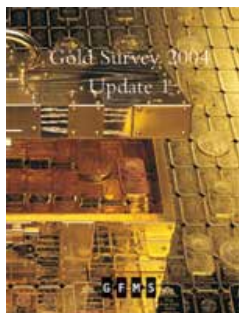




Publication of Gold Survey 2004 - Update 1

Producer de-hedging accelerates, generating 209 tonnes of demand



Outstanding producer hedge positions were slashed by 209 tonnes in the six months to June, a sharp increase on the 43 tonne cut in the six month period prior to that. This is one of the key findings of GFMS' latest report on the gold market, *Gold Survey 2004 - Update 1*, released today. The significant fall left the delta adjusted hedge book at the end of June 2004 at a measured 1,997 tonnes, equivalent to 77% of 2003 annual mine production. The position represented a 9% drop from the position reported at end-December 2003.

Commenting on the report, Senior Analyst Bruce Alway added, "it's worth pointing out that, on a quarterly basis, the pace of de-hedging accelerated progressively from the September quarter 2003. And there's every sign that this acceleration has continued into the second half of this year".

He identified three main drivers behind producer de-hedging in the first half of the year. Firstly, hedged producers continued to reduce their cover in line with stated goals and in some cases exceeded these targets. Of equal importance was merger activity. Two major deals saw hedge books exchange hands and, in one case, substantially cut and, in the other, completely closed out. Lastly, Alway highlighted the significance of book restructuring which contributed not only to an overall drop in protected volumes but, more importantly, had a marked impact on the make up of the global book itself, which was further concentrated in simple forward sales.

On a company basis, AngloGold Ashanti's combined hedge book was reduced by 62 tonnes from their respective positions reported at end-December 2003. Barrick reduced its outstanding position by 51 tonnes, whilst a major book restructure completed by Newcrest resulted in a 22 tonne decline in their delta adjusted position. Other noteworthy contributors to the half yearly drop in the producer book were Placer Dome (19 tonnes), Avgold (18 tonne) and Cambior (15 tonnes).

De-hedging is forecast to hold at elevated levels of over 200 tonnes in the second half. The report points out that in the light of recent events - the announcement by Thistle Mining in August that it had bought back around 15 tonnes of contracts; news from New Zealand that Oceana Gold closed a 29 tonne position and, lastly, the news at the end of August that Sons of Gwalia (who at end-June had a 52 tonne delta adjusted hedge position) had been put into voluntary administration - the base case level of 200 tonnes of de-hedging could well be a minimum.

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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

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