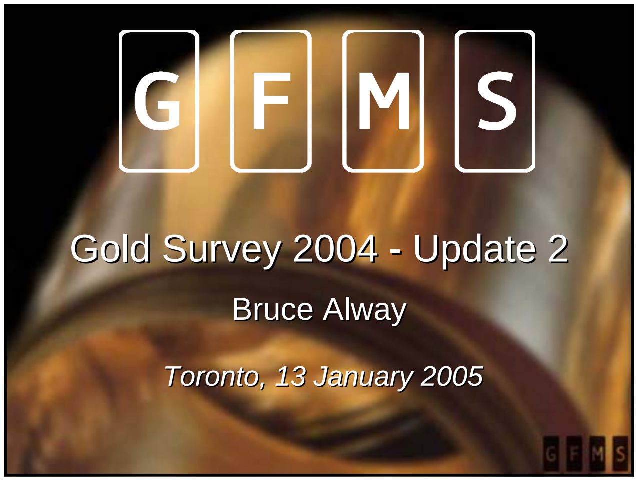
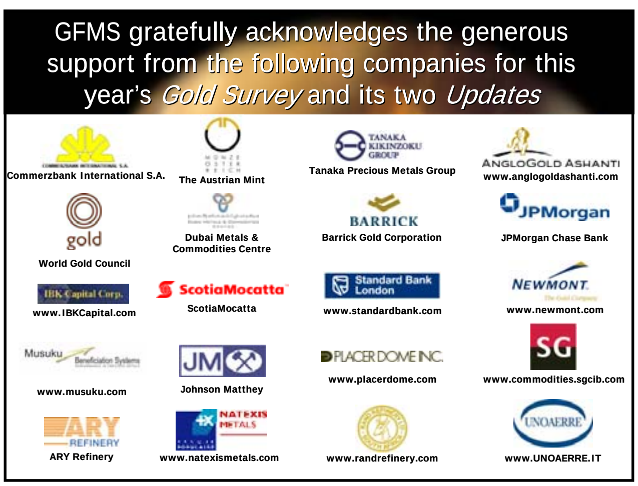

