

# 2002 North American Gold Price Survey Results



The year 2002 has been an interesting year for gold prices. In January 2002, the gold price was hovering around \$280 per ounce. In the spring, it broke the \$300 barrier and now, as this is written, it is above \$330 and many “gold bugs” are predicting higher prices in the near future. Whether the cause of the increase is war jitters, pressure on the US dollar, or a fundamental increase in value, the increase is welcome by the gold mining industry.

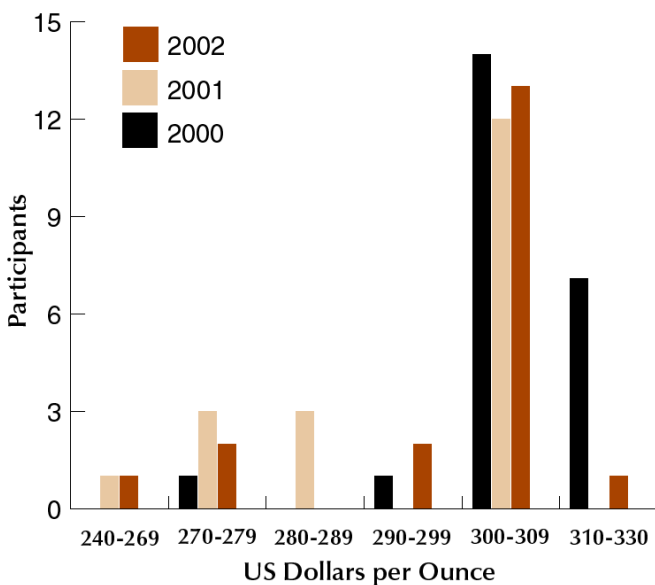
This survey does not contain many surprises as most companies answers are similar to last years, with the exception of a few companies using a gold price in excess of \$300 and an increase in the number of companies that are SEC registrants.

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

## Question 1

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

Yes: 21      No: 5



### Gold Price Assumptions—Reserves

**Comment:** The average price indicated by respondents is \$305 for reserves and \$307 for carrying values. The average price has increased since last year’s \$291 and \$287 for reserves and carrying values respectively, however, the most often reported value has remained at \$300 for the last three years for both reserves and carrying values. As can be seen from the chart opposite, seven respondents indicated they would use a price of \$310-\$330, which more closely aligns with markets today.

In our October 2002 Metals Market Sentiment, a survey of 16 analysts suggested \$320 an ounce was the average expectation of the gold price for the next four quarters and \$310 was the price they suggested using for long-term valuations and investment analysis. Their views today, in December 2002, would be interesting and we will be watching the next issue of Metals Market Sentiment closely in light of current price volatility.

## Question 2

Will you use the same or different prices over time?

Same price over time: 20

Different prices over time: 6

**Comment:** Most respondents continue to use a single price in their calculations. Some respondents said they use current prices for carrying values.

## Question 3

Are these price assumptions applied consistently to all locations?

Yes: 24      No: 2

**Comment:** As in the past three surveys, there appears to be a consistent view that it is appropriate to use the same price for all locations. Of the two “no” answers, we are aware at least one relates to future production.

**Question 4****What reserve base will be used to determine carrying values?**

Proven and probable	18
Proven, probable and other	7

**Comment:** Last year, 10 of 15 respondents indicated they would use proven and probable only and in 2000 it was 11 of 25 respondents. Thus, it appears there may be a trend towards not including resources. It should be noted that all of the seven respondents who will use resources are involved in underground mining.

**Question 5****Are you an SEC registrant?**

Yes: 22	No: 4
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**Comment:** Last year, 13 of 19 respondents were registrants. This year, we have a larger proportion of respondents being registrants and we are aware that some of the non-registrants are now in the process of registering with the SEC.

**Question 6****For US GAAP reporting purposes, are your hedge contracts accounted for:**

On balance sheet	12
Off balance sheet	8
Not applicable	4

**Comment:** Responses to this question reflect that a number of respondents did not fully understand the question, but it is clear a large number of companies are choosing to mark to market their hedge books for US GAAP.

**Question 7****Do you currently utilize hedge positions in assessing carrying values?**

Yes: 10	No: 14	N/A: 2
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**Comment:** There seems to have been little change in this response over the last two years. Unfortunately, we did not ask respondents to differentiate between Canadian and US GAAP.

**Question 8****What considerations are important in the determination of the price assumptions used?**

Price used last year	8
Price used by peers	19
Current price	23
Historic price trends	18
Analysts' price trends	10
Guidance from regulators or others	7

**Comment:** The majority of the respondents determined their price based on more than one consideration. Not surprisingly, current prices are the most widely adopted influence, with price used by peers and historic price trends following closely behind.

**Question 9****In prior years, have you disclosed the price assumption used?**

<i>Reserves</i>	<i>Carrying Values</i>
Yes: 22	Yes: 17
No: 4	No: 9

**Comment:** Respondents have indicated for this year there will be no change in the disclosure of price assumptions used.

**Question 10****Have you disclosed the sensitivity of reserves to price assumption changes in prior years?**

Yes: 11	No: 14
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Will you this year?

Yes: 10	No: 13
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**Comment:** Very little change from respondents and one respondent who did disclose sensitivity last year, said they were undecided at the present time.

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.

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**Participants in the 2002 PricewaterhouseCoopers North American Gold Price Survey:**

Agnico-Eagle Mines Limited	Inmet Mining Corporation
Aurizon Mines Ltd.	Kinross Gold Corporation
Barrick Gold Corporation	Meridian Gold Inc.
Bema Gold Corporation	Metallica Resources Inc.
Cambior Inc.	Newmont Mining Corporation
Cameco Corporation	Northgate Exploration Limited
Coeur d'Alene Mines Corporation	Pacific Rim Mining Corp.
Echo Bay Mines Ltd.	Placer Dome Inc.
Eldorado Gold Corporation	Royal Gold, Inc.
Freeport McMoRan Copper & Gold Inc.	Teck Cominco Limited
Goldcorp Inc.	TVX Gold Inc.
Hecla Mining Company	Vista Gold Corp.
IAMGold Corporation	Wheaton River Minerals Ltd.