

# 2007 Global Gold Price Survey Results

## January 2008

This year's survey covers 25 gold mining and development companies. These companies have reported expected production of 30.9 million ounces in 2007.

2007 was a strong year for gold, with the price, in US dollars, steadily rising over the year from \$640 on January 2 to a closing London Fix price of over \$836 at December 31, 2007. And prices have continued to increase in the new year to new record highs of over \$900 by mid-January 2008.

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

### Question 1

How many ounces of gold are expected to be produced in 2007?

Expected 2007 production: 30.86 million  
2006 production: 30.80 million

### Question 2

Are you an SEC registrant?

Yes 21                      No 4

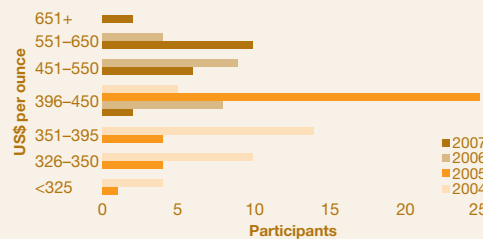
### Question 3

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

Yes 21                      No 4

**Comment:** The average price indicated by respondents is US\$575 for reserves and US\$640 for carrying values (2006 – US\$482 for reserves and US\$515 for carrying values). 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 – US\$600 for reserves and US\$650 for carrying values (2006 – US\$500 for both reserves and carrying values).

### Gold Price Assumptions Reserves



### Question 4

Will you use the same or variable prices over time?

Same price over time 12  
Different prices over time 10

If variable prices, provide prices used for:

2007 US\$668  
2008 US\$660  
2009 US\$630  
Long term US\$565

**Comment:** Last year, a majority of respondents (14 of 22) reported that they used different prices over time. Historically, however, a majority of respondents have used a constant price over time and we appear to be returning to that trend.

### Question 5

Are these gold price assumptions applied consistently to all locations?

Yes 24                      No 0                      N/A 1

**Comment:** Companies remain consistent in their approach from prior years in applying the same assumptions to all locations.

### Question 6

What reserve base will be used to determine carrying values?

Proven and probable 11  
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") 11  
Other 0

**Comment:** Accounting standards allow the use of value beyond proven and probable reserves when assessing carrying values. Many companies may not yet have adopted this methodology since a simple calculation using proven and probable reserves is sufficient to show that their carrying values are recoverable.

### Question 7

Do you use derivatives?

Yes 7                      No 18

If yes,

(a) Do you mark to market and recognize gains and losses in income currently?

Yes 6                      No 1

(b) Do you apply hedge accounting?

Yes 3                      No 4

(c) Do you follow "normal sales" accounting treatment?

Yes 7                      No 0

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

# PwC Global Mining Practice

## Mining Industry

### Question 8

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

Three-year price average	13
Price used last year	8
Price used by peers	11
Current price	19
Historic price trends	15
Analysts' price trends	17
Guidance from regulators or others	9

**Comment:** The majority of the respondents determined their price based on more than one consideration. Not surprisingly, "current price" remains the most widely adopted consideration. Historic trends and analysts' price estimates are also seen to be important factors.

### Question 9

Have you disclosed the price assumption used in prior years?

Reserves		Carrying Values	
Yes	19	Yes	12
No	5	No	12

Will you disclose price assumptions this year?

Reserves		Carrying Values	
Yes	20	Yes	12
No	4	No	12

**Comment:** A higher percentage of this year's respondents indicate they disclose prices they use for carrying value assessments. Disclosure for reserves continues to be high for the participants. We believe that the disclosure of price assumptions is an important factor for the users of financial information and that more respondents should disclose price assumptions used in assessing carrying values.

### Question 10

Many companies incur costs primarily in local currencies but sell in US dollars. If this is the case for your company, do you anticipate significant changes in the local to US dollar exchange rates?

Yes	15	No	7
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If yes, do you use a fixed or variable exchange rate to US dollars?

	Fixed rate	Variable rate
Reserves	12	3
Carrying value	9	6

**Comment:** The significant devaluation in the US dollar over the past year may be the reason that many respondents believe the US dollar will continue to fluctuate significantly. This has not yet factored into the reserves and carrying value assessments which continue to be made, by a majority of respondents, using fixed rates over time.

### Question 11

What exchange rates or range of rates do you use for reserves and carrying values?

	Reserves	Carrying Values
US\$=Canadian	0.95 – 1.25	0.95 – 1.25
US\$=Australian	0.71 – 0.85	0.75 – 0.85
US\$=South African	7.00 – 7.70	7.00 – 7.50

### Question 12

Have you disclosed exchange rates used in prior years?

Yes	6	No	14
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Will you this year?

Yes	6	No	14
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**Comment:** We continue to believe that companies should provide details of exchange rates used, and that this information is important to users, especially when there is high volatility expected in future exchange rates.

### Question 13

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

Current price	13
Historical price trends	12
Analysts' price trends	10
Other	6

**Comment:** Our findings are consistent from year to year and show that companies consider many available sources when estimating future exchange rates.

### Questions 14

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

Yes	9	No	14
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Will you this year?

Yes	8	No	15
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**Comment:** Respondents have not shown much change in disclosure of sensitivity of reserves to price assumptions. We think this is important information and would like to see more.

### Questions 15

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

Yes	2	No	20
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Will you this year?

Yes	2	No	20
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**Comment:** Once again this year, we find it interesting to note how few companies disclose sensitivity to exchange rates, especially when gold prices are denominated in US dollars and many respondents operate primarily using other currencies.

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 Lenard Boggio of PricewaterhouseCoopers in Vancouver at (604) 806-7016.

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