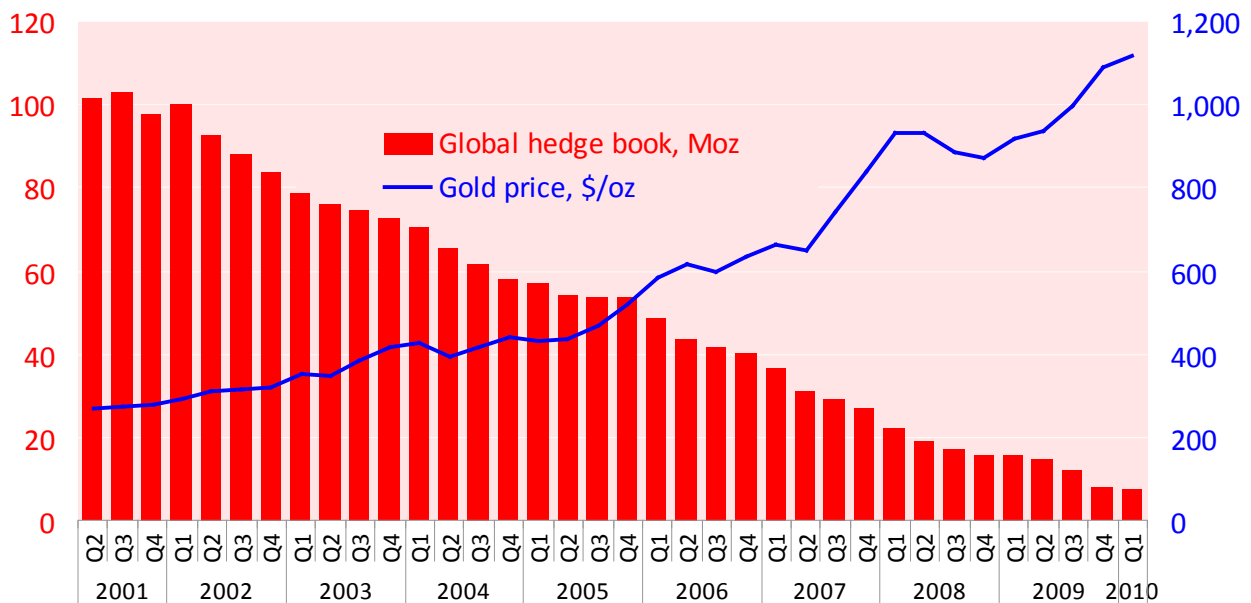


Gold Hedging Report – Q1 2010

May 2010

Fortis Bank Nederland

Q1 10 global gold hedging declines by 0.8 Moz to 7.1 Moz



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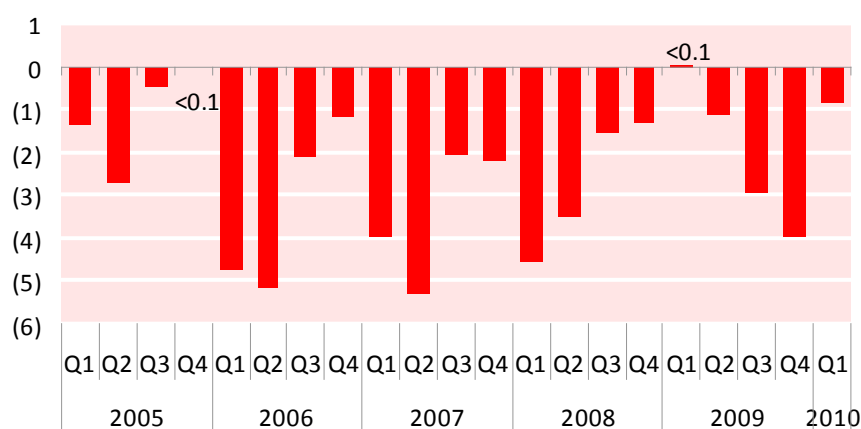
The **Gold Hedging Report** is produced as part of a joint venture between Fortis Bank Nederland and VM Group/Haliburton Mineral Services. It surveys the hedging activities of 121 gold mining companies.

