



PRESS RELEASE
London, 12th December 2003

For immediate distribution

New GFMS report sets out the relative risks and rewards of mining in Russia

***A must read for producers, explorers, equity brokers
and project finance houses***



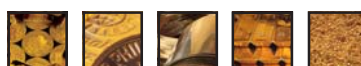
Gold Mining In Russia is the first in a new series of in-depth country mining reports produced by GFMS in collaboration with local industry experts. The full series will include reports covering mining in Mongolia, China, Brazil and Kazakhstan amongst others. The Russian report not only outlines historic mine production and tables regional production levels, but also describes the top 20 gold producing companies, licencing procedures and the current tax regime.

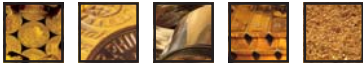
The report has been produced by London based precious metals consultants **GFMS** and Russian industry consultants **NBL Gold**. In response to the rapidly changing regulatory and economic environment in Russia, an update is planned for release in October 2004.

Main Highlights

Positive Investment Signs

- Since the financial crisis in 1998 the **Russian economy** has made significant progress. Signs that the country's long-term investment climate is recovering are reflected in the recent upgrading of Russia's credit rating and the continued strong growth in economic activity.
- In the **resource sector** recent deals include Royal Dutch Shell group's approval of more than \$1 billion for the development of the Salym oil fields in Western Siberia, Norilsk Nickel's deal with Stillwater Mining and Barrick Gold's purchase of a stake in Highland Gold - indications that the investment climate is improving in Russia.





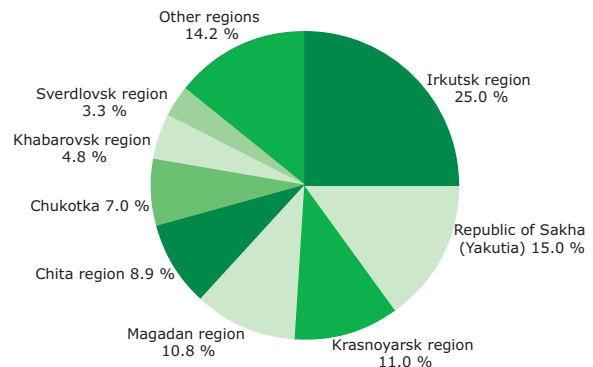
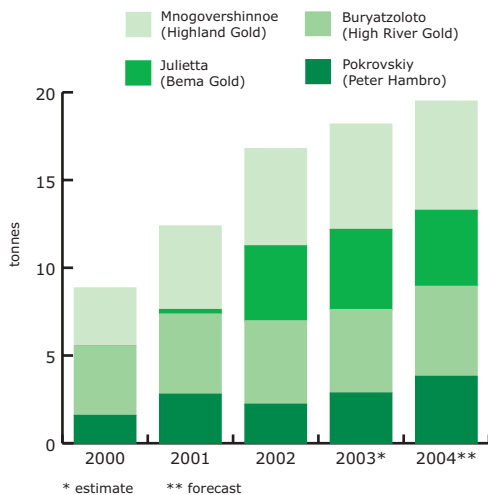
Managing Risk

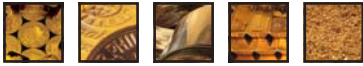
- **Western gold mining companies** active in Russia are developing a successful track record and are showing both rising production and profitability. A thorough understanding of the legal environment and the licencing procedures, coupled with the development of relationships with local partners, has played an important part in the success of these companies.
- The main risk that has been attached to mining in Russia is based on **disputes** where foreign companies have had mining licences terminated or suspended. This report highlights some of the **potential pitfalls**.

Untapped Potential

- There are **many challenges** to operating a business in Russia. Mining areas are often remote, there is a poor understanding of the legal framework, low pay may encourage corruption and local expectations may differ from the realities of what a potential project has to offer the region in terms of the socio-economic benefits. Nevertheless, the opportunities are considerable.
- Russia has **vast unexploited reserves and resources** and a large portion of these deposits have been well explored and well documented through years of state sponsored exploration programmes.
- Following a phase of consolidation in the global mining industry where producers have increased reserves and production levels through purchase rather than discovery, the **untapped potential** that Russia offers can no longer be ignored.

Western Producers' Production Growth Hard Rock Reserves by Region





WHAT IT CONTAINS



1. Executive Summary

2. Introduction

Russian Gold Mine Production - Historic and Recent Trends
Western Mining Companies in Russia
Investment Strategies
Investment Flows
Western Producers' Steady State and Pipeline Operations
Investment Resources

3. Mine Production, Alluvial Production Trends & Costs

Russia's Top 10 Gold Producing Regions
Russia's Top 20 Mining Companies
Hard Rock and Alluvial Production Trends
The Cost of Mining Gold in Russia

4. Exploration, Unexploited Deposits, Reserves & Resources

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State Sponsored Exploration
Pipeline Supply

5. Legislative & Tax Regime

Ownership of Mineral Resources
Mining Allotments and Terms
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State Regulation
Taxation

6. Key Contacts

Charts including

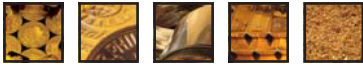
Russian Mine Production (1880-2002)
Russian Mine Production Forecast (to 2009)
Mine Production and the Real Rouble Price
Foreign Direct Investment
Moscow Times Stock Market Index
Western Producers' Production Growth
Main Gold Producing Regions of Russia
Hard Rock and Alluvial Gold Production
Hard Rock Placer Deposits - Reserves by Region
Gold Exploration Expenditure in Federal Districts
Allocation of Exploration Funds 2002-2003
Location Map of Prospective Deposits

Price

36-page country report
Price: £1,145 - US\$1,950 - €1,635

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Worldwide Exploration Spending by Region
Gold Production per Region
Top 20 Producing Companies
Gold Production Costs
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Costs and Tax Regime



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Note to Editors:

About GFMS Limited

GFMS Limited is one of the world's foremost precious metals consultancies, specialising in research into the global gold, silver, platinum and palladium markets. GFMS is based in London, UK, but has representation in Australia, India and Russia, and a vast range of contacts and associates across the world.

GFMS is credited with producing the most authoritative surveys of the gold and silver markets, the annual Gold Survey and World Silver Survey, and produces a range of other publications dealing with all aspects of the precious metals markets. GFMS also provides consultancy services in the form of tailor-made research into selected areas of the precious metals markets. GFMS' research team of eight full-time analysts comprise qualified and experienced economists and a geologist.

About NBL Gold

NBL Gold specialises in research and design works in the field of mining and processing of precious metals resources, gems and diamonds. NBL Gold has the appropriate licences from the Russian Ministry of Construction and from the Russian Federal Mining and Industrial Inspection to design mines, processing and metallurgical plants and tailing dumps in Russia, other CIS States and abroad. NBL Gold operates contractually for the design department of GINALMAZZOLOTO (State Design and Research Institute on Precious Metals and Diamonds).

NBL Gold is based in Moscow, Russia, but has representation in the following regions: Urals (Ekaterinburg), Siberia (Krasnoyarsk), Far-East (Blagoveshchensk) and North-East (Magadan).

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