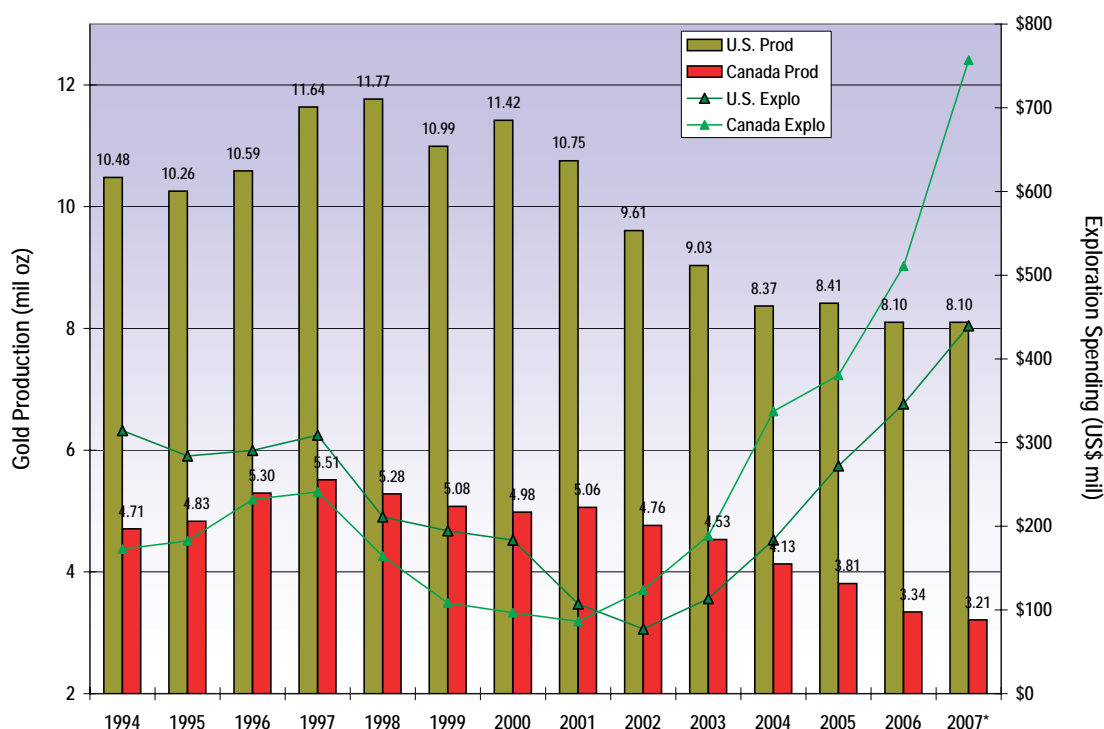


U.S. AND CANADIAN GOLD SUPPLY

Gold prices and exploration are up, but North American production is down

As illustrated in Figure 1 below, 2006 gold production in the United States and Canada totaled 11.44 million oz, the lowest level since 1988 and the sixth consecutive annual decline, based on Gold Fields Mineral Services (GFMS) data. Metals Economics Group's *MineSearch* database confirms that lower grades and higher costs slowed production, and that continuing mines produced 778,000 fewer oz in 2006 than in 2005. Newmont's 200,000-oz/y Lone Tree mine in Nevada closed in 2006, but its actual production was not reported. Two other mines with combined 2006 gold production of 58,000 oz have closed so far in 2007, and two others with 2006 production of 176,000 oz are expected to be exhausted in 2008. Partially offsetting these losses, gold mine startups in 2006 added 470,000 oz of new capacity and 180,000 oz of actual production. Overall, 2006 ended with primary production declining 6.4% (778,000 oz) from 2005. GFMS forecasts a small Canadian decline in 2007, with U.S. production staying about the same.

