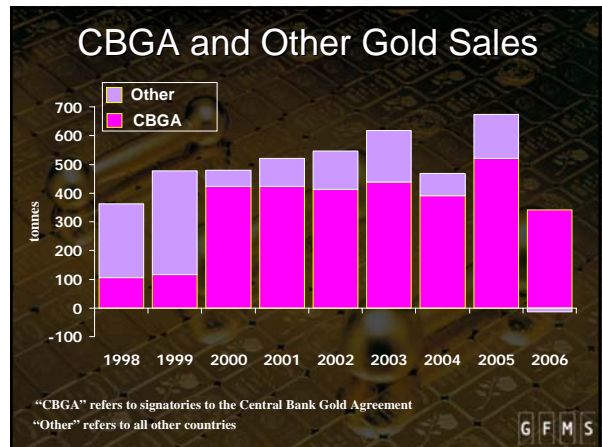
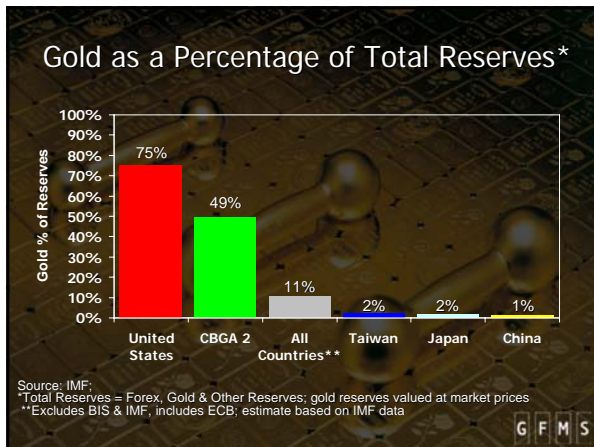
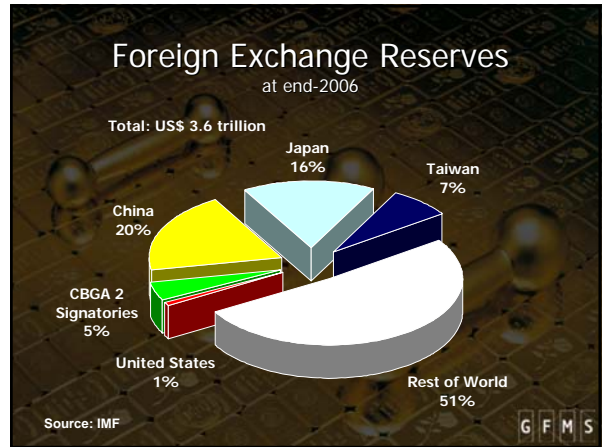
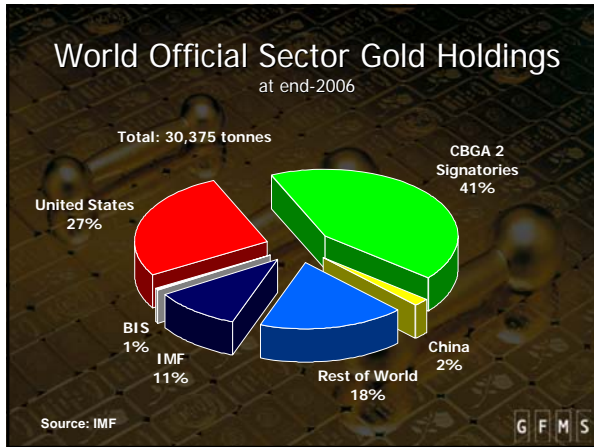
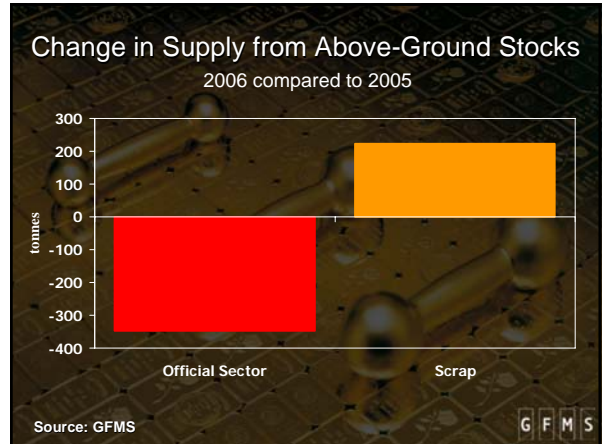
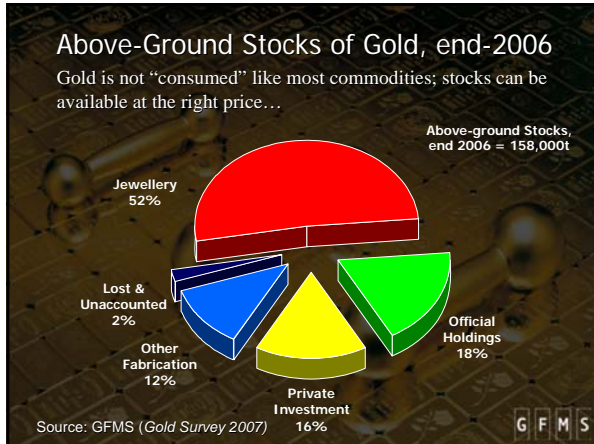
Source: GFMS, Reuters EcoWin

