

The Gold Survey Cover

- The cover features the Tanaka “Pure Gold Senryobako”, which represents a reproduction of an Edo-era senryobako.
- The gold chest weighs 36 kilogrammes of gold, valued at Yen100m, and can hold 49 one kilo bullion bars.
- As well as 49 individual parts it also features 320 solid gold nails.

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

 Commerzbank International S.A.	 The Austrian Mint	 Tanaka Kikinzoku Group	 anglogold www.anglogold.com
 World Gold Council	 Dubai Metals & Commodities Centre	 Barrick Gold Corporation	 JPMorgan Chase Bank
 IBK Capital Corp. www.IBKCapital.com	 ScotiaMocatta	 Standard Bank London www.standardbank.com	 NEWMONT www.newmont.com
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GFMS' Unique Research Capabilities & Programme

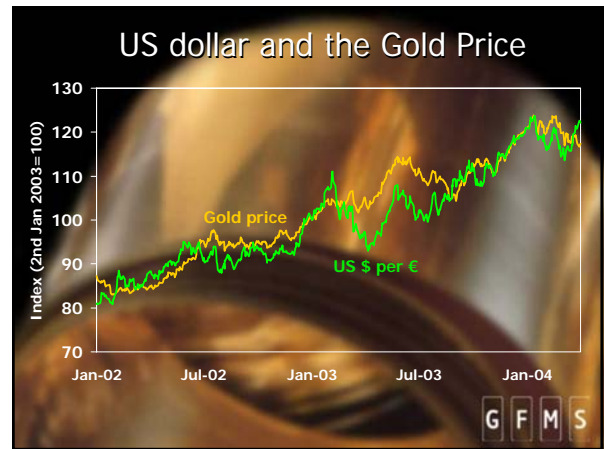
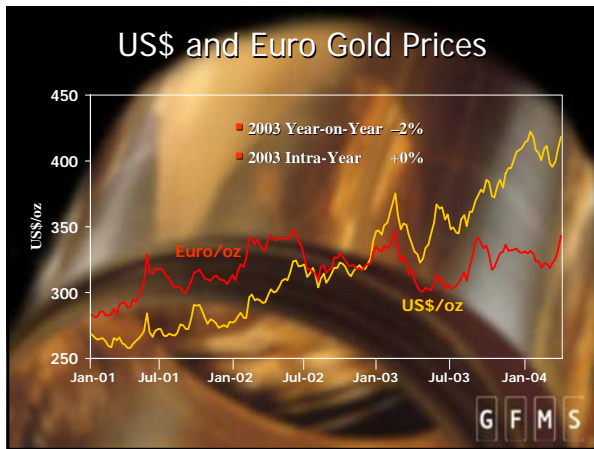
17 Analysts + Consultants; full-time representation in UK, India, China, Australia.

Not just desk-based: Over 40 countries visited in the last 12 months. More than 7,000 contact notes since 1996.

Annual Gold, Silver and now also Platinum & Palladium Surveys

Presentation Outline

- Gold Prices
- Supply
- Demand
- Outlook

Supply



Gold Supply in 2003

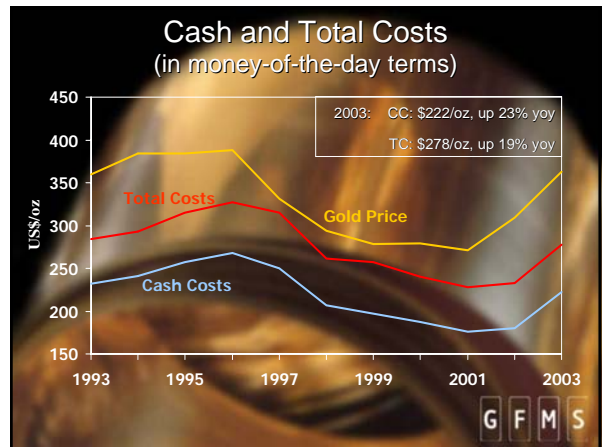
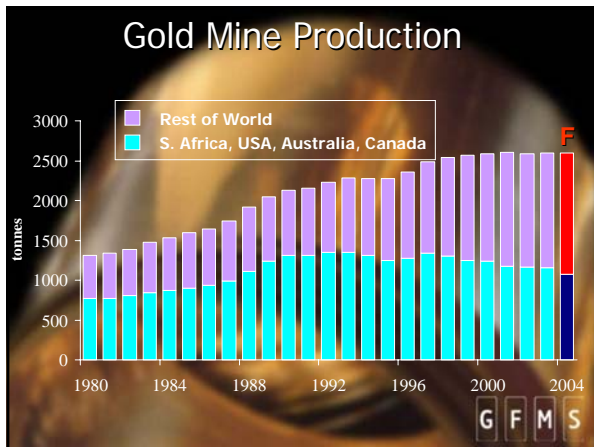
	2002	2003	y-o-y
Mine production	2,590	2,593	0.1%
Official sector sales	545	606	11.2%
Old gold scrap	836	943	12.7%
TOTAL SUPPLY	3,972	4,142	4.3%



