



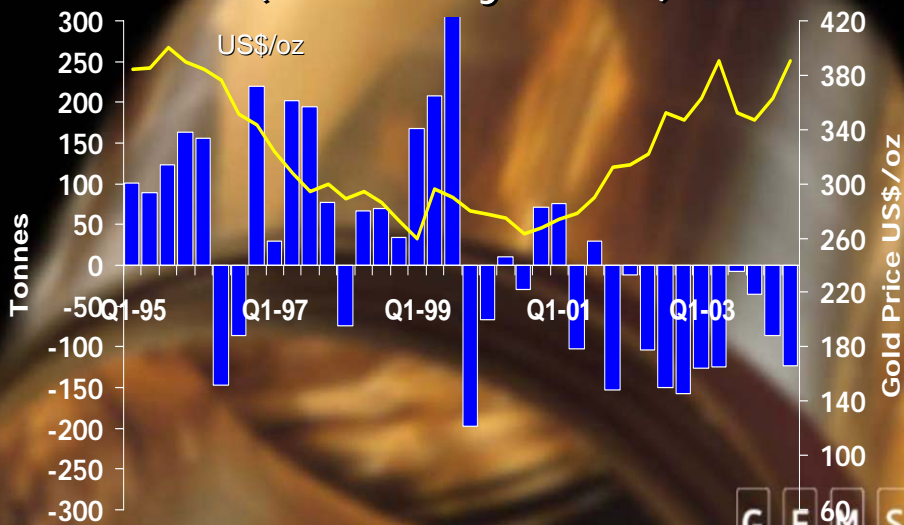
Extracts from the paper - Is the Sun Setting on the De-hedging Era? - presented at the GFMS Precious and Base Metals Seminar

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*London, 15 September 2004*



### Net Impact of Hedging (Quarterly Basis)

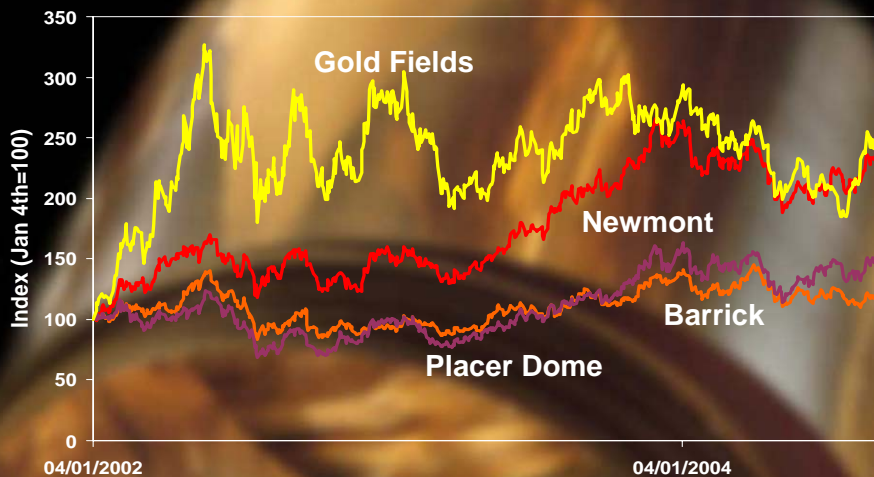


## De-hedging Drivers

- Gold price and improved outlook
- Erosion of the contango a factor in 2001. Price considerations more important in 2002 onwards.
- Relative to peers hedged producers shares have under performed
- Complex hedge books – investors do not understand
- Hedge book failures – unnerved investors



## Index Share Index

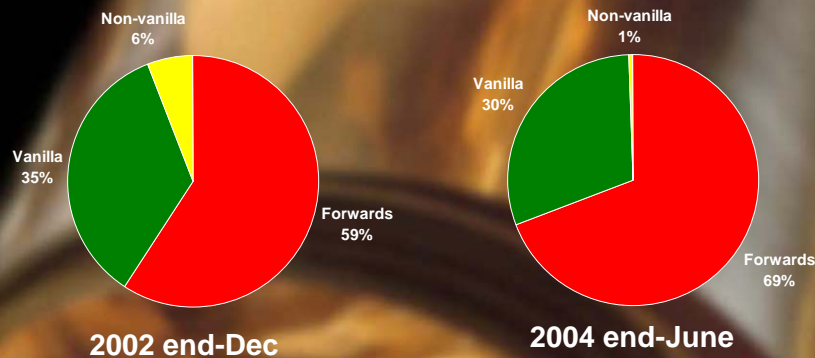


## Complex Hedge Books

- Ongoing hedge book restructures
- Barrick, Newcrest, Buenaventura
- Reduced/eliminated options positions
- Concentrated hedge book into forward sales



## Composition Global Hedge Book (Nominal)



## Outlook for De-hedging

- Bulk of the hedge book is concentrated in a handful of companies
- Top 10 hedgers account for roughly 85% of total delta adjusted hedge book
- Future level of de-hedging will depend on policy decisions taken by limited number of key players
- De-hedging will be partly offset by new “project specific” hedging

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## Outlook for De-hedging 04.H1 Top 10 De-hedgers (delta-adjusted)

Company	Decline	Position at end June 2004
AngloGold Ashanti	62	389
Barrick Gold	51	431
Newcrest	22	241
Placer Dome	19	324
Avgold	18	-
Cambior	15	7
Sons of Gwalia	13	52
Thistle Mining	13	15
Harmony Gold	9	15
Kinross Gold	7	

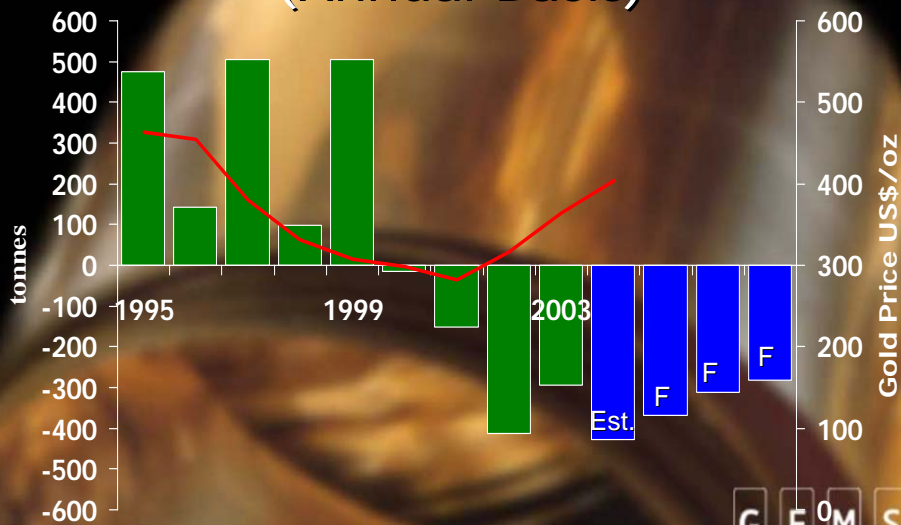
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## Outlook for De-hedging

- New project hedging (excluding Telfer) added 37 tonnes to the global hedge book in 2003.
- New hedging in 2004 will partly offset ongoing de-hedging.
- In the first half of 2004 an estimated 20 tonnes was added to the delta adjusted position.
- Looking ahead project hedging expected to be more of a factor in 2005, 2006.

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## Net Impact of Hedging (Annual Basis)



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## Further Information

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