GFMS
Gold Survey 2004 - Update 2
Bruce Alway
Toronto, 13 January 2005


Gold Survey 2004
Update 2


GFMS gratefully acknowledges the generous support from the following companies for this year's Gold Survey and its two Updates
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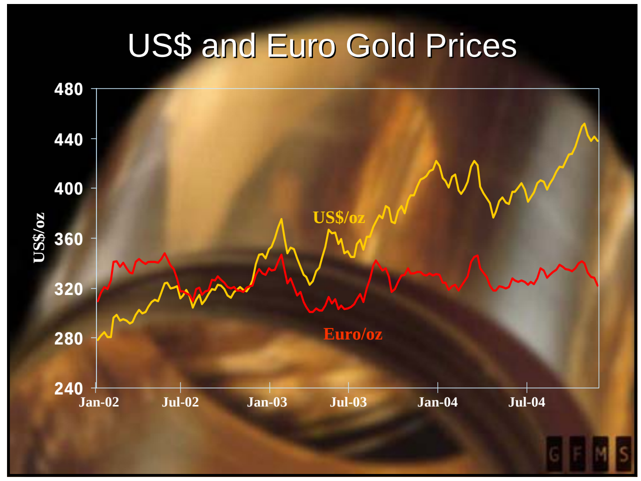
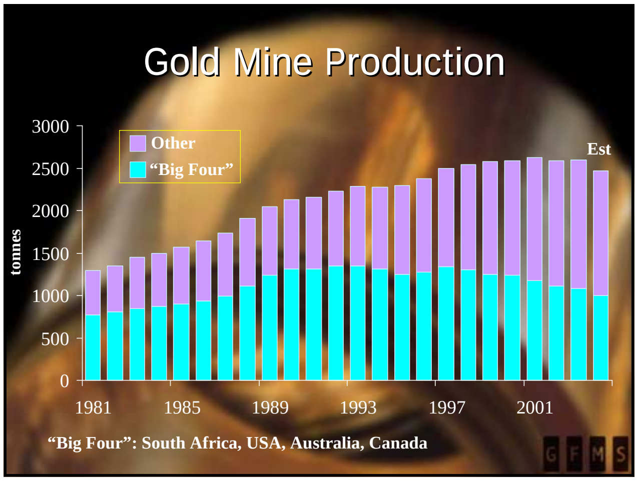
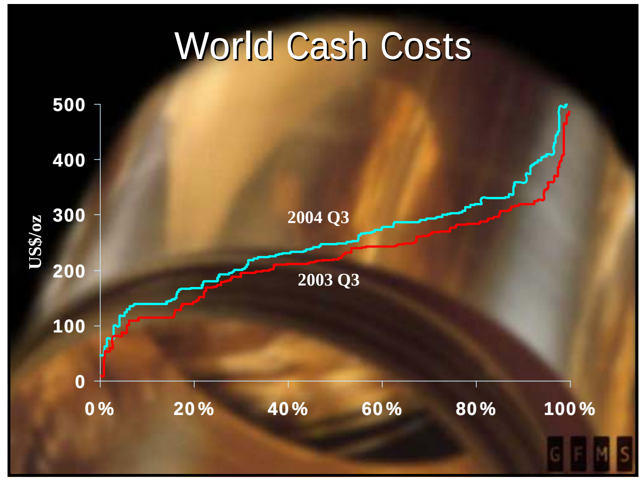
Presentation Outline
Gold Prices
Supply
Demand
Summary & Price Outlook



Gold Supply Estimates for 2004

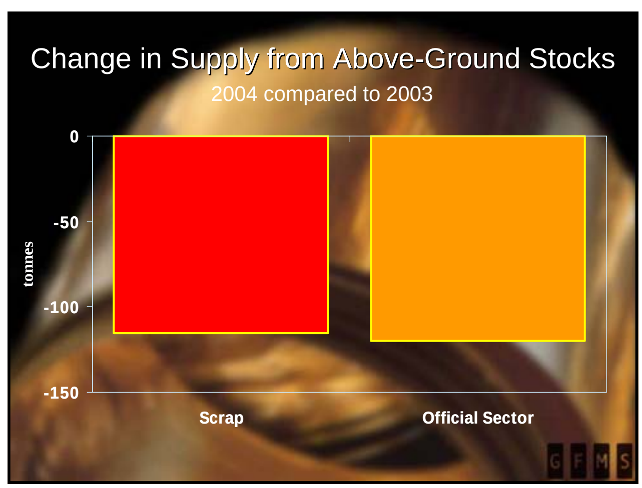
	2003	2004 E	y-o-y
Mine production	2,592	2,478	-4.4%
Official sector sales	617	497	-19.4%
Old gold scrap	944	829	-12.2%
Implied Disinvestment	-	43	-
TOTAL SUPPLY	4,154	3,848	-7.4%