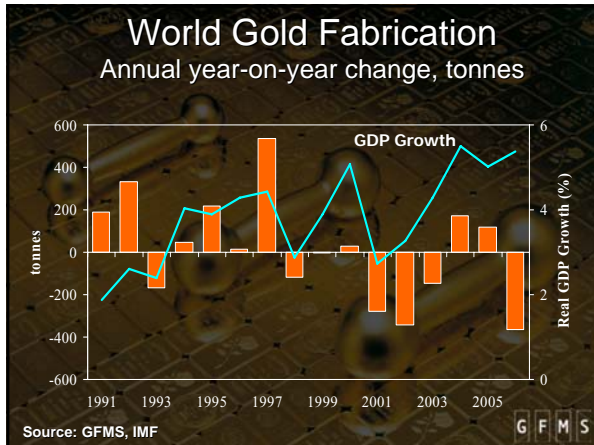
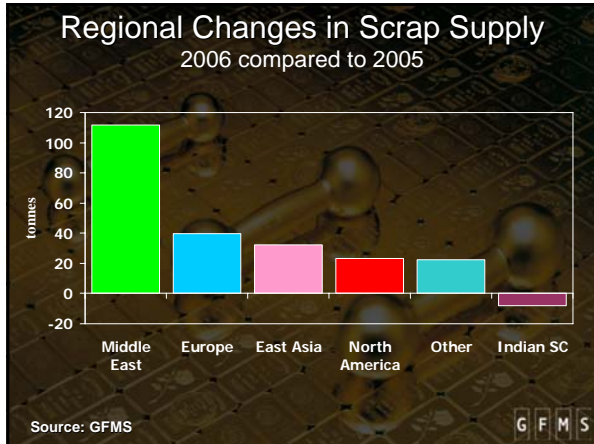


- ### Mine Supply Database
- New GFMS web-based database.
 - Over 100 companies analysed on a quarterly basis.
 - Level of data capture increased with throughput, grades, recoveries & cash costs all recorded on a quarterly basis.
 - Combined number of mines/projects currently held in database totals 785.
 - Summary details for projects extracted from feasibility or technical reports, including capex, sustaining capital, annual mill throughput.
 - Calculates royalty rates internally.
 - DCF analysis for operations/projects.



- ### Mine Production
- Decline of 79 tonnes or 3% y-o-y in 2006. Left output at a 10-year low.
 - Losses in South Africa, Australia, Indonesia, the United States and Canada.
 - Latin America the only region to return a meaningful rise, posting a 35 tonne or 7% increase.
 - US dollar denominated cash costs rose by \$45/oz versus \$160/oz rise in the gold price. Weighted average cash costs \$317/oz. Simple cash margins widened 66% y-o-y.
 - GFMS forecast production to rise between 1%-2% in 2007.