Mine Supply Database

- Over 70 companies analysed on a quarterly basis – production/costs/corporate activity
- Close to 400 mines recorded on an annual basis – production/costs/reserves/grade
- Informal mine production measured on a country by country basis
- Costs measured at over 70% of Western World production
- Database used to input production and hedging data
- Analysis of hedging data via BradyTrinity™

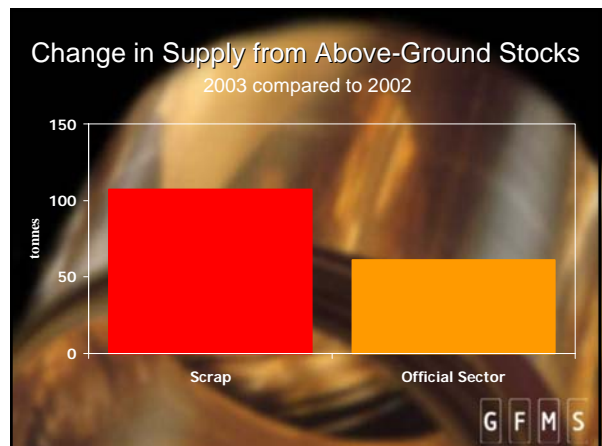
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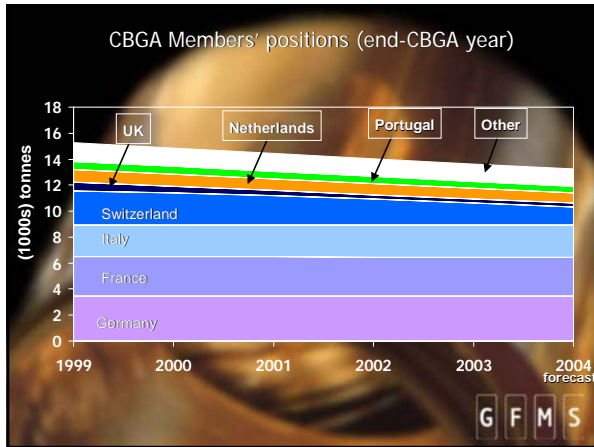
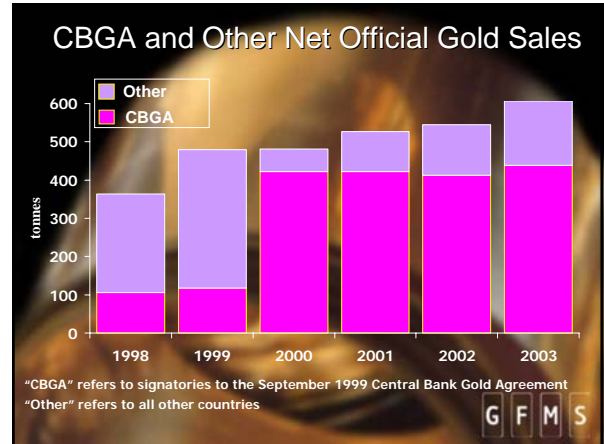
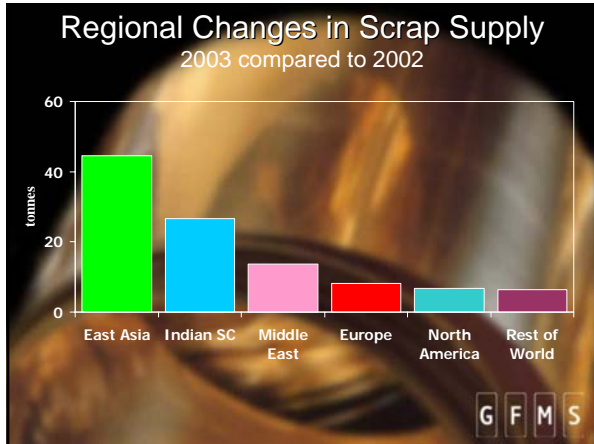


