

2004 Global Gold Price Survey Results

December 13, 2004

During 2004, the price of gold in US dollars continued its increase from the lows experienced in mid 2001. It began 2004 at US\$410 an ounce and has topped US\$450 in recent weeks. Generally speaking, as the US dollar has weakened, the price of gold has increased, resulting in the levels it reached in November and early December 2004. Earlier in the year, the price snuck above US\$400 on a number of occasions but it was not able to sustain those price levels and fell back to as low as US\$380. It was only in the last week of November and into December when it appeared to make significant upward movement, rising above US\$450. The gold bugs were hopeful this was the start of a sustained movement, however as this is written the US dollar has rallied and, true to form, the price has fallen to approximately US\$435.

Pricing gold in other currencies reveals a different story. While the gold price has fluctuated during the year, in pounds sterling, it started 2004 at about £232 an ounce and it is currently at the same price. Similarly, the price of gold in Canadian dollars started the year at CDN\$534 and is currently at CDN\$537. In South African rand, the price has actually dropped, and it is only in Australian dollars where we have seen any real movement; with the gold price increasing from A\$550 to A\$575.

It will be interesting to watch the price over the next few months. The gold price will be affected in different ways—by a continued rally in the US dollar, if the gold bugs' prognostications finally come to pass, and perhaps the recent establishment of gold holding funds.

Question 1

Are you an SEC registrant?

Yes 37 No 6

Comment: Last year, 38 of 46 respondents were registrants and in 2002, 22 of 26 were registrants. It would appear those gold companies who are going to become registered have now done so.

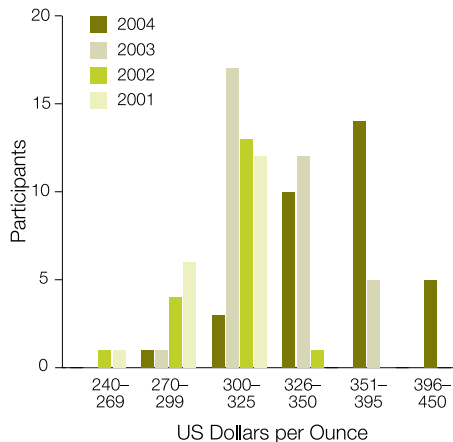
Question 2

Have you determined the gold price assumptions that will be applied to ongoing reserve determinations and carrying value assessments?

Yes 33 No 10

Comment: The average price indicated by respondents is \$366 for reserves and \$379 for carrying values. The averages have been rising steadily over the last four years, reflecting increasing prices (2003 – US\$337 and US\$347 for reserves and carrying values respectively). This year again saw an increase in the most often reported values—\$375 for both reserves and carrying values. It is interesting to note the percentage of companies which have not yet determined

Gold Price Assumptions—Reserves



what price to use is up, perhaps reflecting their reticence to select a price in light of recent volatility.

Question 3

Will you use the same or different prices over time?

Same price over time 31
Different prices over time 10

Comment: The majority of respondents continue to use a single price in their calcu-

lations. Of those using different prices, they have said they will use three-year averages or they do not think the current price being used is indicative of long-term prices.

Question 4

Do you have operations where local currency is important for making ongoing reserve determination and carrying value assessments?

Yes 20 No 23

Comment: It would appear respondents do not understand the question. It seems obvious to us that for any company operating in a country with a currency other than US dollars, the price in which gold is quoted would be affected by exchange rates. Below is a sample of rates respondents indicated they would be using:

Canadian dollars	1.22 – 1.49
Australian dollars	1.25 – 1.54
South African rand	8.00 – 8.50

Question 5

Will you use the same exchange rate to the US dollar over time?

Yes 21 No 9

Comment: The answer to this question indicates that most respondents will use the same exchange rate over time. This is somewhat surprising in light of the current volatility in the US dollar.

Question 6

Are these gold price assumptions applied consistently to all locations?

Yes 35 No 5

Comment: It appears companies are being consistent in the application of exchange rates and prices expected to prevail.

Question 7

What reserve base will be used to determine carrying values?

