

PRESS RELEASE

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Mine production grew for sixth consecutive year, albeit by a modest 20 tonnes - GFMS

In GFMS' latest report, Gold Survey 2002, the London-based precious metals consultancy reported that global mine production grew by a modest 20 tonnes last year, to reach 2,604 tonnes. Although the increase was trivial, it was significant that mine production did not actually decline; many commentators had anticipated a drop 2001.

Record output at the world's largest gold producing mine, Grasberg, contributed to the surge in Indonesian output (+31%), there was also significant growth in China and Russia. Meanwhile, in Mali and Tanzania, new mines boosted output, with respective year-on-year growth of 47% and 97%. Offsetting some of the production gains there was a decrease in output from the world's largest producer, South Africa, which saw output drop below 400 tonnes for the first time in 48 years. There were also declines by two of the other major producing countries, the United States where output fell 6% and Australia which reported a 4% decline.

Last year's record gold output was achieved at the lowest costs recorded in at least 15 years: Total cash costs at Western World gold mines declined 6% last year, or \$11/oz, to reach \$176/oz on a weighted average basis. Total costs were 5% lower at \$228/oz. Roughly 85% of mines included in GFMS' analysis reported total costs below the average spot price of \$271/oz. On a regional basis cash costs declined in South Africa (-11%), Canada (-9%) and Australia (-8%) but increased in the United States (+5%).

Currency depreciation played a significant part in costs declines reported in South Africa and Australia; in local currency terms cash costs actually increased. Importantly, these producers saw local gold prices rise 20% and 9% respectively, more than offsetting the increase in cash costs in local currency and resulting in substantially wider cash margins.

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/€395 per copy.

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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.

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