Q1 2010 hedge activity

Global hedging falls 0.8 Moz to 7.1 Moz

It was widely expected that global gold dehedging would slow sharply in Q1 10, given the much shrunken size of the global hedge book. Data for the quarterly duly shows the reduction in hedge positions was just 0.8 Moz (26t) on a delta-adjusted basis, far below the rate seen in the last two quarters. Nevertheless the trend decline continues and means the global total is now just 7.1 Moz (220t).

Quarterly change in gold hedging, delta-adjusted, Moz



Source: VM Group, Haliburton Mineral Services

On a committed ounces basis the decline in gold hedging was slightly smaller, 0.7 Moz, taking total hedging on that measure to 8.2 Moz. In terms of products the net fall was primarily in the net calls sold position but net forwards and net puts also fell, with other categories largely unchanged. However this masks more changes taking place at the company level, with additions to positions offsetting closures, which we discuss later in this report in our company section.

Global gold hedging, Moz

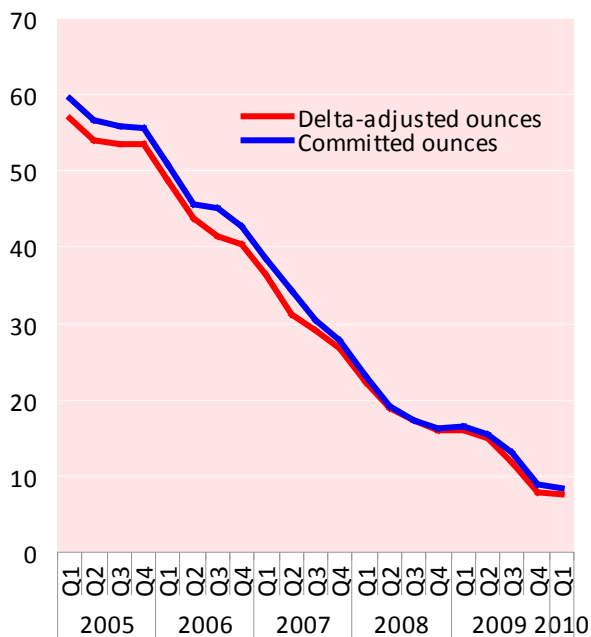
	2007			2008				2009				2010	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Net delta													
Net Forwards	22.7	20.0	18.1	14.3	13.3	12.1	10.8	11.0	9.8	7.2	3.4	3.2	
Net Calls	7.9	8.4	8.1	7.6	4.8	4.4	4.4	4.6	4.7	4.2	4.2	3.7	
Other Products	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
Net Puts	0.1	0.5	0.5	0.3	0.6	0.7	0.6	0.4	0.3	0.5	0.3	0.2	
Total Hedge Impact (delta)	31.1	29.1	26.9	22.3	18.8	17.2	15.9	15.9	14.8	11.9	7.9	7.1	
Quarterly change	(5.3)	(2.0)	(2.2)	(4.6)	(3.5)	(1.6)	(1.3)	0.0	(1.1)	(2.9)	(4.0)	(0.8)	
Committed Ounces													
Net Forwards	23.6	20.4	18.5	14.6	13.6	12.3	11.0	11.2	9.9	7.3	3.4	3.2	
Net Calls Sold	10.4	9.8	9.2	8.4	5.3	5.0	5.3	5.4	5.5	5.6	5.4	5.0	
Other Products	0.4	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	
Total Committed	34.5	30.3	27.8	23.2	19.0	17.3	16.4	16.6	15.4	13.0	8.9	8.2	
Quarterly change	(4.2)	(4.1)	(2.5)	(4.6)	(4.2)	(1.7)	(1.0)	0.3	(1.2)	(2.4)	(4.0)	(0.7)	
Puts Bought	4.8	7.2	6.5	6.4	6.3	4.5	3.8	3.4	3.0	3.4	3.8	3.6	
Puts Sold	1.7	1.7	1.5	1.2	0.3	0.3	0.5	1.0	1.1	0.9	0.9	0.6	

