



Publication of *Gold Survey 2006*

New Mines to Boost Gold Production in 2006

Annual global mine production posted a moderate increase of 2% last year according to leading precious metals consultancy GFMS at the launch of their *Gold Survey 2006* at events in London, Johannesburg and Toronto.

Concerning the increase, key drivers were reportedly due to markedly stronger annual performances at the world's two largest mines, and a significant volume of production originating from new mines. Referring to the former, Grasberg in Indonesia improved by nearly 60 tonnes following a weak 2004 that was strongly impacted by two landslides late in 2003, while Yanacocha in Peru achieved record annual output. On a regional basis, the most sizable contributions to new production were identified as having come from Latin American countries, including Peru (Lagunas Norte) and Mexico (El Sauzal), as well as Telfer in Australia, which was commissioned in November 2004.

GFMS identified that the largest annual falls occurred in South Africa and Canada. Historical records show that South African gold production hit its lowest level for 82 years, but the consultancy added that the decline represented the sharpest fall for a decade, and was explained by mine closures due to the country's high domestic cost environment.

Cash costs on an annual global basis increased by 7%. The consultancy's analysis indicated that the hike in costs was attributable to worldwide inflationary pressures including rising wages and higher prices for fuel, cyanide and ultra-large tyres. On a regional basis, North America experienced the greatest annual rise in costs, with Canada and the United States increasing by 19% and 11% respectively; South Africa and Australia's rises were calculated at a more modest level. Despite this, the overall ranking remained unchanged, with South Africa and Australia remaining the two highest cost countries.

At the Toronto launch, senior analyst Bruce Alway identified that the large volume of new production seen last year, brought about by a stream of projects coming to fruition is anticipated to continue. Alway added, "While start-ups in 2006 will add to the bottom line, 2005's mines ramping up to full-rate production will be the source of further significant volumes."

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Gold Survey 2006 contains over 100 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 £275 or US\$495 / €395 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, Online Shop: <http://shop.gfms.co.uk>

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