Mine Production

- Essentially flat year-on-year (up by a mere 0.1% or 3 tonnes).
- Declines in production in South Africa, Mali, the United States and Canada.
- Output growth in Australia, China, Peru and Tanzania
- US dollar denominated cash costs rose by \$42/oz. Total costs averaged \$278/oz in 2003.
- GFMS forecast production essentially to remain flat in 2004.

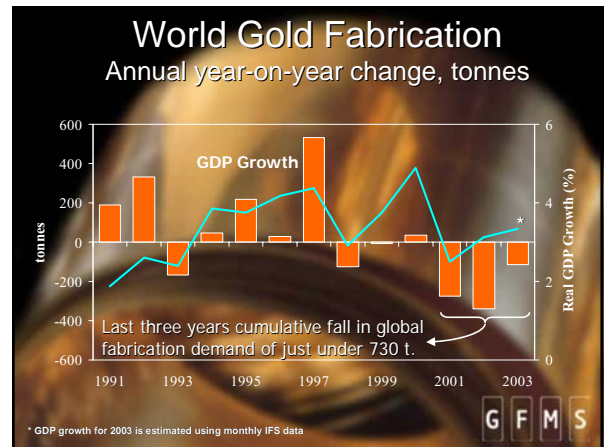
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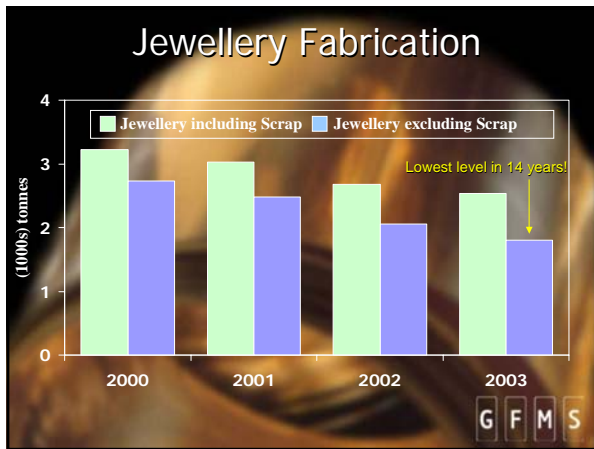
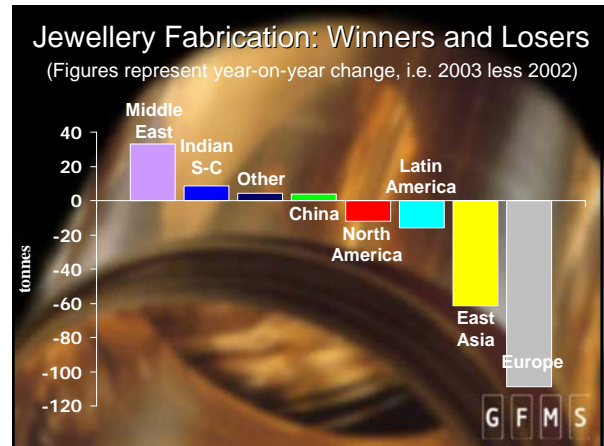
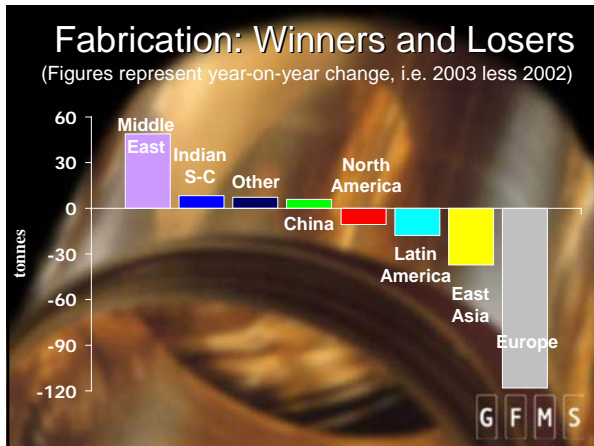




