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Publication of *Gold Survey 2003*

Lower grades and mine closures leave global mine production lower while cash costs rise.

GFMS (Gold Fields Mineral Services) released Gold Survey 2003 today, their latest report on the gold market. A summary of the findings of the Gold Survey was given by Philip Klapwijk, Managing Director of GFMS, at a conference today in London organised by the precious metals consultancy. The report highlights that for the first time since 1994 global mine production declined. Lower grades and mine closures impacted global production with gold output down 36 tonnes to 2,587 tonnes.

Production declines were concentrated in the Western World with falls in the United States (-11%), Australia (-7%) and Indonesia (-14%). Lower grades at maturing operations, mine closures and lower output from the world's biggest gold producing mine, Grasberg in Indonesia, all contributed to the drop. Offsetting some of the production losses there was higher production from the world's largest producer, South Africa. Although the rise was modest, it was noteworthy because it was the first increase in gold output since 1993. In addition growth was recorded in Russia (+9%), China (+5%) and Peru (+17%).

Lower grades also impacted on cash costs which, following on from five consecutive declines, increased by \$4/oz from the previous year to reach \$180/oz. Unit costs rose in all but one of the major gold producing regions where higher power charges and the effects of a strengthening Australian dollar also contributed to the overall increase. South Africa, conversely, saw costs fall from the previous year by a staggering \$17/oz to average \$179/oz. The decline in US dollar denominated terms, however, was largely explained by the weakness of the local currency, which lost 22% of its value when compared to the same 12-month period in 2001.

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Gold Survey 2003 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 £255/US\$395/€390 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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