

PRESS RELEASE

London, 24th April 2002



**Embargoed for publication or distribution by wire
13:00 hrs London time on Wednesday 24th April 2002**

Gold producer hedge books fell sharply in fourth quarter 2001; trend expected to continue - GFMS

The global gold producer hedge book contracted by a net 147 tonnes during 2001, the second consecutive annual decline in outstanding positions and a far greater fall than the 15 tonnes recorded in 2000. The decline in net hedging created demand in the physical market and meant that the overall contribution of producers to the supply side actually fell last year (by 112 tonnes or 4%), despite a small increase in mine production.

This was one of the main findings of Gold Survey 2002, the annual report on developments in the international gold market released today by GFMS (Gold Fields Mineral Services) in London, Toronto and Johannesburg. The Survey calls the decline "one of the most remarkable features of the market" during 2001 and suggests that this was one of the factors which provided support to the gold price, particularly during the last months of the year.

Among the many drivers of the decline in producer hedging discussed in the Gold Survey, the main reason identified was conditions within the gold market which were not conducive to hedging. Falling interest rates eroded the contango to the point where almost no premium could be gained from selling gold forward in the short to medium term. In addition, perceptions about the outlook for the price improved considerably as the year progressed, and with it, producers' desire to be fully exposed to any potential price upside. Miners therefore saw little reason to protect themselves against falling prices as well as less opportunity to enhance their revenue by locking in the contango. This was particularly true in the last months of the year (in the first quarter of 2001, by contrast, when contangos were wider and the price still quite weak, GFMS recorded a significant volume of new hedging).

In commenting on this development, Hester le Roux, a director of GFMS, remarked: "All indications are that the trend to lower hedging has continued into the first months of this year, and while short term interest rates remain low and price prospects remain positive, we would expect to see another significant fall in the global hedge book in coming months". Further impetus to this trend is provided by the fact that, in the current price environment, unhedged producers seem to be finding more favour among investors, although she points out that the distinction between "hedged" and "unhedged" producers is somewhat blurred, and now seems to be drawn "more along philosophical than factual lines". High levels of merger and takeover activity will continue to influence producer behaviour, according to Le Roux, as "reluctant new owners of hedged ounces are expected to use every opportunity to trim inherited books, or to close them out altogether".

Gold Survey 2002 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 £245/US\$360/€95 per copy.

For orders and to receive further product information please contact Ms L Perrard on:

Tel: +44 (0)20 7539 7820, Fax: +44 (0)20 7539 7818, Email: gold@gfms.co.uk, Web Site: www.gfms.co.uk

Note to Editors: GFMS (Gold Fields Mineral Services) is an independent London-based commodity research and consulting company, specialising in the analysis of the precious metals markets.

Press contact: Hester le Roux, tel +44 (0) 20 7539 7802 or email hester.le.roux@gfms.co.uk