Fabrication Demand in 2006

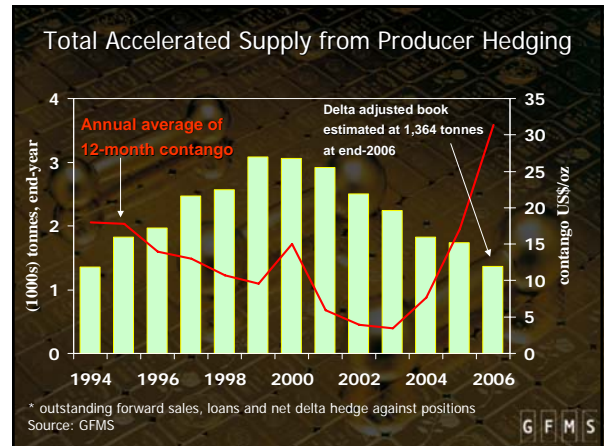
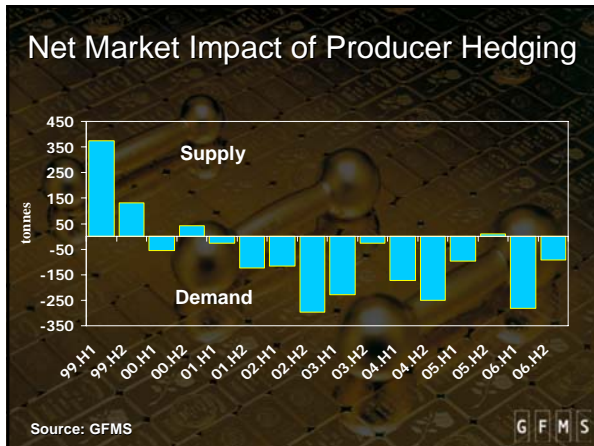
- Collapse in jewellery offtake the key factor behind the 11% or 363 t drop in fabrication demand to 2,919 t.
- Jewellery fabrication down by 428 t or nearly 16%.
- Jewellery's share of Total Demand fell to just 58%.
- Jewellery hard hit by dramatic rise in gold price plus high volatility recorded in first half of the year. Demand in second half was essentially flat y-o-y.
- Rising electronics and coin offtake the main drivers of the 11% increase in other fabrication.

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GFMS' Hedging Analysis

- GFMS enter all hedging transactions into both our hedging database and the *Brady Trinity* system.
- Trades are input on a quarterly basis by company, instrument, year of expiry and currency.
- Using detailed market data provided by *Société Générale*, accurate deltas and other sensitivities are calculated.

