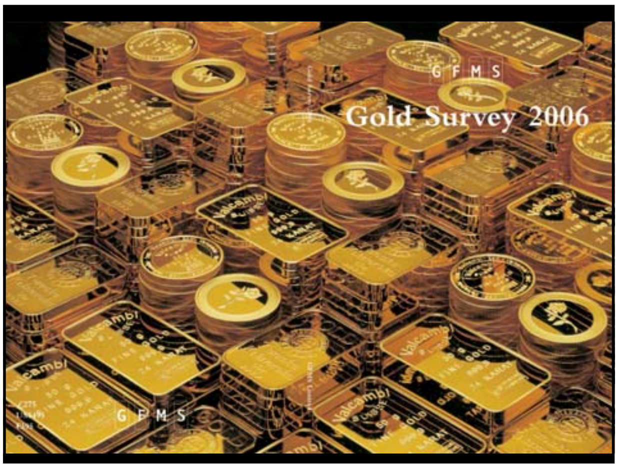
GFMS

Gold Survey 2006

Philip Klapwijk

London, 12th April 2006



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World Gold Council	Dubai Multi Commodities Centre	Barrick Gold Corporation	JPMorgan Chase Bank
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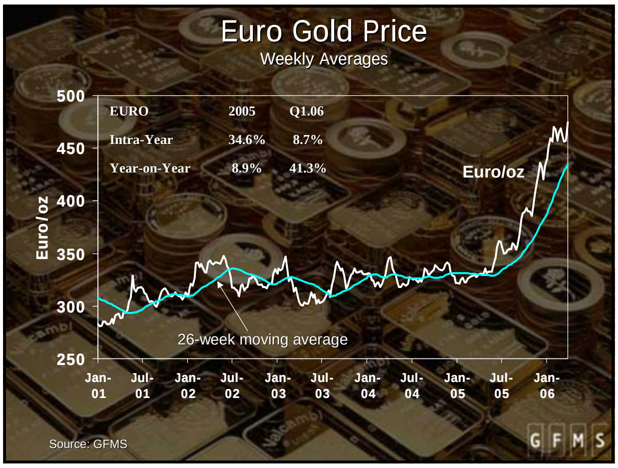
Presentation Outline

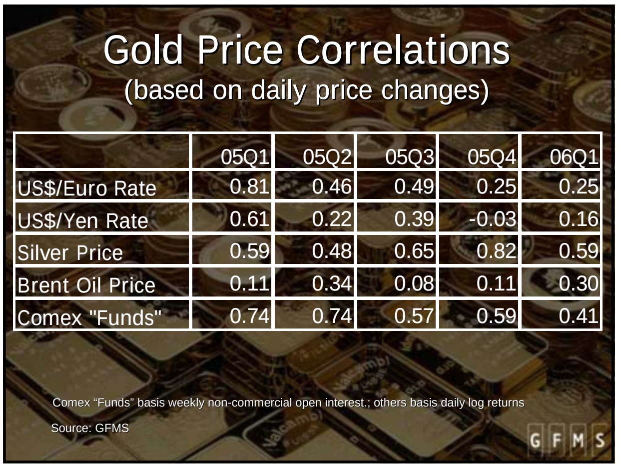
- Gold Prices
- Supply
- Demand
- Outlook