Figure 1: U.S. & Canada Gold Mine Production and Exploration Budgets, 1994-2007*

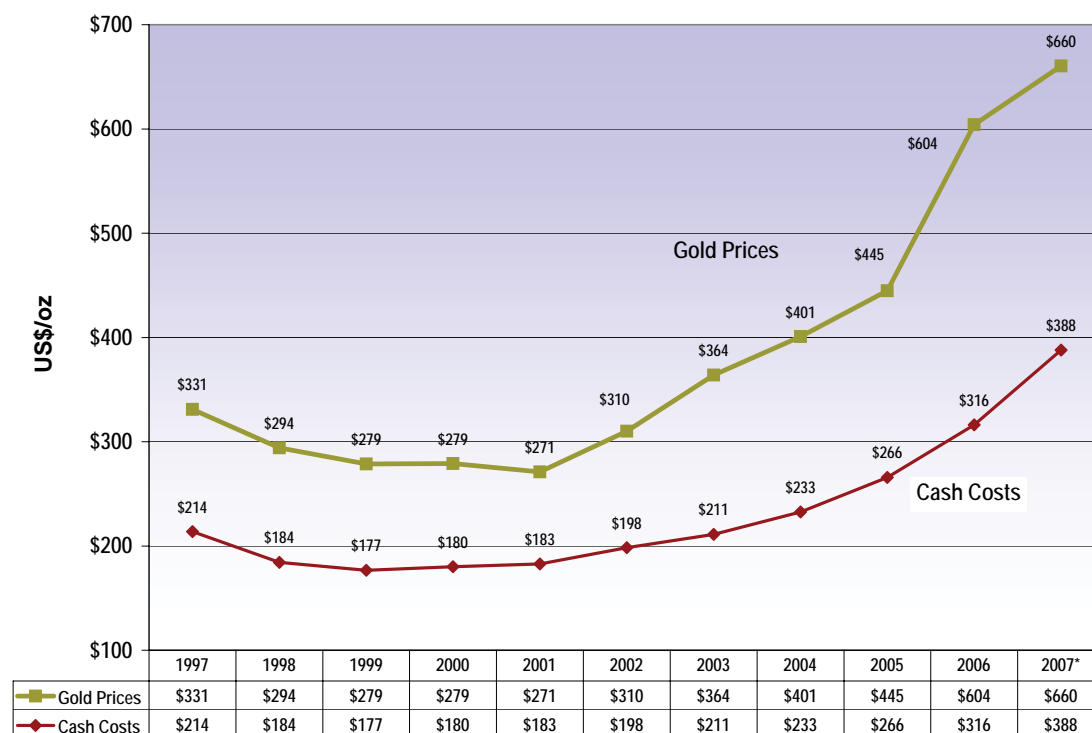


*Forecast.

Data sources: MEG's *MineSearch* database and *Corporate Exploration Strategies* study, GFMS.

Despite increased exploration spending, development of new resources has not kept pace with production. Ironically, while historically high metals prices have increased mining companies' profits, they have also contributed to the difficulties of bringing new projects onstream. Higher prices have encouraged mine workers to demand higher wages and better benefits; there is a shortage of geoscientists, drillers, and machinery resulting from the long slump in activity prior to 2002; many national governments are reviewing their mining laws to ascertain if they are getting a sufficient share of the boom; and local governments are increasing pressures to share in the benefits of mine development. A U.S. Senate hearing on mining law reform is debating a proposed law that would impose a high net smelter royalty on new mines on public lands.

Figure 2: Gold Prices and Cash Costs at Major North American Gold Mines, 1997-2007*



*Forecast.

Data sources: MEG's MineSearch database, Company reports.

One expression of these factors is increasing production costs. Figure 2 above shows how cash costs at the major North American mines have increased over the past seven years. While producers have benefited from gold prices rising by \$273/oz—from \$331/oz in 1997 to \$604/oz in 2006—cash costs have risen by \$102/oz over the same period, diminishing improved cash flow to just \$171/oz overall. For Canadian producers, the problem has been exacerbated by a stronger currency over the past three years,

while for U.S. producers, aging mines in Nevada and other states are exploiting deeper and lower-grade ores. The trend is expected to continue in 2007, although strong gold prices should help compensate for sharply increasing costs.

25 North American mines reported decreased production in 2006

Of the 42 North American primary gold mines reporting 2006 production, 25 produced a total of 1.4 million oz less gold than in 2005, a decrease partially offset by 18 mines that increased production by 626,700 oz in the same period.

