



Publication of *Gold Survey 2007 - Update 2*

Wave of Producer Buy-Backs Trim Gold Hedge Book to 16-Year Low

Today in Toronto Philip Klapwijk, GFMS' Executive Chairman, launched *Gold Survey 2007 - Update 2*, which includes the consultancy's latest estimates of the gold market, ahead of the group's release of the annual *Gold Survey* in April. Central to the report was the group's analysis of producer hedging activity for 2007, as well as a forecast for the first half of 2008.

GFMS reported that over the course of last year, producers collectively reduced their outstanding hedge positions at an almost unprecedented pace, with the volume of the global book now standing at less than 1,000 tonnes in delta-adjusted terms. The majority of activity during 2007 was concentrated in the first half of the year, when roughly three-quarters of net de-hedging took place, driven by three large, outright book eliminations (by Newmont Mining, Lihir Gold and Gold Fields) and significant reductions implemented by Barrick Gold and Buenaventura. The consultancy added that much of the gross de-hedging in the second half was attributable to a move by Newcrest, partly offset by an increase in AngloGold Ashanti's delta options book. The move by Newcrest signalled the beginnings of a large-scale buy-back of its position with a view to becoming completely unhedged going forward.

Commenting on the outlook, Klapwijk identified that GFMS' forecast for the pace of de-hedging in 2008 is for a relative slow-down: "With two years of intense de-hedging behind us, the overall run-rate of scheduled deliveries into hedge positions is now much reduced," adding that "the expectation for the first half of 2008 is broadly in line with the previous six months' activity." He did, however, caution that GFMS' outlook was potentially at the lower end of the scale and could be materially changed by any dramatic move by AngloGold Ashanti, whose management has recently indicated a preference for a lower level of hedge cover, the strategy for which will be clarified in February.

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About *Gold Survey 2007 - Update 2*: In just 40 pages, *Update 2* identifies the most important economic, sociopolitical and market-specific issues facing the gold market. The publication can be ordered from GFMS for £215 or US\$395 / €325 per copy. For orders and to receive further product information please contact Ms Elena Patimova on: Tel: +44 (0)20 7478 1777, 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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