



PRESS RELEASE
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For immediate distribution

New GFMS Report Measures the Challenges of Gold Mining in China

*A must-read for producers, explorers, equity brokers
and project finance houses*

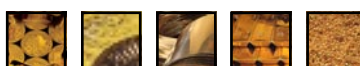


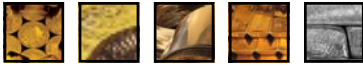
GFMS and China Financial Services (CFS) are pleased to announce the publication of **Gold Mining in China**. This is the first ever detailed review of the Chinese gold mining sector, and follows on from the highly successful review of the gold and jewellery sectors 'The Gold Market in China' launched in Shanghai earlier this year. **Gold Mining in China** covers the recent deregulation of the mining industry, production by major mines, and stock exchange flotations of mining companies. Essential reading for both foreign mining majors and juniors, as well as banks and investors considering an approach to the complex, but rich, Chinese gold mining sector.

Main Highlights

- China has now had a decade of reform in the gold mining sector. After a recent pause, foreign exploration companies are now returning to China in large numbers, and there have also been some large-scale and exciting new finds. There are considerable opportunities: China's domestic gold mining remains small scale and would benefit from foreign assistance, particularly in the area of deep mining. Environmental concerns are also becoming more pressing with widespread pollution, and this is another area where foreign expertise would be of assistance.
- Furthermore domestic production has perhaps peaked at around 200 tonnes a year, but demand could easily reach 600 tonnes in the next decade. The implication is clear: either China steps up exploitation of its own resources (with or without foreign capital and technology), or it may be obliged to import large amounts of bullion.
- The position is already shifting: the market has already been thrown open with the flotation of major Chinese gold mines, both on the Shanghai and Hong Kong stock exchanges. At the same time the major foreign banks and funds have been permitted to take up "A" shares, previously restricted to Chinese nationals.

This Report looks at the rapidly developing gold mining sector in China, and the sometimes difficult administrative environment. It examines the strategies of the successive waves of foreign juniors, and the more restrained approaches of the gold majors. This is the first serious attempt to take an overall view of Chinese official strategy, and to measure the challenges.





To many foreign-based gold producers China represents a new frontier. Moreover, to a handful of the major producers the exploitation of gold resources in the country and within the wider Asian region as a whole is regarded as vital if current levels of mine production are to be maintained. The gold producing belts of North America and Australia, amongst others, are maturing, and to replace the existing reserve base new finds will have to supplement the (limited number) of success stories emerging from parts of Central and South America. One of the ways for majors to participate in exploration success is to enter at the grass roots level by taking a position in a junior "vehicle" with options to earn into any major finds. Included in *Gold Mining in China*, is a comprehensive list and status summary of 36 junior exploration companies currently active in the country.

Junior Exploration

Inter-Citic Minerals (ICI) currently has two gold exploration projects under development: Dachang in Qinghai and Zalantun in Inner Mongolia. The Zalantun Project includes four contiguous exploration licenses covering three properties and is currently being explored by Inter-Citic and its partner the Qinghai Geological Survey Institute.

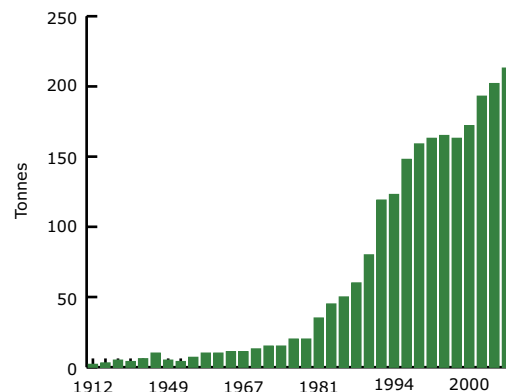
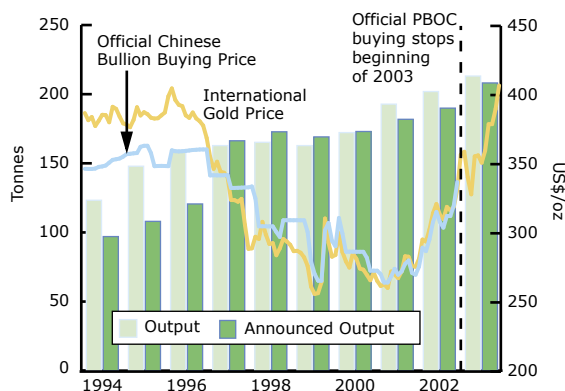
International Kirkland Minerals Inc. (IKI) in March 2004, entered into an option agreement to acquire 100% of the shares of a private company named Minen Investments Ltd. The principal asset of Minen is the Xuefeng gold property, Hunan Province, located in south-central China.