US Dollar Gold Price

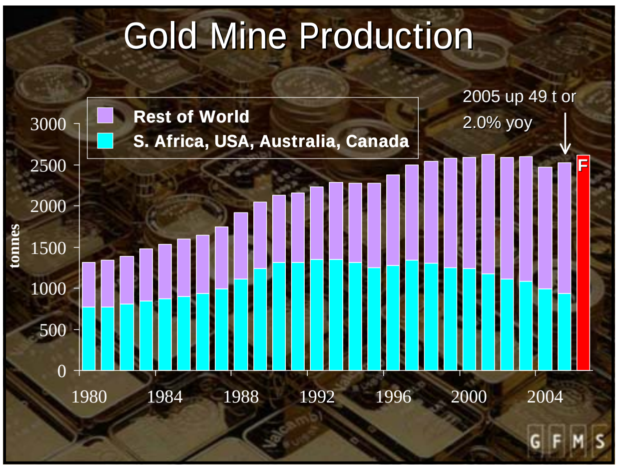
Weekly Averages

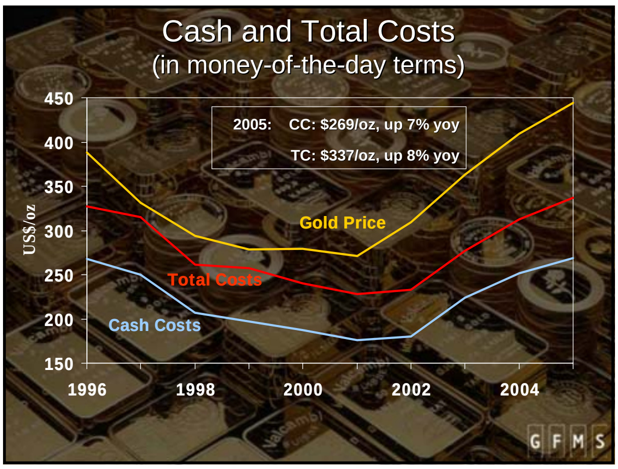
Source: GFMS





	05Q1	05Q2	05Q3	05Q4	06Q1
US$/Euro Rate	0.81	0.46	0.49	0.25	0.25
US$/Yen Rate	0.61	0.22	0.39	-0.03	0.16
Silver Price	0.59	0.48	0.65	0.82	0.59
Brent Oil Price	0.11	0.34	0.08	0.11	0.30
Comex "Funds"	0.74	0.74	0.57	0.59	0.41





Mine Production

- Increase of 49 tonnes or 2% y-o-y in 2005, the largest absolute gain since 1998.
- Increase explained by a 52 tonne rise in Indonesia due to a recovery at Grasberg and a 35 tonne improvement in Peru attributable to a record year at Yanacocha and the start-up of Lagunas Norte. Offset provided by a fall in South Africa, down 46 tonnes from 2004's level.
- US dollar denominated cash costs rose by $17/oz versus $35/oz rise in the gold price. Weighted average $269/oz.
- GFMS forecast production to rise by 4% in 2006, output though falling short of 2003's level.

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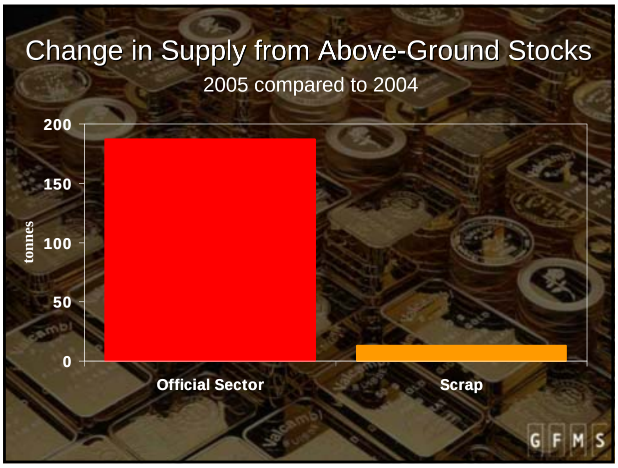