Table 1 below lists the 14 mines with 2006 production decreases of 30,000 oz or more. Decreases at three mines accounted for more than half of the total. Barrick Gold's 60%-owned (formerly Placer Dome) **Cortez/Pipeline** project (Kennecott 40%) in Nevada produced 444,000 oz in 2006, down from 903,620 oz in 2005 and 1.05 million oz in 2004, due to mining from the final, lower-grade stages of the Pipeline orebody. Production is expected to increase somewhat in 2007, and then sharply in 2009, when production from the 670,000-oz/y Cortez Hills mine begins.

Barrick Gold's wholly-owned **Goldstrike** open pit and underground mines in Nevada produced 1.87 million oz at cash costs of \$279/oz in 2006, compared with 2.02 million oz at \$215/oz in 2005. Production was lower due to the impact of mine sequencing, resulting in the processing of lower-grade material. Resource-definition drill programs are under way at Goldstrike to further evaluate the potential of the mineralization defined at the Deep North Post target and the Banshee orebody.

The third major decrease was the winding down of Newmont Mining's wholly-owned **Golden Giant** mine in Ontario's Hemlo district, where residual gold production declined by 102,600 oz to just 59,200 oz. Mining ceased in the fourth quarter of 2005. Newmont expects remnant production and mill clean-up activities to be completed in the first half of 2007. In its 22-year life, Golden Giant produced more than 5 million oz of gold. (The remaining mine at Hemlo, the Barrick Gold/Teck Hemlo joint venture, including the David Bell project, has produced a total of 7.8 million oz of gold and still has almost 3 million oz in reserves.)

Table 1: Production Decreases at Major North American Gold Mines, 2005-06
(Listed by 2005-06 change)

Mine	Owner(s)	State/ Province	Mine Type	Gold Prod 2003 (oz)	Gold Prod 2004 (oz)	Gold Prod 2005 (oz)	Gold Prod 2006 (oz)	2006-05 Change (oz)
Cortez/Pipeline	Barrick Gold 60% Kennecott 40%	Nevada	OP	1,065,401	1,051,335	903,620	444,000	-459,620
Goldstrike	Barrick Gold	Nevada	OP/UG	2,111,125	1,942,000	2,024,000	1,865,000	-159,000
Golden Giant	Newmont Mining	Ontario	UG	229,700	160,000	161,800	59,200	-102,600
Round Mountain	Kinross Gold 50% Barrick Gold 50%	Nevada	OP	785,298	762,000	736,000	670,230	-65,770

Table 1: Production Decreases at Major North American Gold Mines, 2005-06 (cont'd)
(Listed by 2005-06 change)

Mine	Owner(s)	State/ Province	Mine Type	Gold Prod 2003 (oz)	Gold Prod 2004 (oz)	Gold Prod 2005 (oz)	Gold Prod 2006 (oz)	2006-05 Change (oz)
Kettle River	Kinross Gold	Washington	UG	0	96,789	68,146	3,978	-64,168
Eskay Creek	Barrick Gold	British Columbia	UG	352,070	290,000	172,000	113,000	-59,000
Marigold	Goldcorp 67% Barrick Gold 33%	Nevada	OP	142,123	138,000	205,674	148,955	-56,719
Porcupine	Goldcorp	Ontario	UG	457,060	395,500	374,355	319,020	-55,335
Jerritt Canyon	Yukon-Nevada Gold	Nevada	UG	302,096	243,333	204,091	153,581	-50,510
Hemlo JV	Barrick Gold 50% Teck Cominco 50%	Ontario	UG	535,776	495,000	460,000	410,000	-50,000
Cripple Creek/ Victor	AngloGold Ashanti 67% Golden Cycle 33%	Colorado	OP	283,000	329,000	330,000	283,000	-47,000
Holloway	St Andrew Goldfields	Ontario	UG	71,838	79,622	67,800	26,000	-41,800
Montana Tunnels	Apollo Gold 50% Calim 50%	Montana	OP	55,906	33,743	44,682	4,959	-39,723
Musselwhite	Goldcorp	Ontario	UG	222,679	240,273	250,640	218,824	-31,816
Totals				6,614,072	6,256,595	6,002,808	4,719,747	-1,283,061

Four mines are scheduled to close in 2007-08

Table 2 below lists the four mines currently scheduled to close in the next two years. They produced 536,335 oz of gold in 2003, but production more than halved to 233,815 oz in 2006. The largest mine, Barrick's *Eskay Creek* in British Columbia, is winding down to closure in 2008, after producing more than 3 million oz of gold since 1995. At year-end 2006, Eskay Creek had proven and probable reserves containing 103,000 oz of gold and 5.3 million oz of silver. Remaining measured and indicated resources contain about 25,000 oz of gold and 1.3 million oz of silver.

