

**Embargoed for publication or distribution by wire until
9:45 hrs London time on Tuesday 24th September 2002**

Publication of *Gold Survey 2002 - Update 1*

Global mine production tumbles in the first half but full year losses forecast as modest.

GFMS (Gold Fields Mineral Services) released *Gold Survey 2002 - Update 1* today, their latest report on the gold market. An overview of mine production's prospects was given by Philip Klapwijk, Managing Director of GFMS, at a conference in London organised by the precious metals consultancy.

The report highlighted some interesting developments with regards to mine production, which declined a significant 63 tonnes in the first half, leaving the global total 5% lower at 1,216 tonnes. GFMS research showed that the largest drop recorded in both percentage and volume terms was in Indonesia, with most of the decline attributed to Grasberg, the world's largest single gold producing mine. The report also outlined steep declines in the United States, where a 14% drop in output was primarily due to lower grades at the giant Nevada operations.

On the other hand, GFMS' first half analysis, singled out a number of producing countries where output increased, partly offsetting losses from some of world's largest gold producing regions. Klapwijk picked out "higher output in Russia and Peru" where growth had been particularly impressive.

As regards the outlook for the balance of 2002, the precious metals consultancy consider that the second half will record further output losses year-on-year. As a result, GFMS report that full year production is forecast to drop some 3% to reach 2,514 tonnes; representing the first fall since 1995. However, Klapwijk cautioned, "the fall in output at Grasberg is largely temporary and production is expected to recover as the mining sequence moves into higher grade sections of the ore body". He added, "we would not be surprised if next year global production actually increased modestly". Beyond 2003, Klapwijk hinted that GFMS' recent forecast work pointed to secular fall in global mine production. He commented, "Depleting reserves, in particular, at the mature operations in North America, and a marked decline in new production timetabled to come on stream, should lead to a longer term fall in global mine production beginning in 2004".

Gold Survey 2002 - Update 1 provides a review of the gold market in the first half of 2002 and a forecast for the full year with 30 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 £190 or US\$280/Euro290 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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