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Producer Hedging in 2006

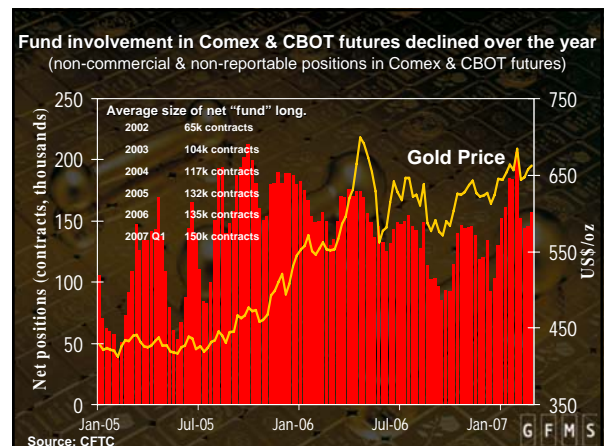
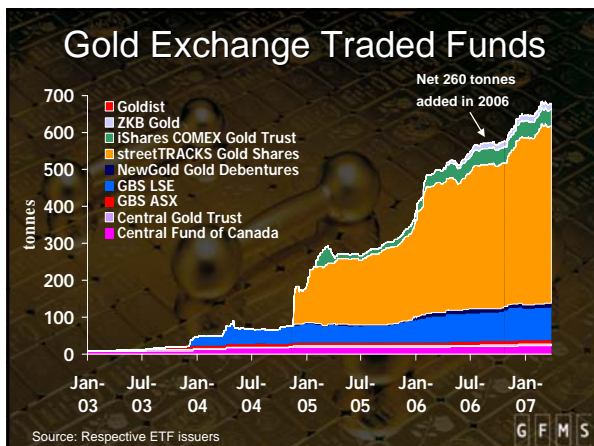
- Pace of de-hedging accelerated in 2006 with a 373 t reduction in the delta-adjusted book. Figure represented 10% of total gold demand versus 2% in 2005.
- Gross basis – 438 t of de-hedging versus 65 t of new hedging. Barrick's buy back of the Placer Dome book in the first half accounted for 62% of gross de-hedging.
- Noteworthy contributions also made by Newcrest, AngloGold Ashanti and Gold Fields.
- Following low levels of de-hedging in the second half activity has picked up again. Key developments in Q1 2007 include the Western Areas buy back completed by Gold Fields, Barrick's announcement of the elimination of its fixed price corporate sales contracts and more recently, news that Buenaventura had bought back 25% of its outstanding book.

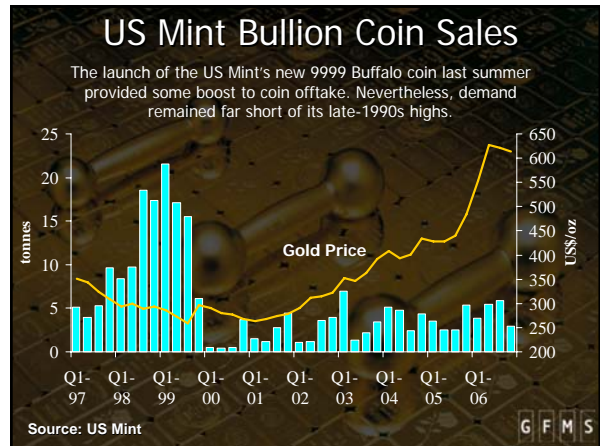
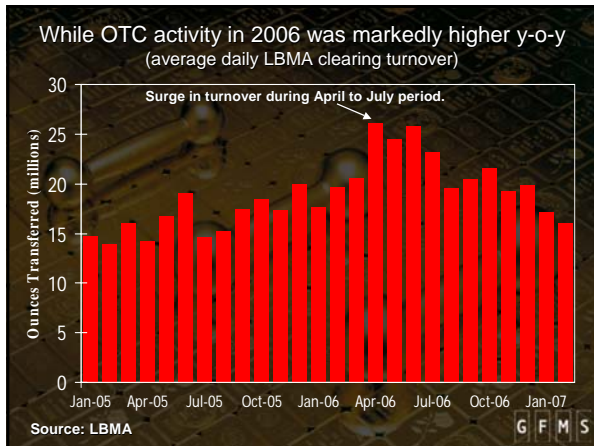
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Investment in 2006

- Investor interest in gold rose markedly.
- A shift from a primarily buy-sided market in 2005 to healthy activity on both the buy and sell sides last year, drove implied net investment down by 19% to 388 tonnes.
- Speculative activity on the main commodity exchanges declined over the year.
- In contrast, activity in the OTC and physical markets as well as in the gold ETFs grew.
- A significant portion of investor activity in gold came through commodity basket products.
- The bulk of interest came from institutional players and high net worth individuals, while the impact of small retail investors' activity remained marginal.