Table 2: Scheduled Gold Mine Closures in 2007-08
(Listed by 2005-06 change)

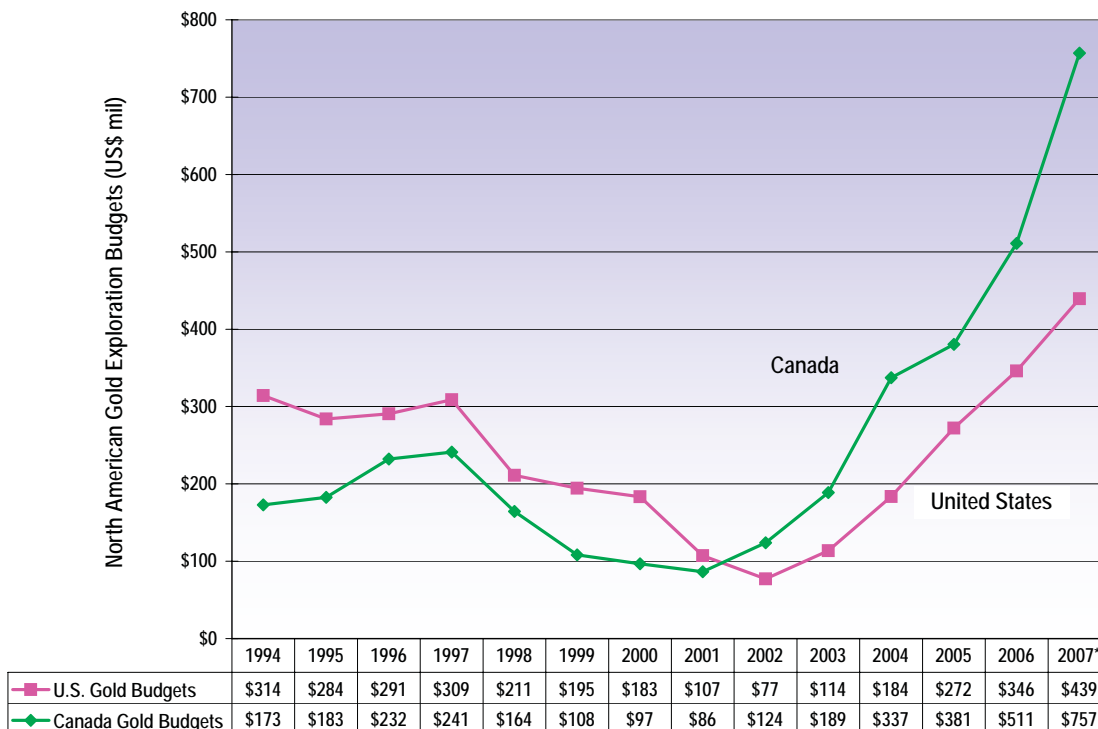
Mine	Owner	State/ Province	Mine Type	Planned Closure Date	Gold Prod 2003 (oz)	Gold Prod 2004 (oz)	Gold Prod 2005 (oz)	Gold Prod 2006 (oz)	2005-06 Change (oz)
Eskay Creek	Barrick Gold	British Columbia	UG	2008 Q2	352,070	290,000	172,000	113,000	-59,000
Joe Mann	Gold Bullion Development	Quebec	UG	2007 Q2	42,748	39,175	30,460	14,146	-16,314
Eagle River Wharf	Wesdome Gold Goldcorp	Ontario South Dakota	UG OP	2007 Q3 2008 Q1	70,700 70,817	66,800 76,119	53,100 62,500	43,669 63,000	-9,431 500
Totals					536,335	472,094	318,060	233,815	-84,245

Exploration spending is responding to higher prices

In response to declining production and spurred by higher gold prices and strong gold equity markets, gold companies increased their U.S. and Canadian gold exploration budgets for the sixth straight year in 2007. Budgets increased to \$757 million in Canada and \$439 million in the United States for a record total of \$1.2 billion, an increase of 518% over the North American low of \$194 million in 2001.