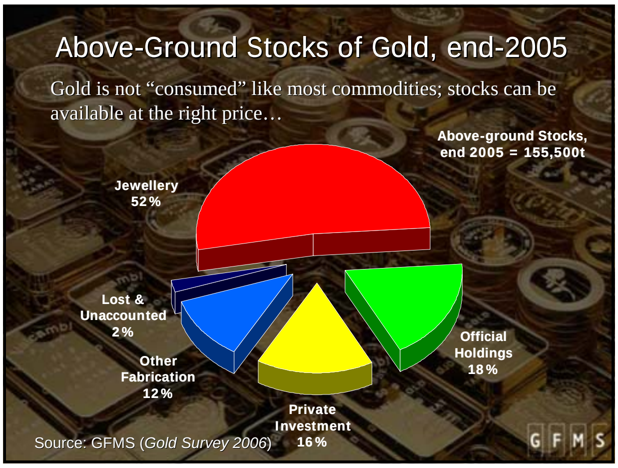

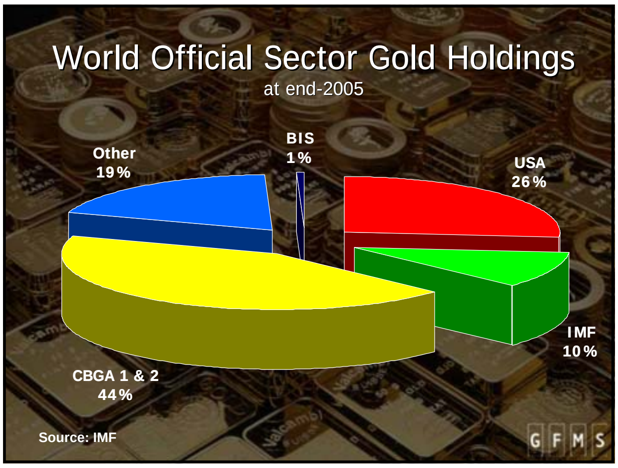

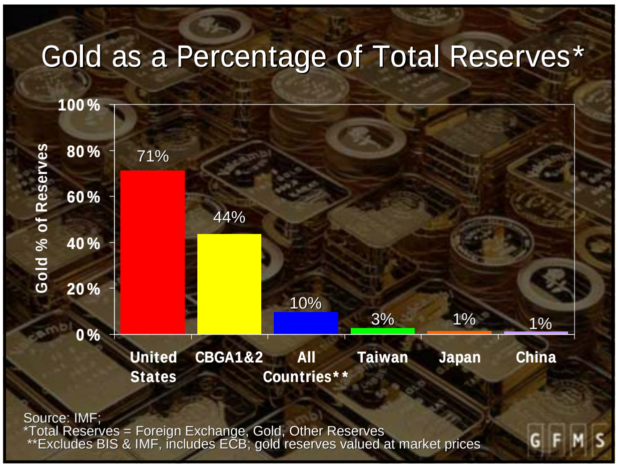

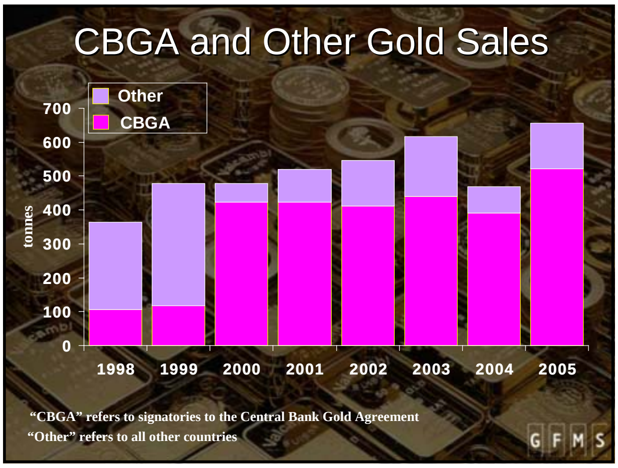

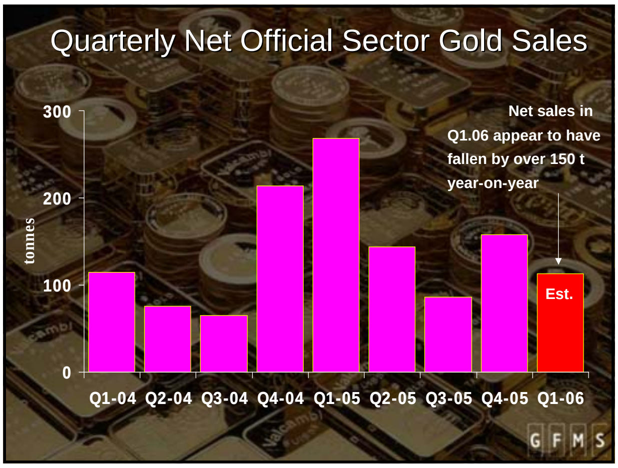
Quarterly Net Official Sector Gold Sales
Net sales in Q1.06 appear to have fallen by over 150 t year-on-year
tonnes
300
200
100
0
Est.
Q1-04 Q2-04 Q3-04 Q4-04 Q1-05 Q2-05 Q3-05 Q4-05 Q1-06
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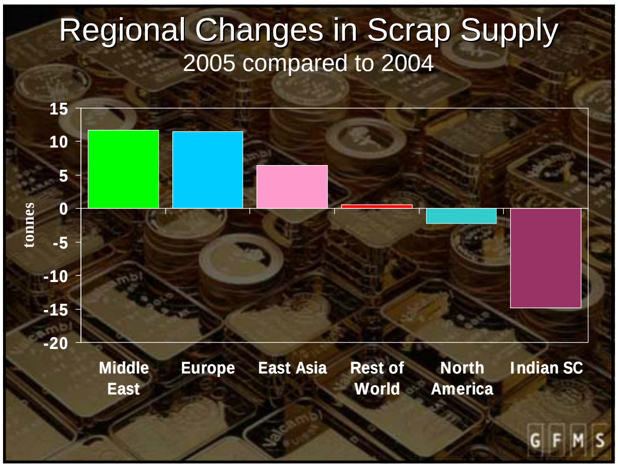
Regional Changes in Scrap Supply
2005 compared to 2004
tonnes
15
10
5
0
-5
-10
-15
-20
Middle East
Europe
East Asia
Rest of World
North America
Indian SC
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Demand
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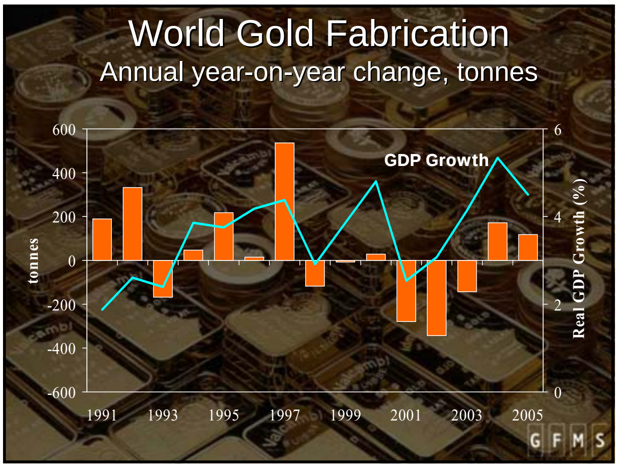
World Gold Fabrication
Annual year-on-year change, tonnes
GDP Growth
tonnes
Real GDP Growth (%)
600
400
200
0
-200
-400
-600
6
4
2
0
1991 1993 1995 1997 1999 2001 2003 2005
