GFMS

PRESS RELEASE
London, 19th January 2006

Embargoed for publication or distribution by wire until 13:00 hrs London time on 19th January 2006

Publication of *Gold Survey 2005 - Update 2*

De-hedging slumps by over 50% in 2005, as conditions return to "normal"

Today in Toronto, Philip Klapwijk, GFMS' Executive Chairman launched *Gold Survey 2005 Update 2*, which included estimates of de-hedging for 2005 as well as a forecast for 2006. In front of an audience of over 100 delegates of Toronto's who's who of the gold community, Klapwijk revealed a sharp fall in de-hedging in 2005 to just 195 tonnes, its lowest level since 2001.

However, according to the consultancy, the more than 50% annual rate of decline might be a little misleading, given that 2004's de-hedging total, measured by GFMS, was a record level with the volume that year boosted by the collapse of Sons of Gwalia, which resulted in its open hedge positions being closed out. In addition, GFMS note that the 2004 level was augmented by what was a significant book restructure in the wake of the merger between AngloGold and Ashanti Goldfields.

In 2005, the research house noted that, not only did Barrick reduce the pace of its de-hedging, but there was net rise in AngloGold Ashanti's delta hedge volume. Furthermore, there was a modest amount of new project hedging. Despite the fall last year, Klapwijk commented that "although the provisional 2005 number is sharply lower year-on-year, in our view, this is a more sustainable total going forward".

Looking ahead to this year, GFMS are forecasting, based on available data for the first nine months of 2005 on reported delivery schedules for forwards and loan contracts, as well as options contract expiry dates, core de-hedging of 260 tonnes for 2006. The reduction should be offset by some fresh project related hedging, as well as the impact on the net delta of rising and high gold prices, which, under their current assumptions, will leave the base case estimate for de-hedging in 2006 at 235 tonnes.

However, GFMS' forecast *excludes* the impact of the possible forthcoming merger between Barrick and Placer Dome, which, should it go ahead, may have a pronounced effect on the global hedge book, given that, at end-September, these two companies held the biggest and third largest books in the gold market (in nominal terms) respectively. Klapwijk also drew attention to Barrick's zero hedge strategy, commenting that "there is undoubtedly potential for a major book restructure, which could upset our base case estimate for de-hedging in 2006".

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, Germany, Spain 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