



Publication of *Gold Survey 2005*

Mine closures contribute to a fall in production but new projects to aid recovery in 2005.

At events in London, Johannesburg and Toronto today, GFMS released *Gold Survey 2005*, their latest report on the gold market.

According to the report, worldwide mine production in 2004 stood at 2,464 tonnes, a considerable reduction of 128 tonnes (5%) year-on-year. Stripping activities, unfavourable weather conditions, operational delays and mine closures strongly contributed to the largest drop in annual mine output since 1943. The three biggest falls were experienced by Indonesia, South Africa and Australia, whose combined losses amounted to over 100 tonnes. Supply increases were comparatively muted, but nonetheless helped to offset losses. China showed the strongest growth in tonnage terms, up 12 tonnes (6%), while new mines generated roughly 30 tonnes, with notable projects in Mongolia, Uzbekistan, Mexico and Suriname, the last mentioned more than doubling production to over 16 tonnes.

While the 50 tonne reduction in Indonesia can be attributed to slippage events at Grasberg in late 2003, and regarded as temporary, declines in South Africa will be more difficult to reverse. Mine suspensions and shaft closures featured heavily last year, principally as a consequence of a strong rand:dollar exchange rate. Australian production declined by 25 tonnes (9%) to 258 tonnes, its lowest level since 1995, slipping from 2nd to 3rd largest producing nation in the process. Closures at Bronzewing, Kundana and Sons of Gwalia, coupled with output inhibited by tropical cyclones in February and March, explaining much of the decline. In the United States, production fell by 19 tonnes (7%) to 262 tonnes, much of the loss concentrated in the state of Nevada. Stripping activities (to provide access to new sections of an ore body) and falling ore grades were both important factors.

Cash costs in US dollar terms increased in all of the major producing regions in 2004, with the exception Canada. Global weighted average cash costs stood US\$29/oz higher at US\$253/oz, up 13% year-on-year. Domestic currency appreciation against the greenback was a significant factor, with rising fuel, water and energy charges further contributing to the respective 15% and 12% rises in South Africa and Australia.

The prospects in 2005 appear to be somewhat brighter. A return to normal operations at Grasberg, new capacity commissioned in 2004 and mines coming on-stream in the current year should elevate production by a forecast 4% to 2,570 tonnes.

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Gold Survey 2005 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 £265 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

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