Gold Demand in 2003

	2002	2003	y-o-y
Jewellery	2,680	2,533	-5.5%
Other fabrication	482	516	7.1%
Total fabrication	3,163	3,049	-3.6%
Bar hoarding	250	183	-27.0%
Net producer hedging	437	310	-28.9%
Implied investment	122	600	391.6%
TOTAL DEMAND	3,972	4,142	4.3%





Fabrication Demand in 2003

- Subdued GDP growth a key factor behind 3.6% decline to 12-year low of 3,049 t.
- Jewellery fabrication slumped by 150 t, Italy suffering the bulk of the loss, with an 85 t decline, mainly due to weak export markets.
- High level of scrap contributed to jewellery fabrication excluding scrap reaching a 14-year low.
- Electronics demand in 2003 up 14% on previous year's level, largely due to increases in fabrication of gold bonding wire.

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 *Investec*, accurate deltas (and other sensitivities) are calculated.

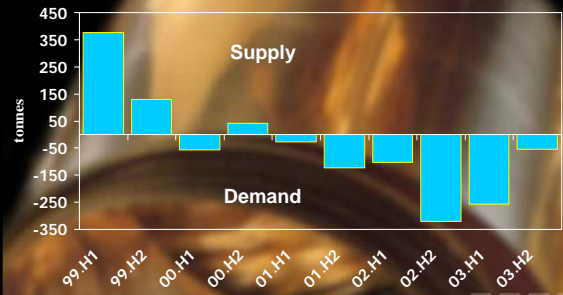
Party Desktop	ID	Contact Name	Counterparty	Amount1	Amount2	Start	Maturity	Delta	Gamma	Theta	Vega	Position	CF	Forward	
ALL	9102	Gold USD Option	WARR	14,000,000	24,250,000,000	01-Sep-2009	08/09	0.0027	2.9622	35,234.45	B	C	377,775,746		
DP&M&B	471	9108	Gold USD Option	WARR	204,000,000	19,712,000,000	01-Sep-2003	03/06	0.0012	0.0886	0.1212	4,151.48	S	P	348,685,020
DP&M&B	472	9163	Gold USD Option	WARR	210,000,000	56,200,000,000	01-Sep-2004	07/03	0.0020	0.0089	0.9501	14,768.55	S	P	350,777,084
DP&M&B	473	9270	Gold USD Option	WARR	214,000,000	61,832,000,000	01-Sep-2008	01/04	0.0020	0.0081	1.8757	32,623.78	S	P	371,962,073
DP&M&B	474	9209	Gold USD Option	WARR	216,000,000	69,770,000,000	01-Sep-2005	01/06	0.0025	0.0101	1.7062	28,513.91	S	P	354,228,908
DP&M&B	475	9245	Gold USD Option	WARR	205,000,000	59,040,000,000	01-Sep-2006	01/08	0.0025	0.0090	1.9000	33,774.97	S	P	359,425,941
DP&M&B	476	9125	Gold USD Option	WARR	205,000,000	66,275,000,000	01-Sep-2013	01/09	0.0019	0.0027	2.5244	34,790.99	S	P	404,764,812
DP&M&B	477	9218	Gold USD Option	WARR	214,000,000	64,842,000,000	01-Sep-2010	01/20	0.0018	0.0052	2.7099	36,807.75	S	P	363,962,038
DP&M&B	478	9225	Gold USD Option	WARR	200,000,000	62,800,000,000	01-Sep-2011	01/26	0.0017	0.0047	2.4319	35,322.72	S	P	356,859,910
DP&M&B	479	9239	Gold USD Option	WARR	90,000,000	32,324,000,000	01-Sep-2014	01/27	0.0014	0.0034	2.0389	18,824.96	S	P	412,116,777
DP&M&B	480	9230	Gold USD Option	WARR	206,000,000	64,478,000,000	01-Sep-2012	01/07	0.0016	0.0041	2.4241	34,347.84	S	P	339,477,222
DP&M&B	481	9238	Gold USD Option	WARR	209,000,000	61,227,000,000	01-Sep-2009	01/09	0.0019	0.0095	2.0574	33,341.27	S	P	377,775,746
DP&M&B	482	9272	Gold USD Option	WARR	206,000,000	59,328,000,000	01-Sep-2007	01/08	0.0023	0.0072	1.7029	32,703.33	S	P	365,566,915
DP&M&B	483	9103	Gold USD Option	WARR	85,000,000	26,792,000,000	01-Sep-2003	01/07	0.0081	0.0323	0.9434	13,500.91	S	P	348,685,020
DP&M&B	484	9208	Gold USD Option	WARR	85,000,000	26,792,000,000	01-Sep-2007	02/28	0.0089	0.0089	1.1687	19,527.41	S	P	365,566,915
DP&M&B	485	9241	Gold USD Option	WARR	85,000,000	26,792,000,000	01-Sep-2006	04/02	0.0032	0.0113	1.9527	21,244.62	S	P	359,425,941