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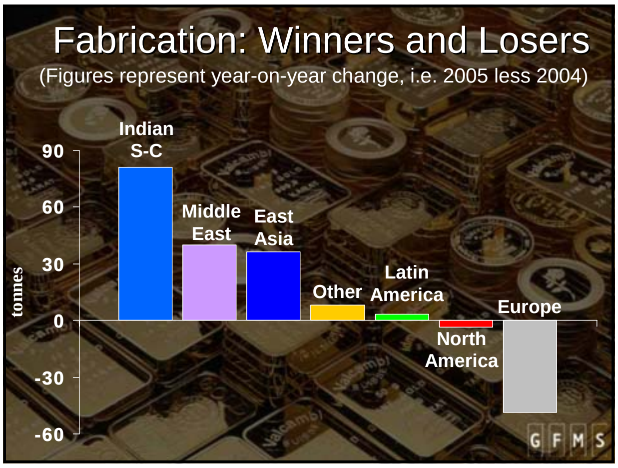
Fabrication: Winners and Losers
(Figures represent year-on-year change, i.e. 2005 less 2004)
tonnes
90
60
30
0
-30
-60
Indian S-C
Middle East
East Asia
Other
Latin America
North America
Europe
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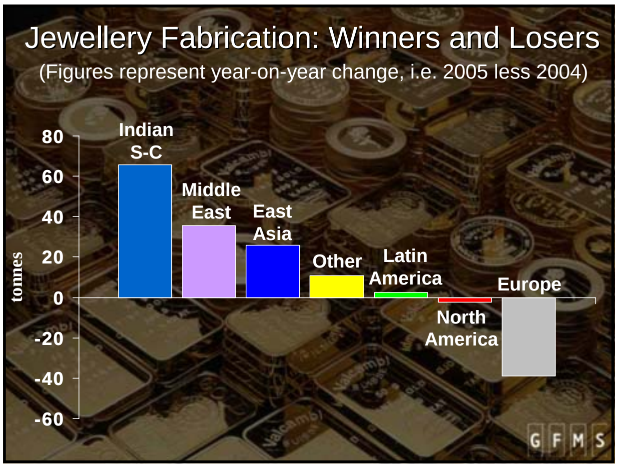
Jewellery Fabrication: Winners and Losers
(Figures represent year-on-year change, i.e. 2005 less 2004)
tonnes
80
60
40
20
0
-20
-40
-60
Indian S-C
Middle East
East Asia
Other
Latin America
North America
Europe
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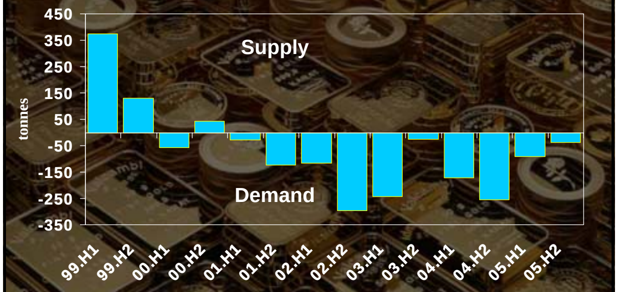
Fabrication Demand in 2005

- Rise in jewellery offtake the key factor behind the 4% or 117 t rise in fabrication demand to 3,280 t.
- Jewellery fabrication up by 99 t, driven by impressive figures in the first half of the year. Demand in the second half was lacklustre, with Q4.05 down 18% year-on-year.
- Electronics demand up for the fourth year in a row, by 5%.