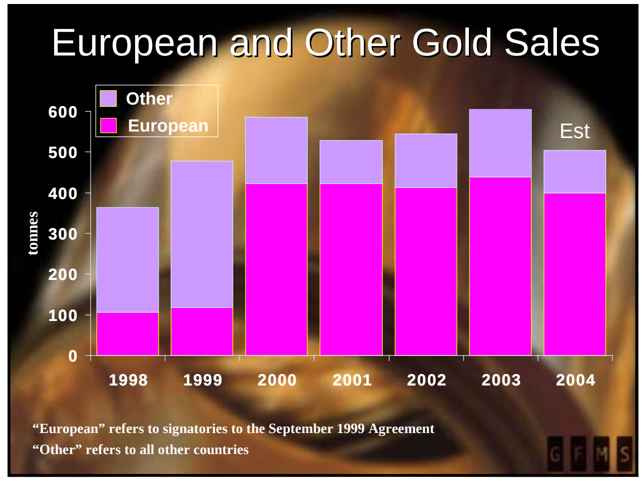




Mine Production in 2004

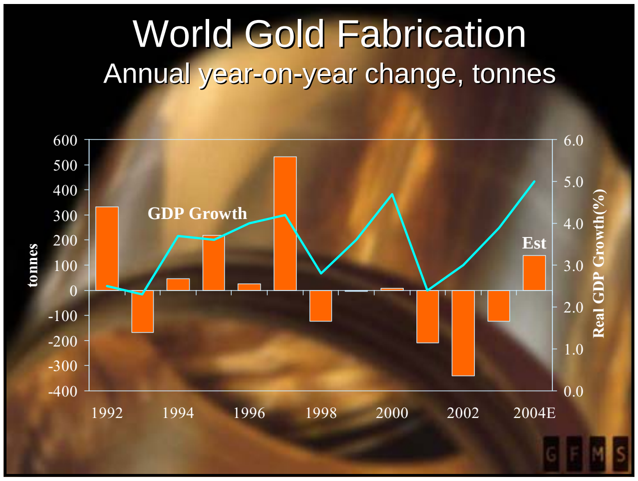
- Temporary factors partly explained the 114 tonne year-on-year drop in mine output.
- Indonesia (-51 tonnes) decrease partly due to pit wall failure at Grasberg in Q4 2003; Australia (-27 tonnes) and United States (-14 tonnes) adverse weather and on-mine development impacted production.
- Offset provided by over 20 new mines which started production in 2004 – contributing 30 tonnes.
- Average world cash costs for period Q3 2004 $250/oz – compared to $222/oz in corresponding period in 2003.





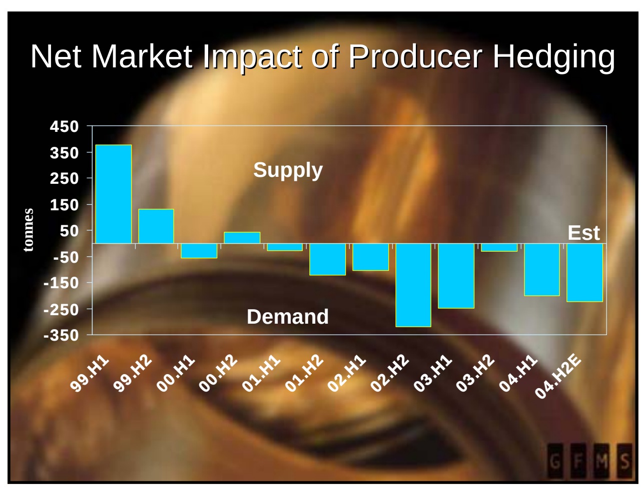
Gold Demand Estimates for 2004

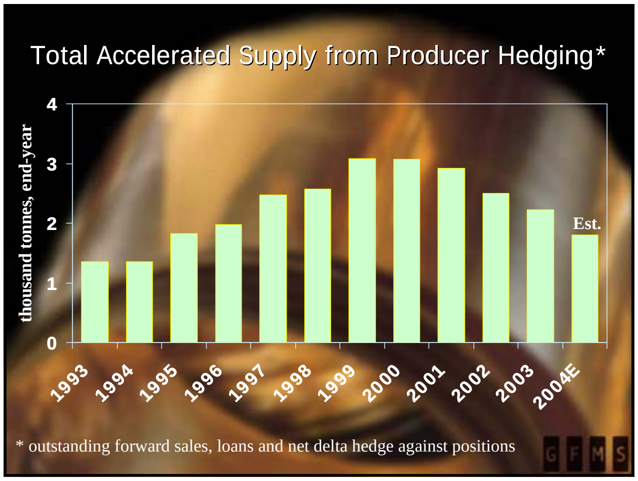
	2003	2004 E	y-o-y
Jewellery	2,523	2,622	3.9%
Other fabrication	516	556	7.7%
Total fabrication	3,040	3,179	4.6%
Bar hoarding	183	245	34.5%
Net producer hedging	279	424	51.9%
Implied investment	652	-	-
TOTAL DEMAND	4,154	3,848	-7.4%