Source: VM Group, Haliburton Mineral Services

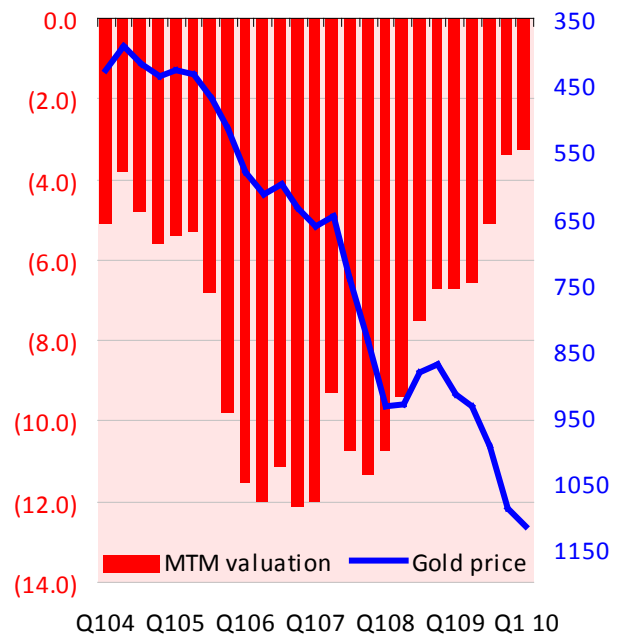
Turning to the mark-to-market valuation of the global hedge book, we find that it fell in Q1 10 to a negative \$3.1bn, \$0.3bn better a revised end-Q4 09 total of negative \$3.4bn. This decline was in line with the reduction in net delta ounces, despite the increase in the gold price to \$1,116/oz at end Q1 10, from \$1,088/oz at end Q4 09. Therefore the global book now breaks even at a gold price of \$678/oz, up from \$657/oz at the end of Q4 09.

Looking ahead to the rest of the year, in the last edition of the Fortis Netherlands *Gold Hedge Report* we suggested that 2010 dehedging would be between 1.5 Moz and 3.0 Moz. Q1's 0.8 Moz reduction, if repeated in the next three quarters, would mean a full year figure at the top end of that range, supported by the delivery schedule, which lists the hedges which are *required* to be delivered into in 2010, showing another 1.2 Moz of dehedging to come in 2010. Much will depend on whether AngloGold Ashanti exceeds their delivery obligations.

Global gold hedging, Moz



Mark-to-market valuation of global book, \$bn



Gold prices, lease rates and exchange rates, end-quarter unless stated

	2007			2008				2009				2010
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Gold price, \$/oz	649	743	837	934	930	885	870	917	935	996	1,088	1,116
Gold price, \$/oz (average)	667	680	788	925	896	872	795	908	922	959	1,073	1,109
Exchange rates per \$												
Canadian Dollar	1.06	1.00	1.01	1.03	1.02	1.06	1.21	1.25	1.16	1.10	1.05	1.02
Euro	0.74	0.70	0.68	0.63	0.63	0.71	0.72	0.75	0.70	0.70	0.70	0.74
South African Rand	7.13	6.92	6.81	8.11	7.83	8.27	9.44	9.34	7.71	7.77	7.34	7.28
Australian Dollar	1.18	1.13	1.13	1.09	1.04	1.26	1.39	1.43	1.24	1.20	1.12	1.09
Lease rates												
5-yr	1.06	0.40	0.34	0.43	0.42	1.00	0.46	0.45	0.35	0.31	0.30	0.57
10-yr	1.17	0.54	0.49	0.89	0.76	1.00	0.35	0.67	0.59	0.52	0.50	0.46

