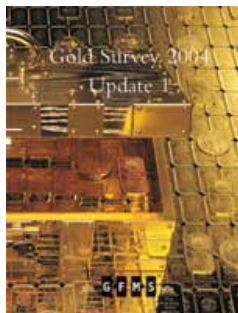


Publication of Gold Survey 2004 - Update 1

Temporary Factors Help Bring About 84 Tonne Drop in First Half Mine Output



In its latest report on the gold market, GFMS is forecasting full year mine production at 2,506 tonnes, a 94 tonne decline year-on-year. According to the report, released today, the substantial cut should be concentrated in the first half of the year with losses partly attributable to temporary factors. The report puts six-month gold mine production, some 84 tonnes, or 7%, lower year-on-year, at 1,166 tonnes. Bruce Alway, senior analyst with the precious metals consultancy, highlighted a decline in output at Grasberg in Indonesia (down 41 tonnes year-on-year), where production was affected by a major slippage in the open pit, as one of the chief contributors to the half yearly fall.

Elsewhere, the weather was partly held responsible for reported losses. In Australia (down 21 tonnes) and the United States (down 11 tonnes), adverse weather conditions in the first quarter, combined with a number of development works at operating mines, resulted in an increase in the proportion of processed low grade ore. In Australia, mine closures also hit production with the cessation of activities in the second quarter at Bronzewing and Tarmoola, whilst in Bolivia (down 5 tonnes), the country's biggest mine, Kori Kollo, completed open pit activities in October 2003.

Commenting on the outlook for the balance of the year, Alway added "a number of new mines, which are ramping up production, should provide a reasonable offset in the second half to lost output in some of the more mature mining districts". The report picks out Boroo in Mongolia (which began producing on 1st March 2004), the new Rosebel mine (start up 11th February 2004) in Suriname and, lastly, in Uzbekistan, Amantaytau where production commenced in January 2004.

Concerning the industry's total cash costs, the significant drop in gold output, an increase in processed tonnes of lower grade ore and the effects of stronger domestic currencies in South Africa, Canada and Australia, combined to leave first half cash costs some \$28/oz higher at an average \$246/oz.

© **Copyright GFMS Limited - September 2004.** Whilst every effort has been made to ensure the accuracy of the information in this document, GFMS Ltd cannot guarantee such accuracy. Furthermore, the material contained herewith has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient or organisation. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any commodities, securities or related financial instruments. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. GFMS Ltd does not accept responsibility for any losses or damages arising directly, or indirectly, from the use of this document.

Gold Survey 2004 - Update 1 provides a review of the gold market in the first half of 2004 and a forecast for the full year with 40 pages of statistics, commentary and analysis on all aspects of world gold supply/demand and on gold prices in various currencies. The publication can be ordered from GFMS for £205 or US\$375 / €315 per copy. For orders and to receive further product information please contact Ms L. Perrard on: Tel: +44 (0)20 7478 1777, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk, Web Site: www.gfms.co.uk

Note to Editors about GFMS Limited:

GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, China, India and Russia, and a vast range of contacts and associates across the world.

Press Contacts: Philip Klapwijk or Paul Walker, GFMS Limited, Hedges House, 153-155 Regent Street, London, W1B 4JE, UK, tel: +44 (0)20 7478 1777, fax: +44 (0)20 7478 1779, email: gold@gfms.co.uk, web site: www.gfms.co.uk