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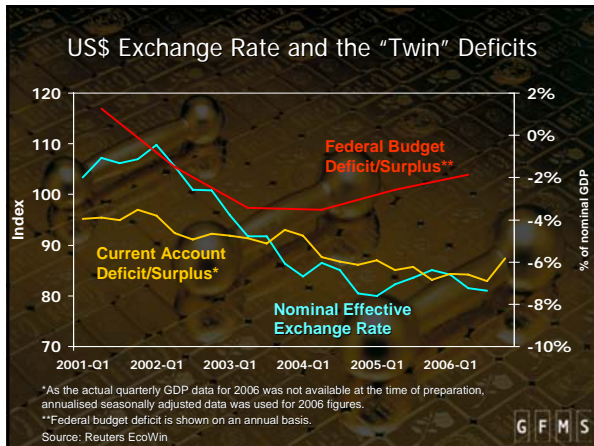


Price Outlook

- ## Supply Forecast
- Mine Production expected to rise by 1%-2%. Losses in the Americas partly offsetting gains in Africa, Oceania and the CIS.
 - Official Sales expected to continue at relatively low levels, due to CBGA signatories underselling their quota and small scale purchases outside the group.
 - Due to much of the "loose" jewellery having already been mobilised, as well as increasing price acceptance, scrap is expected to be significantly less responsive to rising gold prices.
 - In spite of higher prices, Total Supply expected to fall again, albeit at much lower rate than the 5% in 2006.

- ## Demand Forecast
- Investor interest in gold is expected to remain strong throughout this year and probably through into 2008.
 - Jewellery expected to fall y-o-y but by smaller amount than in 2006. Demand will continue to be stronger on price dips; as a result price floor has moved up from \$580s to comfortably above \$600.
 - Other fabrication expected to continue growing, albeit at a slower rate.
 - De-hedging expected to be concentrated in H1 (again) with a return to (lower) levels closer to the run rate in H2. Base case 210-260 t but scope for higher figure if further buy-backs.

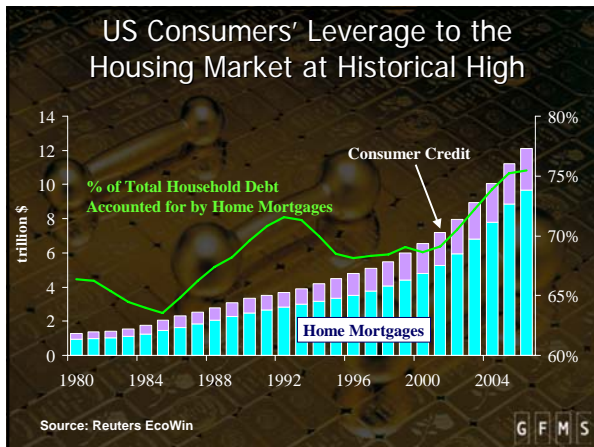
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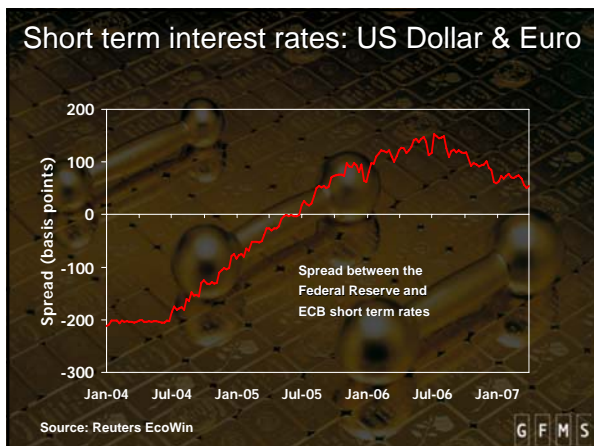
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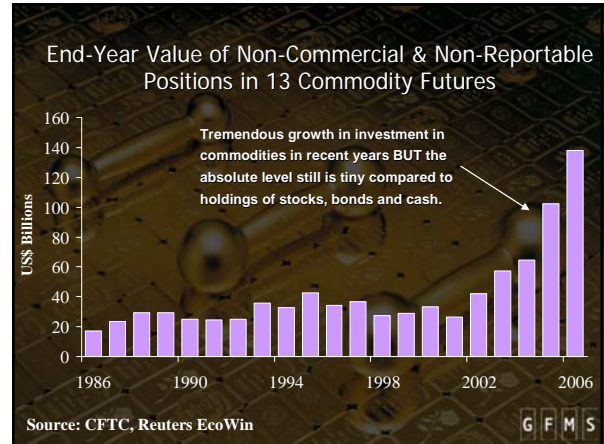
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- US economy highly leveraged on an increasingly problematic housing market (severe downturn likely in GDP growth).
- Interest rate spread between the US dollar and the Euro has fallen over the last few months (and expected to narrow further).
- Growing investor appetite for "safe haven" assets due to the worsening general economic and political backdrop:
 - US, and potentially also, global economic slow-down is looking more probable.
 - Financial markets expected to become increasingly volatile; stock prices to decline and risk premia to rise.
 - Tensions in the Middle East are likely to grow rather than ease.

