



Publication of *Gold Survey 2008 - Update 2*

Global Gold Mine Output Drops by 4% in 2008 - South African Production Lowest for a Century, Drops to World Number Three

Global gold mine production dropped substantially in 2008 to reach its lowest level since 1995, according to the London-based precious metals consultancy GFMS, at its release of *Gold Survey 2008 - Update 2* in Toronto today.

Australia, Indonesia and South Africa were the main drivers of falls in production in Oceania, Asia and Africa. Speaking at *Update 2*'s launch, GFMS' Executive Chairman Philip Klapwijk noted that 2008 had proved a difficult year for many producers. Aside from technical constraints, power issues and skills shortages, the global credit crisis started to take its toll with financing options becoming increasingly limited. Several developers and emerging producers entered into administration over the latter half of the year, a noticeable concentration of which were in Australia. Despite this, there were a number of significant new mines that came on stream in 2008, most notably in Mexico and Russia.

South Africa faced a crushing year with production plummeting by an estimated 14%, the sharpest percentage fall since 1901 when the country was still embroiled in the Second Boer War. According to GFMS' archive data and provisional 2008 figures, the country's output hit its lowest point for a century, relegating the country to world number three, behind the United States. China extended its lead as the most prolific producer of mined gold, with an estimated 3% increase in production. For the first half of 2009, GFMS notes that the addition of production from new projects is likely to provide a temporary increase in supply.

GFMS recorded an historic event in world total cash costs: in the third quarter of 2008, the global average surpassed \$500/oz for the first time ever. Much of this rise can be attributed to relentlessly rising costs in Australia, where the year-on-year increase was a dramatic 50%. Global total cash costs rose by 22% year-on-year in the first nine months of 2008, a rate of increase which was fractionally down against the same period last year. Of the major producing countries, Canada was the only player to buck the trend by recording a decrease in average costs in the nine months to September in 2008.

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About *Gold Survey 2008 - 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 £250 or US\$460 / €350 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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