

# 2005 Global Gold Price Survey Results

December 9, 2005

This year's survey covers 42 gold mining and development companies. These companies have reported expected production of 31.1 million ounces in 2005.

From January to September 2005, the price of gold, in US dollars, was relatively stable varying between US\$415 and US\$440 per ounce. During this time, there were a few surges but the price could not break the US\$450 resistance point. However in the fourth quarter of 2005, the gold price jumped dramatically and recently broke the US\$500 barrier – the first time since 1981.

Analysts have put forward a number of reasons as to why the price has increased so significantly. Reasons include an increase in demand throughout the world, particularly in Asia, fear of inflation brought on by higher oil and commodity prices, and what some perceive to be a long-term slide in the value of the US dollar. Many gold bulls are predicting even higher prices of US\$600 or greater over the next 12 to 15 months. Not long ago, such predictions may have been dismissed as wild speculation, but the current rally in prices, coupled with global economic factors, could make this a reality.

As mentioned last year, in many jurisdictions these increased prices are affected by changes in local currencies versus the US dollar. From the time of last years survey to now, in US dollars, gold has increased approximately 19%. This compares to an approximate increase of 13% when quoted in Canadian dollars, a 19% increase in Australian dollars, and a 30% increase in South African Rand.

We thank all participants for the time taken to complete the survey and hope participants find it useful.

## Question 1

Are you an SEC registrant?

Yes: 35 | No: 7

**Comment:** Last year, 37 of 43 respondents were registrants and in 2003, 38 of 46 were registrants. It would appear those gold companies who are going to become registrants have now done so.

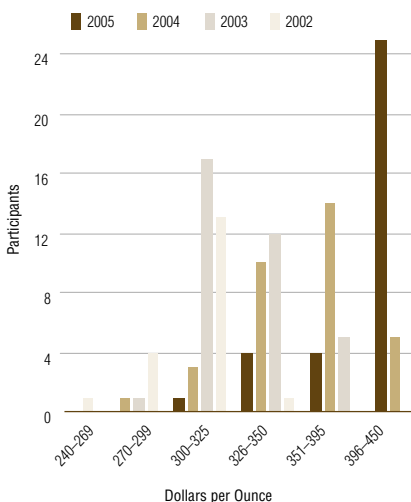
## Question 2

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

Yes: 36 | No: 7

**Comment:** The average price indicated by respondents is \$399 for reserves and \$415 for carrying values (2004 – US\$366 and US\$379 for reserves and carrying values respectively). The averages have been rising steadily over the last number of years, reflecting steadily increasing gold prices. This year again saw an increase in the most often reported values – \$400 for both reserves and for carrying values (2004 – \$375 for both).

## Gold Price Assumptions Reserves



## Question 3

Will you use the same or different prices over time?

Same price over time: 23  
Different prices over time: 18

**Comment:** A majority of respondents continue to use a single price in their calculations. Of those using different prices, they have said they will use averages or prices tied to current market, especially for short lived mines.

## Question 4

Are these gold price assumptions applied consistently to all locations?

Yes: 37 | No: 3

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

## Question 5

What reserve base will be used to determine carrying values?

Proven and probable: 24  
Proven and probable + resources likely to be moved into this category based upon the company's track record, i.e., "value beyond proven and probable": 20  
Other: 1

**Comment:** Many companies use proven, probable and also include possible or value beyond proven and probable. Most of those using the larger base have underground mines.

## Question 6

Do you use derivatives?

Yes: 21 | No: 20

If yes, do you mark to market?

Yes: 14 | No: 5

If yes, do you follow hedge accounting guidelines?

Yes: 19 | No: 1

If yes, do you follow normal course sales treatment?

Yes: 16 | No: 2

**Comment:** The most interesting thing to come out of these responses is that virtually all those using derivatives are using normal sales course treatment either delivering into the contracts. As a result, such contracts fall outside the definition of derivatives for accounting purposes and thus avoid having to meet hedge accounting guidelines.

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## Question 7

Do you currently utilize hedge positions in assessing carrying values?

Yes: 11 | No: 25

**Comment:** Fewer respondents are using hedge positions in assessing carrying values as companies continue to wind down hedge position.

## Question 8

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

Price used last year:	16
Price used by peers:	18
Current price:	34
Historic price trends:	27
Analysts' price trends:	22
Guidance from regulators or others:	23

**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,

## Question 9

Have you disclosed the price assumptions used in prior years?

**Reserves**                      **Carrying Values**  
Yes: 34 | No: 6              Yes: 15 | No: 26

Will you disclose price assumptions this year?

**Reserves**                      **Carrying Values**  
Yes: 35 | No: 6              Yes: 16 | No: 26

**Comment:** Respondents have indicated for this year there will be little change in the disclosure of price assumptions used. It would be nice to see more respondents disclosing price assumptions used in assessing carrying values.

## Question 10

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

Yes: 18 | No: 24

**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 local currency price of gold would affect operating economics. Below is a sample of rates respondents indicated they would be using:

Canadian dollars	1.18 – 1.35
Australian dollars	1.30 – 1.42

## Question 11

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

Yes: 19 | No: 11

**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 12

Have you disclosed exchange rates used in prior years?

Yes: 10 | No: 24

Will you this year?

Yes: 11 | No: 23

**Comment:** In light of the US dollar volatility, exchange rates are of increased importance in making assessments and it is disappointing that so few respondents give details of exchange rates used.

## Question 13

What considerations are important in the determination of exchange rates used?

Current price:	24
Historical price trends:	19
Analysts' price trends:	14
Other:	5

**Comment:** We are surprised that, in light of importance being placed on varying considerations, so few companies disclose rates used.

## Questions 14

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

Yes: 14 | No: 25

Will you this year?

Yes: 15 | No: 23

**Comment:** There does not appear to be much change in disclosure of sensitivity of reserves to price assumptions.

## Questions 15

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

Yes: 2 | No: 34

Will you this year?

Yes: 3 | No: 32

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

## Participants in the 2005 PricewaterhouseCoopers Global Gold Price Survey:

Agnico-Eagle Mines Limited	Freeport McMoRan Copper & Gold Inc.	Miramar Mining Corp.
Apollo Gold Corporation	Glamis Gold Ltd.	Newcrest Mining Limited
Aurizon Mines Ltd.	Glencairn Gold Corporation	Newmont Mining Corporation
Avocat Mining PLC	Gold Reserve Inc.	Northgate Minerals Corporation
Barrick Gold Corporation	Goldcorp Inc.	NovaGold Resources Inc.
Beaconsfield Gold NL	Golden Star Resources Ltd.	Pacific Rim Mining Corp.
Bema Gold Corporation	Hecla Mining Company	Placer Dome Inc.
Cambior Inc.	IAMGold Corporation	Randgold Resources Limited
Centerra Gold Inc.	Inmet Mining Corporation	Richmont Mines Inc.
Claude Resources Inc.	Kinross Gold Corporation	Rio Tinto plc
Coeur d'Alene Mines Corporation	Leviathan Resources Limited	RNC Gold Inc.
Crown Resource Corporation	Lihir Gold Ltd.	Royal Gold Inc.
Cumberland Resources Ltd.	Meridian Gold Inc.	Teck Cominco Limited
Eldorado Gold Corporation	Metallica Resources Inc.	Vista Gold Corp.

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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