DP&M&B	486	9234	Gold USD Option	WARR	85,000,000	26,792,000,000	01-Sep-2005	02/09	0.0037	0.0152	1.7329	22,235.63	S	P	354,228,908
DP&M&B	487	9198	Gold USD Option	WARR	85,000,000	26,792,000,000	01-Sep-2004	04/05	0.0046	0.0204	1.9294	21,027.25	S	P	350,777,084
DP&M&B	488	9102	Gold USD Option	WARR	119,000,000	43,078,000,000	01-Sep-2003	03/00	0.0087	0.0514	0.8474	46,651.33	B	C	348,685,020
DP&M&B	489	9157	Gold USD Option	WARR	119,000,000	43,078,000,000	01-Sep-2004	04/09	0.0057	0.0253	1.6172	56,790.63	B	C	350,777,084
DP&M&B	490	9203	Gold USD Option	WARR	119,000,000	43,078,000,000	01-Sep-2005	03/04	0.0045	0.0179	2.2920	59,544.64	B	C	354,228,908
DP&M&B	491	9207	Gold USD Option	WARR	119,000,000	43,078,000,000	01-Sep-2007	02/02	0.0035	0.0132	2.6419	62,370.60	B	C	365,566,915
DP&M&B	492	9240	Gold USD Option	WARR	119,000,000	43,078,000,000	01-Sep-2006	01/07	0.0039	0.0112	2.4206	61,523.79	B	C	359,425,941
DP&M&B	493	9416	Gold USD Option	THET	143,000,000	44,187,000,000	28-Sep-2007	07/02	0.0027	0.0036	2.1275	101,421.83	B	C	305,416,106
DP&M&B	494	9415	Gold USD Option	THET	143,000,000	44,187,000,000	28-Sep-2006	07/20	0.0031	0.0070	1.9570	103,436.63	B	C	359,520,270
DP&M&B	495	9413	Gold USD Option	THET	143,000,000	44,187,000,000	30-Sep-2004	07/05	0.0043	0.0171	1.2661	112,048.68	B	C	351,026,890
DP&M&B	496	9190	Gold USD Option	THET	143,000,000	44,187,000,000	01-Sep-2003	01/21	0.0054	0.0287	0.4891	18,896.53	S	P	348,685,020
DP&M&B	497	9200	Gold USD Option	THET	143,000,000	44,187,000,000	01-Sep-2005	01/20	0.0029	0.0171	1.2807	3,244.23	S	P	354,228,908
DP&M&B	498	9206	Gold USD Option	THET	143,000,000	44,187,000,000	01-Sep-2007	02/03	0.0026	0.0096	2.1065	31,501.11	S	P	365,566,915
DP&M&B	499	9154	Gold USD Option	THET	134,448,000	6,839,820,000	01-Sep-2004	01/14	0.0033	0.0146	0.9428	2,750.20	S	P	350,777,084
DP&M&B	500	9099	Gold USD Option	THET	134,448,000	6,839,820,000	01-Sep-2003	01/07	0.0025	0.0112	2.2325	19,814.4	S	P	348,685,020
DP&M&B	501	9414	Gold USD Option	THET	143,000,000	44,187,000,000	30-Sep-2005	07/01	0.0035	0.0116	1.7002	106,936.24	B	C	354,532,646
DP&M&B	502	9412	Gold USD Option	THET	143,000,000	44,187,000,000	30-Sep-2003	06/27	0.0056	0.0276	0.6000	137,802.57	B	C	348,685,020
DP&M&B	503	9195	Gold USD Option	THET	143,000,000	44,187,000,000	01-Sep-2004	02/25	0.0044	0.0191	1.2423	22,308.11	S	P	350,777,084
DP&M&B	504	9202	Gold ZAR Option	THET	141,900,000	517,935,000,000	01-Sep-2005	03/03	0.0005	0.0786	0.0391	56,520.45	S	P	374,427,338
DP&M&B	505	9101	Gold ZAR Option	THET	141,900,000	517,935,000,000	01-Sep-2003	03/00	0.0005	0.0787	0.3939	127,962.16	S	P	3719,914,643
DP&M&B	506	9156	Gold ZAR Option	THET	141,900,000	517,935,000,000	01-Sep-2004	01/48	0.0006	0.1050	1.5889	81,562.03	S	P	3425,484,162
DP&M&B	507	9239	Gold ZAR Option	THET	141,900,000	517,935,000,000	01-Sep-2006	03/01	0.0004	0.0522	2.1732	62,825.71	S	P	4033,969,952
DP&M&B	508	9148	Gold USD Option	THET	141,900,000	44,187,000,000	01-Sep-2003	01/08	0.0018	0.0085	1.3083	79,462.14	S	P	365,566,915