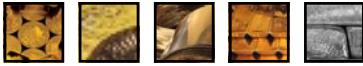
Ivanhoe Mines (IVN) is exploring for gold, silver copper and platinum group metals in China through a joint venture with Jinshan Gold Mines (formerly Pacific Minerals). Ivanhoe has the right to participate in the development of Jinshan's 217 Gold Project in Inner Mongolia, the JBS Platinum Palladium Project in Yunnan Province, and a right of first refusal to participate in all new mineral projects discovered by Pacific in China.

Jinshan Gold Mines (JIN) (formerly Pacific Minerals), has two advanced projects proceeding through scoping studies the JBS Platinum & Palladium Project in Yunnan Province and the 217 Gold Project in Inner Mongolia. In addition Jinshan has recently signed an option agreement with the Yinchuan Gaoxin District Shijin Mining Ltd. for the right to purchase up to 95% of the Xijishui gold project, and has a memorandum of understanding with the Yunnan Geology & Mineral Resources Co. Ltd. giving it the exclusive right to form a joint venture to explore for gold and copper-gold porphyry systems at the latter's Beiya Gold Mine in western Yunnan Province.

Chinese Gold Mine Production & the Gold Price

Chinese Gold Mine Production (1912 - 2003)





WHAT IT CONTAINS



- 1. Executive Summary**
 - 2. Chinese Gold Mine Production**
 - 3. Structures of the Chinese Gold Industry in 2004**
 - 4. Mine Production, Reserves, Costs & Geology**
 - 5. Foreign Investment**
 - 6. The Legal Framework**
- Appendices**
- Key Contacts**

Charts include:

Chinese Gold Mine Production (1912 - 2003)
Gold Mine Production & the Gold Price
Mine Production by Province (map)
Geology, Location and Exploration for Gold (map)
Degree of Exploration for Mineral Resources (map)

Tables include:

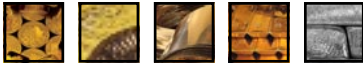
Top 20 Gold Producing Countries
Main Gold Mines
Organisation of the Chinese Gold Industry
Supply & Demand in the Chinese Gold Market
Gold Reserves of Chinese 12 Provinces
Chinese Gold Refiners - Capacity
Mine Production by Province

Price

54-page country report
Price: £1,145 - US\$1,950 - €1,635

Existing and Forthcoming reports:

Gold Mining in Russia (January 2004)
Gold Mining in Mongolia (August 2004)
Gold Mining in China (November 2004)
Gold Mining in Kazakhstan (to be confirmed)
Gold Mining in Indonesia (to be confirmed)



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

GFMS is credited with producing the most authoritative surveys of the gold and silver markets, the annual Gold Survey and World Silver Survey, and produces a range of other publications dealing with all aspects of the precious metals markets. GFMS also provides consultancy services in the form of tailor-made research into selected areas of the precious metals markets. GFMS' research team of eight full-time analysts comprise qualified and experienced economists and a geologist.

About China Financial Services

China Financial Services specialises in providing consultancy on the Chinese market, with special reference to precious metals. It worked in conjunction with GFMS and the World Gold Council on the 2004 China Gold Report, and has also brought senior gold officials to the UK for training.

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