Source: VM Group/Haliburton Mineral Services

Company roundup

Quarterly changes, 000 oz

Company	Q4 09	Q1 10	Change
AngloGold Ashanti	3,896	3,547	(349)
Kinross Gold	503	180	(323)
OceanaGold	204	0	(204)
Sumitomo Met. Min.	1,041	974	(67)
Allied Gold	38	0	(38)
Resolute	219	187	(32)
Mineral Dep. Ltd	300	272	(29)
Boliden	106	79	(27)
Aurizon Mines	49	31	(18)
New Gold	330	314	(17)
Apollo Gold	200	184	(16)
CGA Mining	214	202	(12)
La Mancha Res.	36	27	(9)
Dioro Exploration	8	0	(8)
Zijin Mining	12	6	(6)
PanAust Limited	54	48	(6)
Apex Minerals	6	0	(6)
Ok Tedi	57	53	(4)
Penoles	6	4	(2)
Inmet Mining	13	12	(1)
Iberian Minerals	5	4	(1)
Avocet Mining	400	400	(0)
Dominion Mining	19	20	1
IAMGOLD	0	79	79
Regis Resources	0	150	150
Adamus Resources	0	290	290

Source: VM Group/Haliburton Mineral Services

Unsurprisingly given the size of their hedge book relative to others, **AngloGold Ashanti** were the leading dehedger in Q1 10, reducing their committed ounces by 349,000 oz to 3.547 Moz. On a delta-adjusted basis this was a smaller 0.14 Moz to 3.35 Moz. The company had in November 2009 stated its plan to reduce its hedge book by about 0.8 Moz a year, which was broadly in line with the book's delivery schedule and which would see it closed out within five years. In March Mark Cutifani, CEO, said, "I would say a reasonable target for this year would be to do 200,000 oz better – you will quickly start to erode that hedgebook, which would leave you with an opportunity maybe in 18 months, two years time when you could settle it fairly quickly". The company has 281,433 oz remaining for delivery this year and so to reach the previous target of 800,000 oz of dehedging or the new objective of 1 Moz this year would require an additional 170,000 oz to 370,000 oz of hedging from future years to be closed out,

Kinross were the next largest dehedger, reducing their position (acquired when they purchased **Bema** and related to the Kupol mine's financing requirements) by 323,000 oz to 180,000 oz, mainly through the purchase of forward positions to offset its forward sale contracts.

Australian **OceanaGold** closed out its entire hedge commitments of 204,000 oz, made up of forwards and call options. The company continues to have 61,560 oz of put options.

Eighteen other miners reduced their positions, with three others (**Allied Gold**, **Dioro Exploration** and **Apex Minerals**) closing out their hedge commitments entirely.

Four companies added to their positions, with three initiating hedge programmes. The largest such programme was that of **Adamus Resources**, an Australian-listed exploration company whose key project is Southern Ashanti in Ghana. The company in February 2010 announced it had sold forward 290,000 oz over five and a half years at \$1,075/oz. The company expects the mine to produce 100,000 oz over the first ten years of its operating life. **Regis Resources**, a mineral exploration company with gold and nickel properties in Western Australia, announced in February 2010 it had completed a gold hedging programme of 150,000 oz of flat forwards for delivery between September 2010 and September 2013, at a forward price of A\$1,340/oz. The programme was part of a financing package for its Duketon Gold Project. **IAMGOLD**, the Canadian headquartered miner, put on a series of puts and calls to protect the cash flows during the remaining life of its Mupane mine in Botswana.

In addition to these, **Integra Mining** has purchased 28,736 ounces of puts for the first two quarters of production from its Randalls Gold Mining project in Western Australia. The company anticipates additional hedging of production prior to debt drawdown but this is expected to be a minor proportion of Phase 1 production. As these are puts they are not shown in our committed ounces numbers.