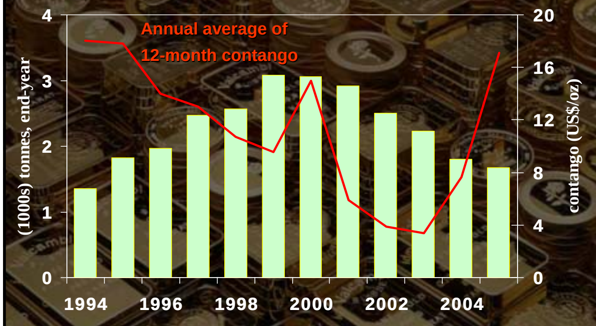
GFMS' Hedging Analysis

- 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.

Net Market Impact of Producer Hedging



Total Accelerated Supply from Producer Hedging



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

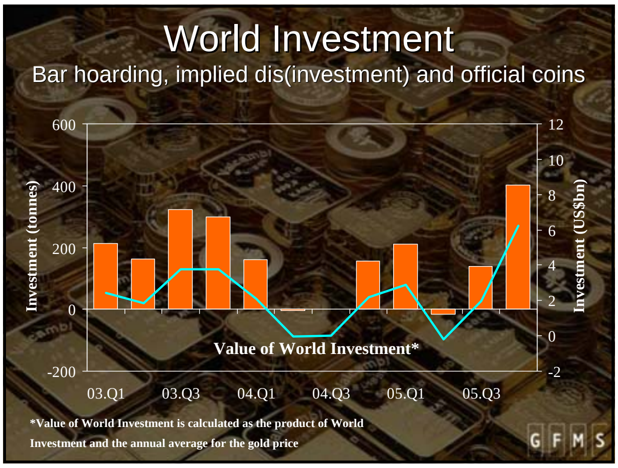
Producer Hedging in 2005

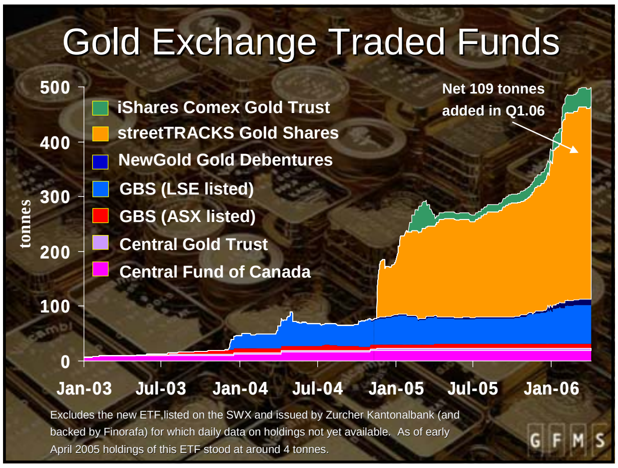
- De-hedging slowed in 2005 with a 131 tonne reduction in the delta-adjusted book. Figure represented 3% of total gold demand versus 11% in 2004.
- Gross basis – 200 tonnes of de-hedging versus 70 tonnes of new hedging. Project hedging (particularly in Q4) offset ongoing de-hedging, which was achieved in the main through scheduled delivery against committed volumes.
- Additional offset yoy provided by slow down in rate of de-hedging at Barrick and increase reported in AngloGold Ashanti's delta-adjusted hedge book.
- Higher forward prices not expected to bring to an end the secular decline in the producer book. GFMS' base case is for de-hedging to contribute 200-300 tonnes to demand in 2006.