Producer Hedging in 2003

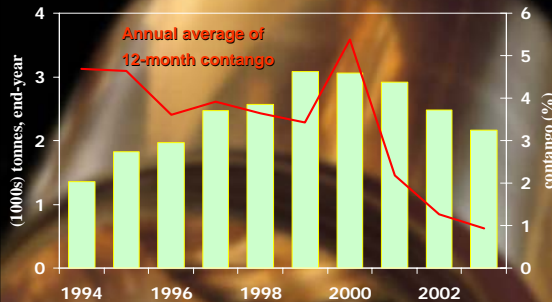
- De-hedging contributed 310 tonnes of demand last year.
- Similarly to the previous year, the decline consisted of scheduled deliveries and buy backs, as well as some book restructuring.
- De-hedging was at its greatest in the first half of 2003, with buy backs being the main factor.
- Outstanding hedge book (forwards, loans, options) at year-end came to 2,166 tonnes (delta-adjusted).
- GFMS' base case is for de-hedging to contribute 340-400 tonnes to demand in 2004.



Net Market Impact of Producer Hedging



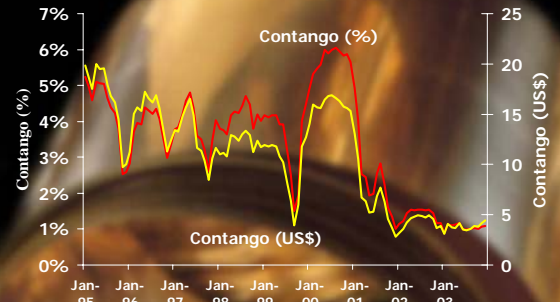
Total Accelerated Supply from Producer Hedging*



* outstanding forward sales, loans and net delta hedge against positions



Decline of the Contango



Investment and the Supply/Demand Balance

Major supply & demand variables in tonnes

	2002	2003
Mine Production	2,590	2,593
Scrap	836	943
Official Sales	545	606
Total Supply	3,972	4,142
Fabrication*	3,067	2,944
World Investment**	468	888
Producer de-Hedging	437	310
Total Demand	3,972	4,142