Proven and probable	27
Proven and probable (plus resources likely to be moved into this category based upon the company's track record, i.e., "value beyond proven and probable")	19
Other	1

Comment: As evidenced by the total, many companies use both proven and probable and also include possible or value beyond proven and probable. Most of those using the larger base have underground mines.

Question 8

Do you use derivatives?

Yes 25 No 18

If yes, do you mark to market?

Yes 19 No 7

One respondent does both.

If yes, do you follow hedge accounting guidelines?

Yes 24 No 1

If yes, do you follow normal sales treatment?

Yes 19 No 1

Some respondents were unsure what this meant.

Comment: The most interesting thing to come out of these responses is that virtually all those following hedge accounting are using normal sales treatment and delivering into the contracts.

Question 9

Do you currently utilize hedge positions in assessing carrying values?

Yes 12 No 29

Comment: This year sees a change, with the trend moving away from utilizing hedge positions.

Question 10

What considerations are important in the determination of the price assumptions used?

Price used last year	21
Price used by peers	27
Current price	35
Historic price trends	31
Analysts' price trends	20
Guidance from regulators or others	24

Comment: The majority of the respondents determined their price based on more than one consideration. Not surprisingly, "current price" is the most widely adopted influence, but we are pleased to see "price used by peers" used by 27 respondents.

Question 11

Have you disclosed the price assumption used in prior years?

Reserves	Carrying Values
Yes 31	Yes 17
No 10	No 25

Will you disclose price assumptions this year?

Reserves	Carrying Values
Yes 31	Yes 16
No 10	No 25

Comment: Respondents have indicated for this year there will be little change in the disclosure of price assumptions used.

Question 12

Have you disclosed exchange rates used in prior years?

Yes 13 No 26

Will you this year?

Yes 13 No 25

Comment: In light of the US dollar volatility, exchange rates are of increased importance in making assessments.

Question 13

Have you disclosed the sensitivity of reserves to price assumption changes in prior years?

Yes 16 No 24

Will you this year?

Yes 16 No 21

Comment: Respondents indicated very little change, but one respondent did reply that earnings sensitivity to changes in prices is disclosed.

Question 14

Have you disclosed the sensitivity of reserves to exchange rate changes in prior years?

Yes 2 No 37

Will you this year?

Yes 2 No 35

Comment: It is interesting to note how few companies disclose sensitivity to exchange rates compared to those who give sensitivity to prices.

We thank the following participants in the 2004 PricewaterhouseCoopers Global Gold Price Survey:

Agnico-Eagle Mines Limited	Glencairn Gold Corporation	MPI Mines Ltd.
Apollo Gold Corporation	Gold Reserve Inc.	Newmont Mining Corporation
Aurizon Mines Ltd.	Goldcorp Inc.	Northgate Exploration Limited
Barrick Gold Corporation	Golden Star Resources Ltd.	NovaGold Resources Inc.
Bema Gold Corporation	Gold Fields Ltd.	Oxiana Limited
Cambior Inc.	Harmony Gold Mining Company Ltd.	Pacific Rim Mining Corp.
Centerra Gold Inc.	Hecla Mining Company	Placer Dome Inc.
Claude Resources Inc.	Inmet Mining Corporation	Randgold Resources Limited
Coeur d'Alene Mines Corporation	IAMGold Corporation	Richmont Mines Inc.
Crown Resource Corporation	Kingsgate Consolidated Limited	Rio Tinto plc
Cumberland Resources Ltd.	Kinross Gold Corporation	Semafo Inc.
Eldorado Gold Corporation	Lihir Gold Ltd.	Teck Cominco Limited
Freeport McMoRan Copper & Gold Inc.	Meridian Gold Inc.	Vista Gold Corp.
Glamis Gold Ltd.	Metallica Resources Inc.	Wheaton River Minerals Ltd.
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We welcome any comments on how we could tailor this survey to better serve the needs of decision makers in the gold industry. Any questions or comments regarding the survey should be directed to John Bowles of PricewaterhouseCoopers in Vancouver at (604) 806-7017, e-mail address: john.h.bowles@ca.pwc.com.

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