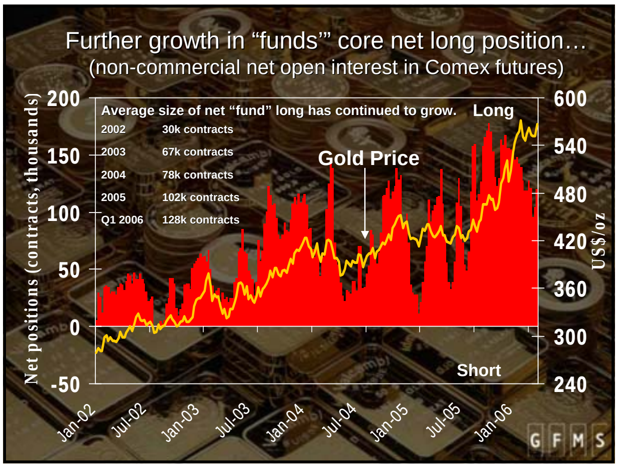
World Investment

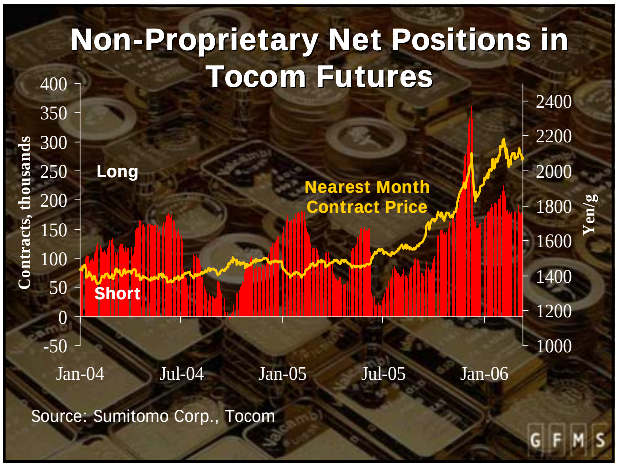
	2003	2004	2005
Official Coin Fabrication	107	114	111
Implied Net (Dis)investment	712	-59	364
Bar Hoarding	180	256	261
World Investment	999	312	736

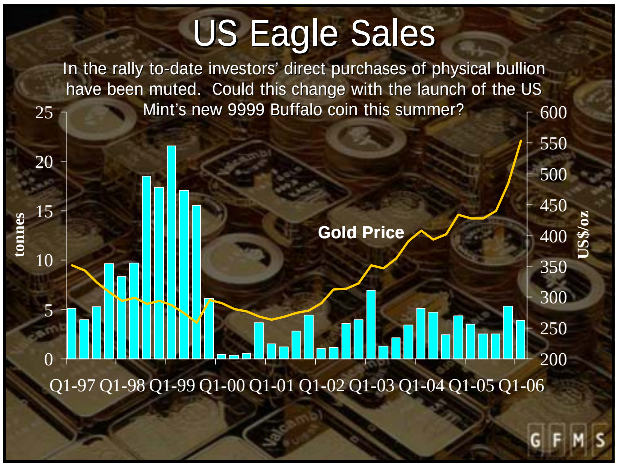
Source: GFMS











Investment in 2005

- **Strong rebound in investment demand in 2005. Implied figure swung to net investment of 364 tonnes.**
- **Activity mainly attributed to institutional investors and high net worth individuals. The impact of retail investment demand was limited.**
- **The bulk of investor buying took place in the latter part of the year. The first half in fact saw implied net disinvestment.**
- **The recovery in investment demand was in part triggered by the events related to Hurricane Katrina. The yuan revaluation and a renewed focus on global imbalances also helped.**
- **Gold received support by news of some central banks' changing attitudes towards the metal.**
- **A weakening yen encouraged buying on the Tocom.**

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Price Outlook

Supply

- Mine Production expected to grow by around 90 tonnes in 2006.
- Official Sales expected to drop back to a 450-550 t range but Q1.06 has already seen a large part of this reduction.
- Scrap: Major rise in Q1.06. Further year-on-year gains expected if prices remain close to $600/oz level or continue to advance.
- Disinvestment? Some potential for a supply shock but would require sustained recovery in US dollar.

Demand

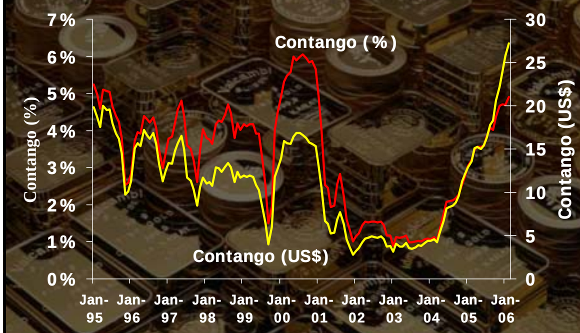
- Investment demand is the prime driver of the rally to and, probably, beyond the $600-mark.
- Jewellery fabrication has continued to suffer from the rising gold price in 2006. Basis current trends, for the full year GFMS forecast a decline of some 20%-30%.
- De-hedging's contribution to demand should increase to 200-300 t versus 131 t in 2005.

Investment Issues

NEGATIVES

- Rising short term interest rates have increased the cost of carry. Investors now need almost $30/oz gain to break even.
- The contango on gold has risen back to 1990s levels in percentage terms and to well above such levels in US$/oz.