*fabrication excludes coins

**World Investment includes coins, bar hoarding + residual balance

Source: GFMS

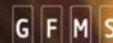


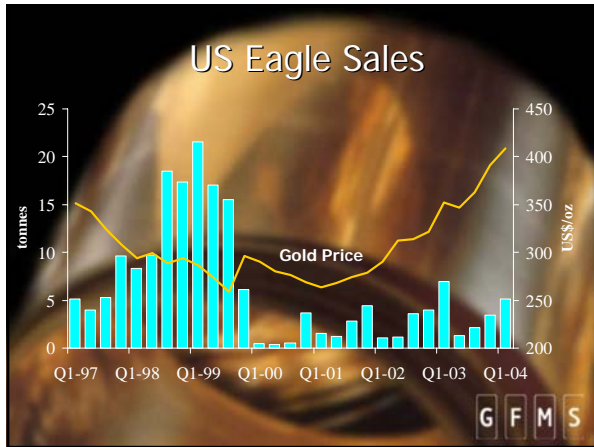
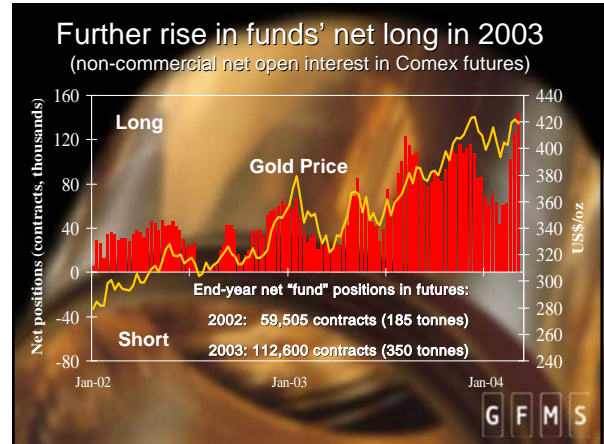
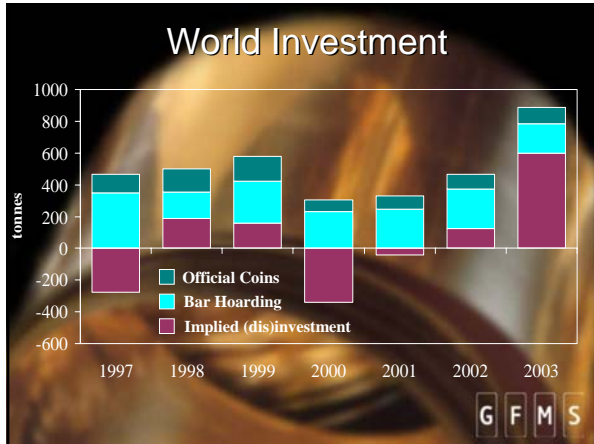
World Investment

Bar hoarding, implied dis(investment) and official coins



*Value of World Investment is calculated as the product of World Investment and the annual average for the gold price





Investment in 2003

- 2003 saw a near doubling of investment demand, the world total summing up to 888 t.
- Most demand indirect via buying of futures, options and other paper instruments (over-the-counter and exchange-listed). Direct purchases of physical bullion, e.g. allocated metal, increased but accounted for the smaller share of 2003's demand.
- Institutional more important than private investors. The former still mostly hedge funds and CTAs as opposed to larger pension/mutual funds. Among private investors, retail demand lacklustre, whereas there was a noteworthy rise in high net worth investors' demand.
- Much of the buying trend-driven and related to the rise in gold and other commodity prices. But political and, especially, economic concerns important supportive factors.

Price Outlook

Supply

- Mine Production expected to be flat in 2004.
- Official Sales unlikely to exceed 2003's level (606 t) and could well fall this year (Q104 < 100 t).
- Scrap: Prices in excess of \$450 probably now needed for supply to match 2003's high level.
- Disinvestment? Only potential source for a supply shock this year. Wholesale long liquidation not likely unless economic circumstances change markedly.

