

PRESS RELEASE
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Global Producer Hedge Book Contracts further during 2001

Producer hedging added to demand for the second consecutive year with a net decline in outstanding positions of an estimated 101 tonnes from end-2000.

GFMS (Gold Fields Mineral Services) released *Gold Survey 2001 - Update 2* today, their latest report on the gold market. A summary of the findings of *Update 2* was given by Philip Klapwijk, Managing Director of GFMS, at a conference in Toronto organised by the precious metals consultancy.

GFMS estimate that the global producer hedge book declined during 2001. The decrease amounted to just over 100 tonnes, which suggests that hedging generated almost 3% of total gold demand last year. Significantly, this was the second year in a row that the global producer hedge book contracted. Klapwijk remarked, "this is in stark contrast with the pattern established during the 1990s, when hedging generated an annual average of around 240 tonnes of supply".

There were a number of reasons for the decline in hedging activity during 2001. The most significant was arguably the virtual absence of a contango in the market, the result of a combination of declining interest rates and slightly firmer lease rates. In addition, currency weakness in Australia and South Africa resulted in record high domestic gold prices, which left those parts of hedge books denominated in local currencies deeply out of the money, and added further caution to a market not yet fully recovered from the panic seen in September 1999.

Looking towards the first half of the current year, GFMS forecast a 26 tonne net decline in outstanding hedge positions, though the consultancy cautioned that this may well turn out to be low field. Klapwijk added, "corporate activity will determine to a large extent what lies in store for the global hedge book in the coming months, as large volumes of ounces are currently in the process of changing hands".

Gold Survey 2001 - Update 2 provides an initial review of the gold market in 2001 and a forecast for the first half of 2002 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 £150 or US\$245/245 per copy.

For orders and to receive further product information please contact Ms L Perrard on:

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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. Its next gold market report, *Gold Survey 2002*, will be published on 24th April 2002.