Data section

Hedge positions shown are based on a calendar year basis unless otherwise noted. All hedge positions are presented in the currency in which they were disclosed or denominated. The tables we have compiled constitute summaries of hedge positions reported by individual producers. Such reports often provide additional data and detail such as the duration of hedge positions, information on whether interest rates are fixed or floating, on floor prices on some contracts, on knock-ins and knock-outs etc. For companies where quarterly data is not available, or detail is not provided, the data have either been projected, interpolated, adjusted or repeated from adjacent quarters. In some cases aggregated positions have been allocated over a number of years. Thus we strongly encourage readers of this report to refer to the websites of the individual companies for a more complete picture than is presented here. **Furthermore our readers are advised that in the interests of publishing in a timely fashion we have estimated the March 31, 2010 hedge positions for a large number of companies who have not yet reported, at the time of this report going to press (see notes below).**

AMERICAS

For Anatolia Minerals, Century Mining, Etruscan Resources, GlobeStar Mining, Iberian Minerals, Penoles, and SilverCrest Mines: The March 31, 2010 position if any is adjusted from or repeated from December 31, 2009 or prior disclosure.

Etruscan Resources: Company has a November 30 year-end but positions shown if any are based on a calendar year.

AUSTRALIA

For Adamus Resources, Allied Gold, Apex Minerals, Avoca Resources, Catalpa Resources, CGA Mining, Crescent Gold, Dominion Mining, Exco Resources, Focus Minerals, Integra Mining, Mineral Deposits Limited, North Queensland Minerals, Norton Gold Fields, Regis Resources, Resolute and Saracen Mineral Holdings: Companies have June 30 year-ends.

For Apex Minerals, Avoca Resources, Catalpa Resources, CGA Mining, Dioro Exploration, Exco Resources, Newcrest, Perseus Mining and PanAust Limited : The March 31, 2010 position if any is adjusted from or repeated from December 31, 2009 or prior disclosure.

Dioro Exploration: Company has August 30 year end but positions shown if any are based on a calendar year.

Adamus Resources, CGA Mining, Integra Mining, Mineral Deposits Limited, Newcrest Mining, Perseus Mining, Regis Resources and Saracen Mineral Holdings: Companies have a June 30 year-end but positions shown if any are based on a calendar year.

Ok Tedi: Positions shown are calculated from Inmet's disclosed or estimated Ok Tedi hedge position and are based on a calendar year.

EURASIA

For Avocet, Hochschild, Sumitomo Metal Mining, Xstrata and Zijin Mining: The March 31, 2010 position if any is adjusted from or repeated from December 31, 2009 or prior disclosure.

Avocet Mining: Company has a March 31 year-end but positions shown if any are based on a calendar year.

Company hedge details

Hedging commitments (excluding puts) by company by quarter (ozs)

