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MEDIA RELEASE

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Australia's Gold Output Down With Lower Grade And Throughput But Local Gold Prices Up

Australia's gold production for the March quarter 2015 was 69 tonnes, Melbourne-based mining consultants Surbiton Associates Pty Ltd said in its latest survey of the Australian gold mining industry.

The output for the March quarter is around five tonnes or seven percent less than for the previous quarter but is little changed compared with the March quarter 2014.

Australia is the world's second largest producer of gold after China which produced 450 tonnes last year. In 2014, Australian mines produced 284 tonnes of gold, ahead of Russia (245 tonnes), the United States (211 tonnes) and Canada (160 tonnes.) South Africa, which dominated world gold production for over 80 years now ranks equal sixth with Peru at 150 tonnes.

"March quarter production in Australia is usually the lowest for the year," said Dr Sandra Close, a director of Surbiton Associates. "Overall, both the grade and tonnage of ore treated was lower this quarter than for the December quarter 2014 and there are several reasons for that."

Dr Close said disruption due to wet weather, plus a range of operational problems and the fact that the March quarter is the shortest in the year all contributed to the lower gold output.

"Disruptions due to wet weather early in the year often mean gold producers have to treat additional tonnages of lower-grade stockpiled material to keep their plants near capacity," Dr Close said. "This year wet weather affected some of the more northerly operations in Western Australia but further south, it was not a major problem."

Newcrest Mining's Telfer operation, Northern Star's Jundee mine and Regis Resources' three operations in the Duketon region all reported lower output, with adverse effects due to high rainfall.

"Operational factors at several mines also contributed to the lower gold production," Dr Close said. "These included scheduled downtime, adverse geological factors and unexpected ground instability."

Surbiton Associates Pty Ltd

Maintenance requirements and operational changes at Kalgoorlie's Super Pit resulted in a significant fall in output. Ore treated fell by three quarters of a million tonnes and gold output declined by 44,000 ounces to 118,000 ounces, based on Barrick Gold's figures. There was a 16-day maintenance shut-down at the Fimiston plant, for a mill reline and girth gear replacement. Currently the Gidgi roaster, which treats gold-bearing concentrates from the Super Pit, is being phased out in favour of ultra-fine grinding.

Also, the Super Pit joint venturers, Barrick Gold and Newmont Mining, recently announced that Newmont would take over sole responsibility for management of Kalgoorlie Consolidated Gold Mines (KCGM) which is the jointly owned management company for the Super Pit joint venture.

Output was reduced at Alkane Resources' Tomingley operation in NSW as mining continued deeper in the Caloma open pit and the ore transitioned from the weathered zone to fresh rock. At Norton Gold Field's Paddington operation and also at Regis Resources' Rosemont mine pit wall failures were reported but appear to be relatively minor.

The fewer number of days in the January to March quarter always has a negative impact on gold output because each day of the year about three quarters of a tonne of gold is produced. This daily output is worth some A\$37 million at the current gold price.

"The higher average Australian gold price in the March quarter may well partially explain why grades were lower for the quarter too," Dr Close said. "With a higher gold price it becomes economic to treat lower grade ore."

Dr Close said that the average US dollar gold price was only slightly higher in the March quarter than in the previous three month period. However, the seven cent decline in the Australian dollar lifted the average Australian dollar gold price by A\$144 per ounce, from A\$1,403 per ounce in the December quarter to A\$1,547 per ounce in the March quarter.

She welcomed the decision of the WA government to defer its revision of mineral royalty rates, as this provides some re-assurance for the gold mining industry for the immediate future, although the uncertainty still remains in the longer-term.

"Unfortunately the gold royalty question has not been resolved, only deferred," Dr Close said.

The top producing operations for the March 2015 quarter were:

Operation	Ounces	Owner
Boddington	184,000	Newmont Mining Corp
Telfer	129,086	Newcrest Mining Ltd
Tropicana	122,319	AngloGold 70%, Independence Group NL 30%
Cadia East	121,592	Newcrest Mining Ltd
Super Pit – JV	118,000	Newmont Mining Corp 50%, Barrick Gold Corp 50%

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