



Publication of Gold Survey 2009

Gold Mine Production Falls to a Twelve Year Low in 2008

At events in London, Johannesburg and Toronto, leading precious metals consultancy GFMS Limited launched its latest review of the gold market, Gold Survey 2009. Among the findings of the report, Executive Chairman Philip Klapwijk, presenting in London, identified that global gold mine supply contracted by almost 3% last year. Although output in the fourth quarter came in stronger than forecast, this heavy fall led to last year's production level dropping to a twelve year low.

Among the casualties, Indonesia's production decreased by 35%, largely associated with mine sequencing leading to the extraction of low gold grade ores at the Grasberg. Other major declines included South African and Australian output, dropping by 14% and 13% respectively. At the former, safety-related stoppages and lost time relating to a force majeure announced by Eskom, the state electricity provider in January 2008, were both accountable for a large measure of the shortfall.

Significant production improvements were comparatively limited with Russia and Peru leading the field, increasing by 11% and 6%, with both countries' output benefiting from the roll-out of a major mining project, specifically the Kupol mine and the Yanacocha plant upgrade respectively.

On an annualised basis producers' total cash costs continued to expand last year, with an average increase of almost 20% against 2007. However, GFMS noted that cost benefits were already being realised in the December quarter, with the price declines noted for many consumables, coupled with depreciating currencies in several major mining countries, leading to an average decline of 9% quarter-on-quarter in US dollar terms.

Producers continued to eliminate gold hedges at elevated levels last year, with producer de-hedging, a source of physical gold demand, calculated at 358 tonnes by GFMS, serving to constrain net supply from the mining industry. Most of this activity came

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two-thirds of global de-hedging last year. Klapwijk stated that "with outstanding gold hedges amounting to less than 500 tonnes at the end of 2008, the scope for producer de-hedging to provide meaningful demand is becoming increasingly limited."

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Gold Survey 2009 contains over 120 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 £325 / US\$595 / €440 per copy. For orders and to receive further product information please contact Elena Patimova - 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>

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, Spain, France, Germany and Russia, and a vast range of contacts and associates across the world.

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