Return of the Contango



Investment Issues

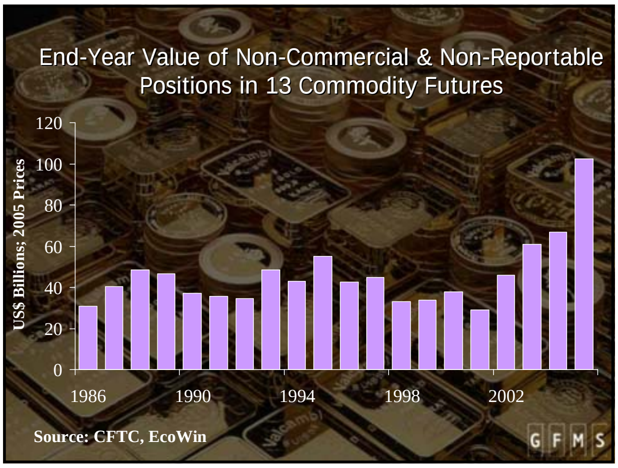
NEGATIVES

- Rising short term interest rates have increased the cost of carry. Investors now need almost $30/oz gain to break even.
- The contango on gold has risen back to 1990s levels in percentage terms and to well above such levels in US$/oz.
- No fundamental supply/demand case supporting gold at current levels – investment doing all the lifting. Danger that we are in a "bubble market".

Investment Issues

POSITIVES

- Commodities still attracting growing interest as an alternative investment – growing number of longer-term, strategic investors entering the market.



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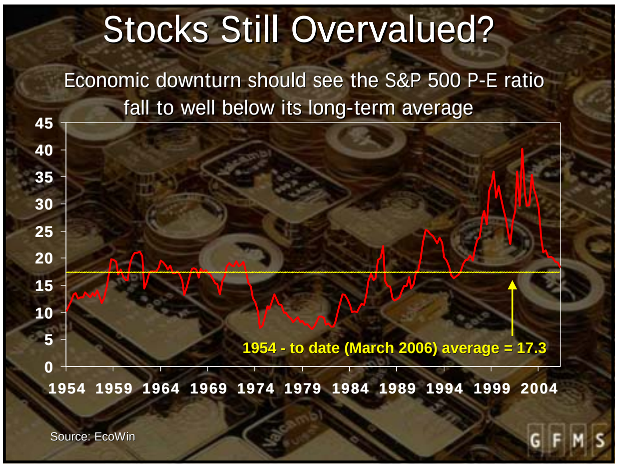

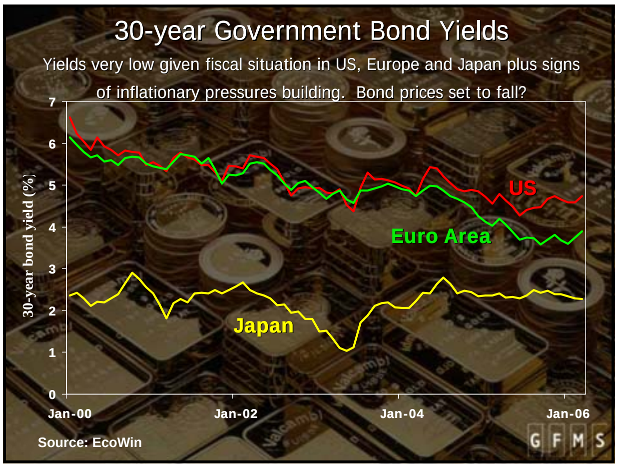

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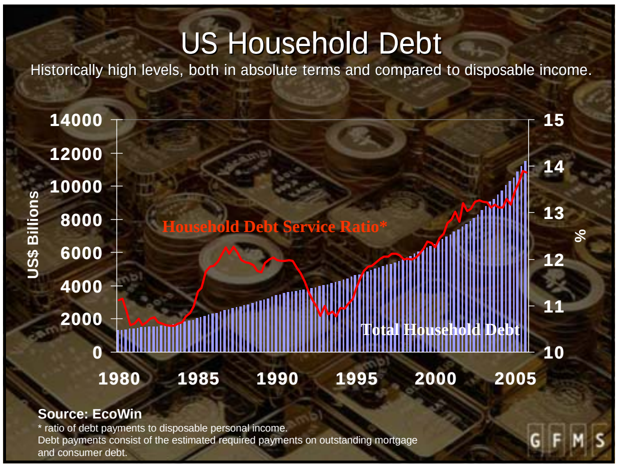
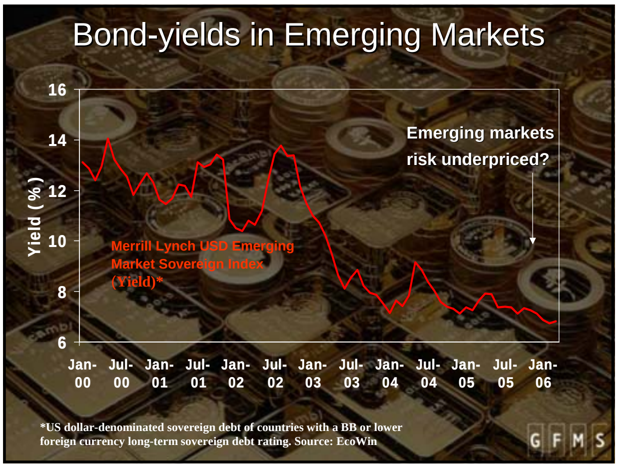
- Systemic financial risk not adequately priced? Is the gold price sending a warning signal?





