



Publication of *Gold Survey 2008 - Update 2*

Gold producer hedge book falls below 500 tonnes in 2008; end of large scale de-hedging in sight

Today leading precious metals consultancy, GFMS, launched its latest report on the gold market, *Gold Survey 2008 - Update 2*, which detailed the firm's provisional view on the full year's events of 2008, at a sold-out conference in Toronto. The report identified that for the third year in a row, producers actively reduced hedge cover in significant volumes during 2008, although at a reduced rate compared to the record volumes that GFMS reported for 2007.

With Buenaventura and Newcrest having eliminated their gold hedging obligations (Newcrest has retained a portfolio of protective put options) in the first half, as well as activity by Barrick and most importantly the major buy-back undertaken by AngloGold Ashanti, much of the year's de-hedging took place in the first six months of the year. De-hedging activity in the second half was comparatively more restrained. Further moderating de-hedging, GFMS noted that some new hedging took place between June and December, primarily as a component of project finance. This contrasted with the first half of the year, during which time fresh hedging was almost completely absent from the market.

Speaking at the event, Executive Chairman Philip Klapwijk identified that GFMS estimated that the volume of the remaining global hedge book was less than 500 tonnes at the end of 2008, less than one sixth of the peak hedge book volume at the start of the decade. "This clearly limits the scope for ongoing de-hedging. This market component simply cannot perform the same role over the next three years that it has since 2005," Klapwijk added.

GFMS' analysis of producers' hedge positions, which utilises Brady PLC's Trinity™ risk management and trading system to value gold option contract exposures, noted that the overall delta-adjusted hedge book has become increasingly less sensitive to even large swings in the underlying gold price; in part a function of the declining proportion of options to forward sales that make up the global hedge book.

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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>

Note to Editors about GFMS Limited:

GFMS Limited is the world's foremost precious metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, India, Spain, France, Germany and Russia, and a vast range of contacts and associates across the world.

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