Demand

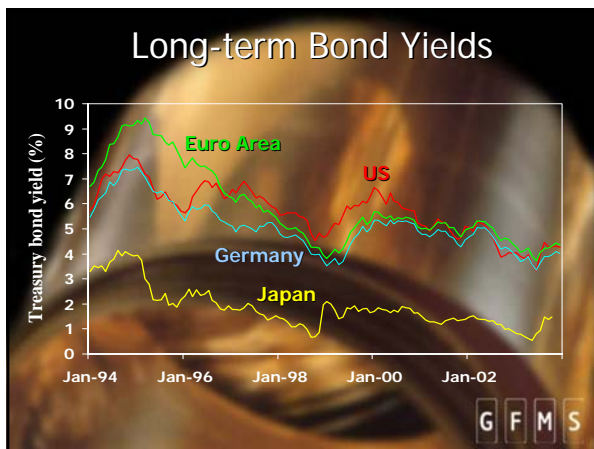
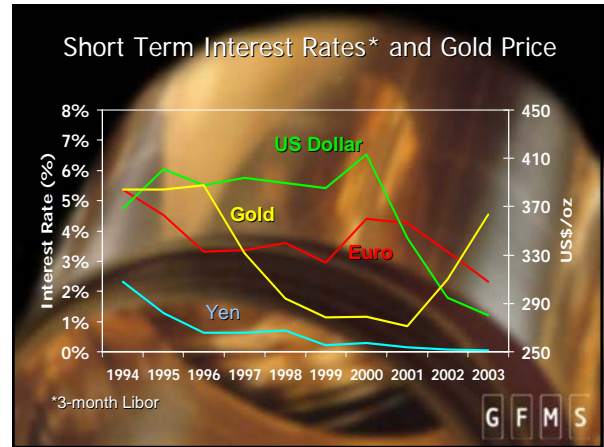
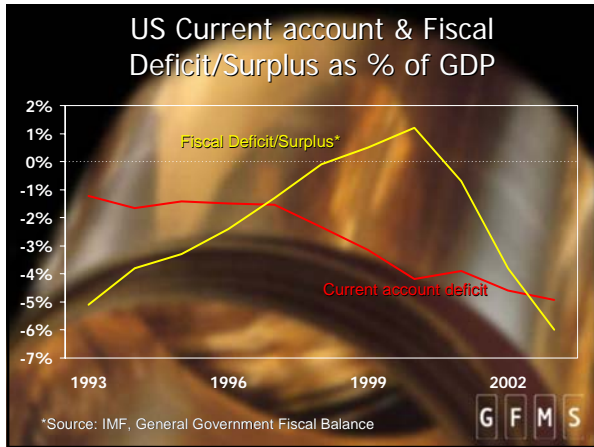
- Fabrication demand has largely adjusted to a \$400-type price level.
- Longer-term challenges facing gold jewellery demand?
- De-Hedging's contribution to demand could well rise this year (340-400 t versus 310 t in 2003).
- Investment will continue to be the primary driver for the gold price.

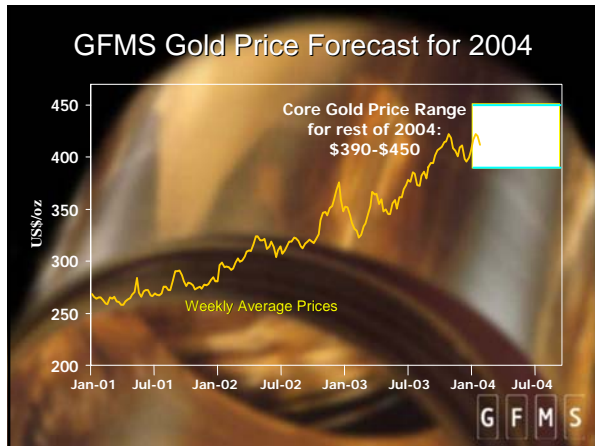
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Investment Issues

- Excessive reliance still on short-term price trend motivated speculators as opposed to "firmer hands"?
- GFMS' expect underlying political and economic factors to remain very supportive for gold investment.
- We do NOT believe that US and World economy is on path of sustained GDP growth recovery, stable currencies and prices.
- In particular, twin US deficits and associated massive growth in debt will result in resumption of dollar's fall and eventual US recession.
- Gold will benefit as other mainstream financial assets perform badly. Flow of funds into alternative assets will resume and drive gold price higher.

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- ### GFMS Forthcoming Events
- 06 May 2004 : **Platinum & Palladium Survey 2004**
 - 13 May 2004: **World Silver Survey 2004**
 - 17 Sept. 2004: **London Precious Metals Seminar**
 - 17 Sept. 2004: **Gold Survey 2004, Update 1**
- GFMS