Americas	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q-on-Q	Y-on-Y
Alamos Gold	8,437	1,000	13,310	0	0	0	(8,437)
Apollo Gold	250,160	241,303	221,455	200,331	184,535	(15,796)	(65,625)
Aurizon Mines	130,465	112,023	75,383	49,200	31,200	(18,000)	(99,265)
Barrick Gold	5,400,000	5,400,000	2,900,000	0	0	0	(5,400,000)
Century Mining	0	0	0	61,183	61,183	0	61,183
Coeur d'Alene	45,439	67,689	59,769	151,529	142,029	0	96,590
Etruscan Resources	172,136	157,745	141,750	83,004	83,004	0	(89,132)
EURO Ressources	8,550	8,550	5,700	0	0	0	(8,550)
Golden Star	67,500	22,500	50,000	0	0	0	(67,500)
IAMGOLD	24,444	4,665	0	0	78,642	78,642	54,198
Iberian Minerals	6,600	6,000	5,400	4,800	4,200	(600)	4,200
Inmet Mining	12,600	12,600	12,600	12,600	11,700	(900)	(900)
Kinross Gold	612,735	612,735	612,735	503,235	180,295	(322,940)	(432,440)
La Mancha Resources	33,880	24,570	13,650	36,281	27,125	(9,156)	(6,755)
New Gold	0	363,000	346,500	330,000	313,500	(16,500)	313,500
Penoles	48,100	32,067	19,138	5,870	3,935	(1,935)	(44,165)
SEMAFO	5,500	0	0	0	0	0	(5,500)
SilverCrest	0	60,000	60,000	60,000	60,000	0	60,000
Teck	33,000	22,000	11,000	0	0	0	(33,000)
Uruguay Min. Exploration	10,000	0	0	0	0	0	(10,000)
Total	7,249,046	7,148,447	4,548,390	1,498,033	1,181,348	(316,685)	(6,067,698)
Africa	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q-on-Q	Y-on-Y
AngloGold Ashanti	5,843,322	5,192,683	4,303,511	3,895,548	3,546,743	(348,805)	(2,296,579)
Randgold Resources	102,996	79,248	60,498	41,748	41,748	0	(61,248)
Total	6,053,193	5,271,931	4,364,009	3,937,296	3,588,491	(348,805)	(2,464,702)
Australia	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q-on-Q	Y-on-Y
Adamus Resources					290,000	290,000	290,000
Allied Gold	70,288	54,583	48,266	37,512	0	(37,512)	(70,288)
Apex Minerals	63,985	43,985	20,604	5,700	0	(5,700)	(63,985)
Catalpa Resources	352,317	352,317	352,317	352,317	352,317	0	0
CGA Mining	214,336	214,336	214,336	214,336	202,210	(12,126)	(12,126)
Dioro Exploration	38,000	28,000	18,000	8,000	0	(8,000)	(38,000)
Dominion Mining	36,276	26,138	23,500	19,000	19,500	500	(16,776)
Dragon Mining	3,250	1,750	0	0	0	0	(3,250)
Exco	0	0	25,000	19,437	19,437	0	19,437
Focus Minerals	19,378	9,378	1,200	0	0	0	(19,378)
Lihir Gold	95,782	0	0	0	0	0	(95,782)
Mineral Deposits Ltd	399,000	363,832	328,500	300,000	271,500	(28,500)	(127,500)
North Queensland Metals	3,240	0	0	0	0	0	(3,240)
Norton Goldfields	265,194	265,194	265,194	265,194	265,194	0	0
OceanaGold	281,789	248,279	226,364	203,864	0	(203,864)	(281,789)
Ok Tedi	57,400	57,400	57,400	57,400	53,300	(4,100)	(4,100)
PanAust Limited	66,000	62,000	58,037	54,148	48,319	(5,829)	(17,681)
Regis Resources	0	0	0	0	150,000	150,000	150,000
Resolute	285,900	259,502	218,141	219,106	187,093	(32,013)	(98,807)
Saracen Mineral	0	0	0	103,494	103,494	0	103,494
Total	2,252,135	1,986,333	1,961,383	1,859,508	1,962,364	102,856	(272,271)
Eurasia	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Q-on-Q	Y-on-Y
Avocet Mining	350,000	350,000	400,000	400,000	400,000	0	50,000
Boliden	182,350	156,850	131,350	105,850	79,200	(26,650)	(103,150)
Hochschild	30,000	18,000	9,000	0	0	0	(30,000)
Polymetal/Orsu	350,468	330,160	315,160	0	0	0	(350,468)
Sumitomo Metal Mining	0	0	1,107,392	1,040,881	974,369	(66,511)	974,369
Xstrata	178,350	118,900	59,450	0	0	0	(178,350)
Zijin Mining	15,143	51,233	38,425	11,800	5,900	(5,900)	(9,243)
Total	1,106,311	1,025,143	2,060,777	1,558,531	1,459,469	(99,061)	353,158
Global total	16,374,426	16,643,185	15,414,715	12,830,535	8,853,368	8,191,698	(661,669)

About the authors

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VM Group

100 Ashmill Street
London NW1 6RA
Tel:+44 20 7569 5930
Fax:+44 20 7569 5931

Haliburton Mineral Services

Haliburton Mineral Services

46 Hemford Crescent
Toronto, Ontario
Canada M3B 2S5
Tel: +1 416 447 7524
Fax: +1 416 447 7750

Founded in 2002 Haliburton Mineral Services is a private mining research and advisory business based in Toronto, Canada. The company's President, Ted Reeve, has a background as a mining analyst and has published quarterly gold producer hedge surveys since 1990.

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