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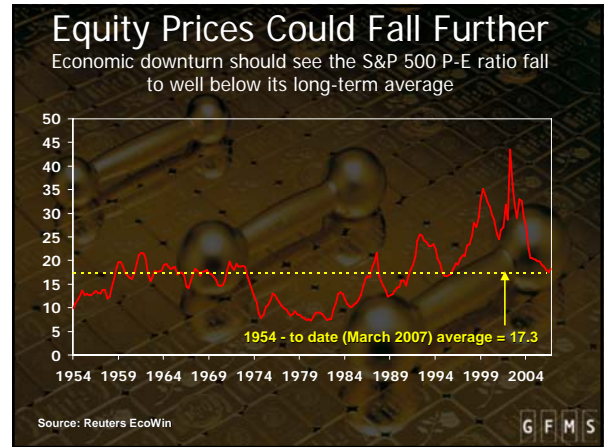
Investment Issues 2

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Investment Issues 2

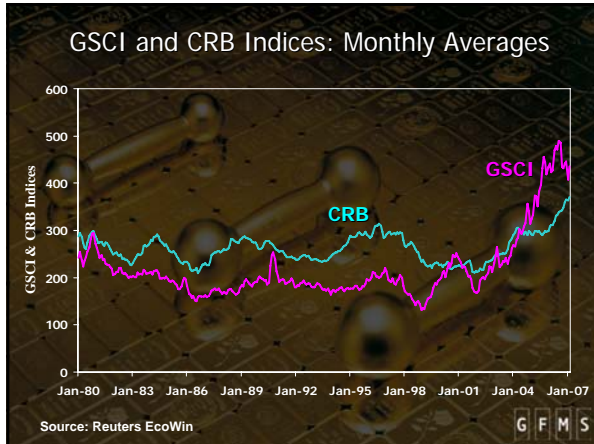
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- In contrast, commodity prices remains strong.
- Investor involvement in the sector is still marginal → potential for further inflows is significant.
- This would most likely be beneficial to gold investment demand.
- Possible caveat: a global economic slow down could hurt commodity prices and cause liquidations in gold.
- In the longer term, gold is expected to escape any such trend, driven by safe haven buying.

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Price Outlook

- Low-field official sector sales, continued producer de-hedging and sustained investment demand create a positive environment for the gold price.
- Demand from the jewellery industry will soften but perhaps not by too much and be concentrated on price dips. This will provide support, especially during periods of investor liquidations.
- Scrap supply expected to be less responsive to a rising gold price.
- A jump in investor interest, triggered by geopolitical or global economic events could see the yellow metal move towards last year's high in the second half of 2007. Should the rally continue in 2008, a new all time high is not improbable.
- Eventually prices are expected to retrace down towards the metal's marginal cost of production, although this is not expected in the short or medium term.

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GFMS Forthcoming Events

- 25 Apr. 2007: **Platinum & Palladium Survey 2007**
- 23 May 2007: **World Silver Survey 2007**
- 13 Sept. 2007: **GFMS Precious & Base Metals Seminar**

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