Fabrication Demand in 2004

- Total fabrication rose by 4.6% to 3,179 tonnes.
- The largest component, jewellery fabrication, grew by 4% to 2,622 tonnes.
- The rise should be seen in light of a weak 2003, hit by acute disasters such as SARS and the Iraq war.
- Despite growing year-on-year, fabrication is still nearly 700 tonnes off its 1997 peak.
- Much of the 2004 increase was driven by a growing acceptance of last years elevated price levels and an acceleration of GDP growth.





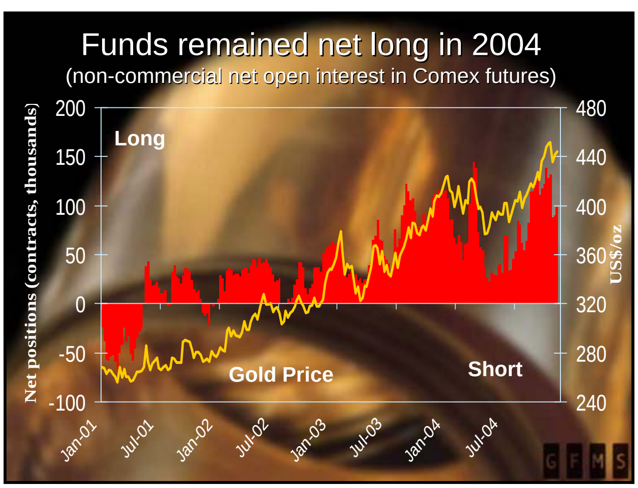
Investment and the Supply/Demand Balance

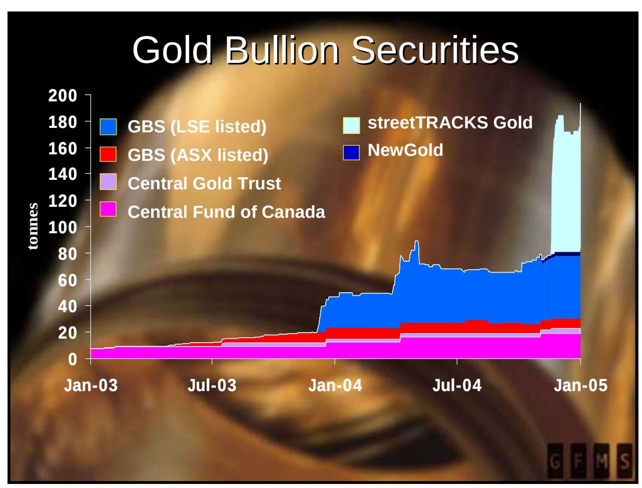
Major supply & demand variables in tonnes

	2003	2004E
Mine Production	2,592	2,478
Scrap	944	829
Official Sales	617	479
Total Supply	**4,154**	**3,805**
Fabrication*	2,935	3,066
World Investment**	939	314
Producer de-Hedging	279	424
Total Demand	**4,154**	**3,805**

*fabrication excludes coins, **investment includes coins, bar hoarding + residual balance

Source: GFMS





Investment Issues 2004

- Implied net (dis)investment fell from 652 tonnes of investment in 03 to disinvestment of 43 tonnes in 04.
- Swing was driven by a major long liquidation in H1 – partly offset by a recovery in investment in H2.
- Price failed to perform in H1 and investor demand stagnated.
- Investment interest peaked during the run up of the launch of the NYSE listed ETF.
- Economic & political landscapes were generally supportive to investor demand in 04 – dollar:euro FX rate & US twin deficits, developments in the "war on terror", Bush re-election.