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- US dollar set to decline: current levels coupled with the persistence of imbalances make the currency's prospects bleak.

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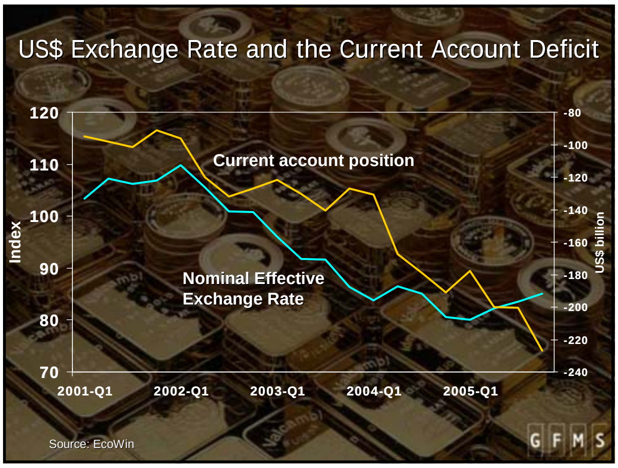

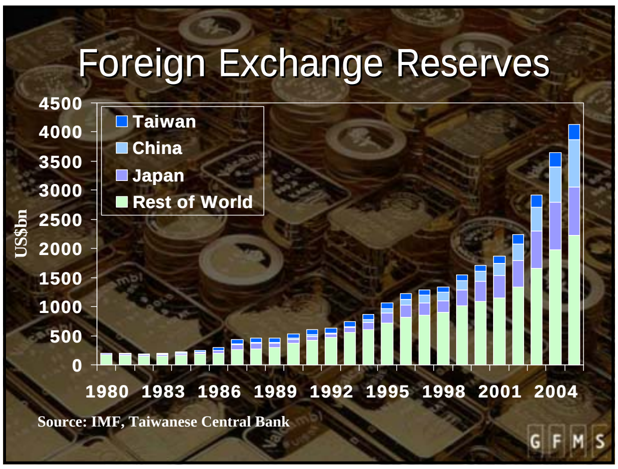

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- US dollar set to decline: current levels coupled with the persistence of imbalances make the currency's prospects bleak.
- Political backdrop has arguably become even more supportive: Hamas control of Palestinian Authority; imminent civil war in Iraq; rising danger of conflict over Iran's nuclear programme.

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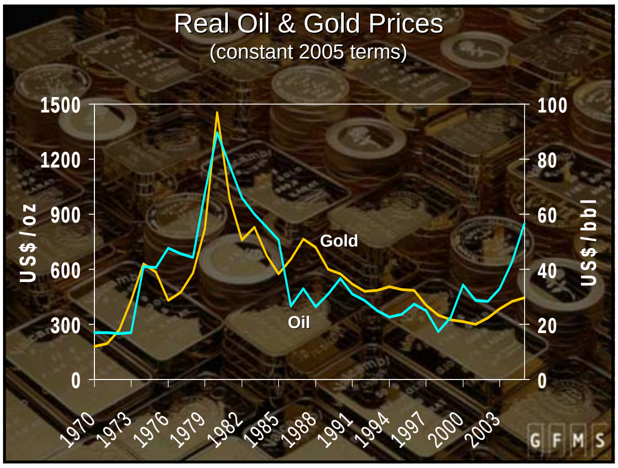
Are they both long gold?



Price Outlook

- Gold price rally expected to continue this year and into 2007.
- New money from investors should be sufficient to overcome headwinds from deteriorating fundamentals.
- Major decline in value of dollar and/or US military action against Iran could see prices head towards $700/oz later this year or in 2007.
- In the long run – and on the assumption that investment demand will eventually evaporate – prices are not sustainable at current levels.

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GFMS Forthcoming Events

- 25 Apr. 2006: **Platinum & Palladium Survey 2006**
- 24 May 2006: **World Silver Survey 2006**
- 14 Sept. 2006: **GFMS Precious & Base Metals Seminar**

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