



Publication of *Gold Survey 2008 - Update 1*

Global Mine Production Slides in the First Half; Recovery Expected in H2.

At the annual seminar staged by GFMS, the world's foremost precious metals consultancy, the firm's chairman Philip Klapwijk summarised conclusions on its most recent study of mine production, featured in *Gold Survey 2008 - Update 1*. Primary output slipped severely in the first half of 2008, dropping by 6% year-on-year as a number of widespread complications, particularly in South Africa and Australia, coincided with a brutal decline in output at the world's largest gold mine, Grasberg, located in Indonesia, amounting to losses of almost 50 tonnes.

The consultancy noted that production had slipped in several of the world's most prolific gold fields, including the Wits Basin (South Africa), the Eastern Goldfields surrounding Kalgoorlie (Australia), as well as around the Carlin Trend in Nevada (United States) and the Red Lake district in Canada, with combined losses from what were once the four largest gold producing countries totalling a further 50 tonnes. Some offset to these declines came from growth in several of the important countries that have gained prominence in the last decade or so, namely China, Russia and Peru, which collectively provided a near 20 tonne increase.

Rampant cost inflation continued to challenge the mining community, with GFMS estimating that gold miners' global average cash costs increased at a rate of 20% in the first half of 2008, compared with a year earlier.

At the conference, discussing the outlook for the remainder of the year, Klapwijk indicated that a comparatively stronger performance was expected in the second half, as normal seasonal improvements will be added to by a number of world class projects. "Quite aside from one-off events that we have seen in, for example, South Africa, projects starting up, such as Kupol in Russia will help to arrest the falls witnessed earlier in the year."

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Gold Survey 2008 - Update 1: In just 40 pages, Update 1 identifies the most important economic, sociopolitical and market-specific issues facing the gold market. The publication can be ordered from GFMS for £250 or US\$460 / €350 per copy. For orders and to receive further product information please contact Elena Patimova - Tel: +44 (0)20 7478 1750, Fax: +44 (0)20 7478 1779, Email: sales@gfms.co.uk, Web Site: www.gfms.co.uk, Online Shop: <http://shop.gfms.co.uk>

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