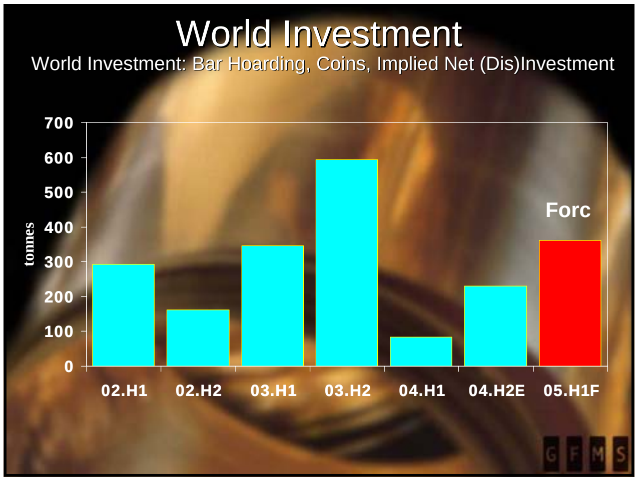
Summary & Price Outlook

Gold Supply Forecasts for H1.2005

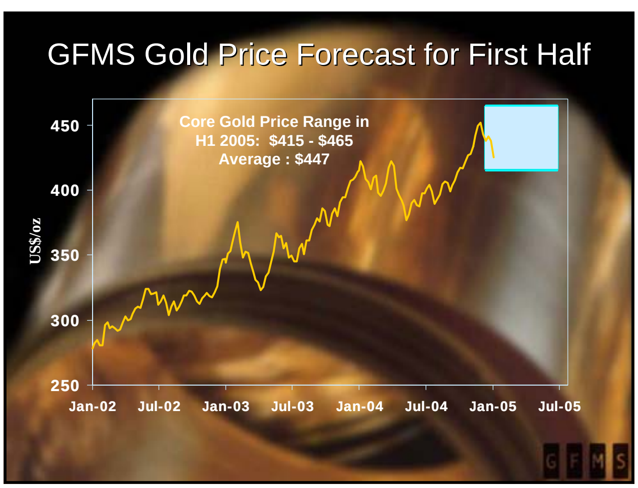
	H1.04	H1.05 F	y-o-y
Mine production	1,184	1,264	6.8%
Official sector sales	198	246	24.1%
Old gold scrap	440	456	3.6%
Implied disinvestment	114	-	-
TOTAL SUPPLY	1,936	1,965	1.5%

Gold Demand Forecasts for H1. 2005

	04.H1	05.H1 F	y-o-y
Jewellery	1,312	1,233	-6.1%
Other fabrication	291	293	0.7%
Total fabrication	1,603	1,525	-4.8%
Bar hoarding	133	122	-8.1%
Net producer hedging	200	143	-28.5%
Net investment	-	175	-
TOTAL DEMAND	1,936	1,965	1.5%


World Investment
World Investment: Bar Hoarding, Coins, Implied Net (Dis)Investment
700
600
500
400
300
200
100
0
tonnes
Forc
02.H1
02.H2
03.H1
03.H2
04.H1
04.H2E
05.H1F


Price Outlook
Few signs of Bush administration to tackle twin deficits
Little prospect this year of a secular rally in the US dollar, real interest rates in the major currencies at low levels - investors hunting for alternative investments.
Positive price action will keep trend following funds long.
Pent up demand in price sensitive markets and producer de-hedging on price dips provide support on downside.
Sustained investor inflows could bring fresh highs.
Range $415-$465, average for H1.2005 $447/oz.


GFMS Gold Price Forecast for First Half
Core Gold Price Range in
H1 2005: $415 - $465
Average : $447
450
400
350
300
250
US$/oz
Jan-02
Jul-02
Jan-03
Jul-03
Jan-04
Jul-04
Jan-05
Jul-05