What are the results of this spending? In terms of North American grassroots efforts, only five new discoveries of more than 1.5 million oz each, with a total of 20 million oz of gold in total reserves and resources, have been recorded since 2001—the Cortez Joint Venture’s *Cortez Hills* deposit in Nevada, discovered by Placer Dome (60%) and Kennecott (40%) in 2001; the 2005 rediscovery of the *El Capitan* deposit in New Mexico (Gold and Minerals 60%, El Capitan Precious Metals 40%); Agnico-Eagle’s wholly-owned *Lapa* deposit in Quebec in 2002; Virginia Gold’s (now Goldcorp’s) wholly-owned *Eleonore* discovery in Quebec in 2004; and Atna Resources’s brownfield discovery at Pinson (Barrick 30%) in Nevada. *El Capitan* and *Eleonore* are too early stage to determine economic feasibility, although Goldcorp has begun a prefeasibility study at Eleonore and expects a bankable feasibility study by 2008. Lapa, at 1.7 million oz in reserves and resources, is the smallest of the group; Agnico Eagle is in the final stages of mine development.

Figure 3: Trends in North American Gold Exploration Budgets, 1994-2007



* Forecast.

Data sources: MEG’s Corporate Exploration Strategies, Company reports.

Table 3: U.S. and Canadian Gold Discoveries, 2001-07

Discovery	State/ Province	Stage	Year Discovered	Discovered by	Reserves and Resources Tonnage (mt)	Gold Grade (g/mt)	Gold Contained in Reserves/ Resources (oz)
Cortez Hills	Nevada	FEA	2002	Placer Dome 60% Kennecott 40%	82,300,000	3.728	9,864,000
El Capitan	New Mexico	RD	2005	Gold and Minerals 60% El Capitan Precious Metals 40%	129,535,461	0.679	2,826,000
Eleonore	Quebec	RD	2004	Virginia Mines	11,768,500	7.303	2,763,000
Pinson	Nevada	RD	2004	Atna Resources 70% Barrick Gold 30%	5,879,500	12.77	2,414,000
Lapa	Quebec	PRE	2002	Agnico-Eagle	6,514,000	7.723	1,617,000
Totals					235,997,461		19,484,000

The results of late-stage and minesite spending are usually easier to quantify than grassroots success, as companies advance their most promising projects towards production decisions or upgrade reserves at existing mines and projects. The next section briefly looks at the larger and more promising North American gold projects currently under development.

New capacity expected to add 1.5 million oz/y by 2009

Table 4 on the following page shows the new U.S. and Canadian gold production capacity expected to come onstream in the next few years from greenfields projects or reopened mines and expansions. Six mines started or restarted production in 2006 or in the first half of 2007. The largest is Teck Cominco's 40%-owned *Pogo* project (Sumitomo Group 60%) in Alaska, which poured its first gold in February 2006. However, mill throughput did not reach capacity that year, as production was limited by tailings filtration capacity, bottlenecks in the paste backfill system, and a construction incident in October that severely damaged mine electrical systems. In April 2007, efforts to improve mill reliability, recoveries, and mine production were ongoing; mill throughput averaged 90% of capacity, and mined tonnage was 83% of design. Pogo is expected to produce 400,000-500,000 oz/y of gold over a ten-year mine life, at cash costs of \$140/oz.

Four other projects are expected to produce more than 100,000 oz/y. Aurizon Mines's wholly-owned *Casa Berardi* mine in Quebec restarted in February 2007 after a ten-year shutdown, and achieved commercial production in May. Daily production is expected to gradually increase from 1,500-1,600 mt/d to 1,800 mt/d over the next two quarters. In August 2007, Aurizon reported an updated resource estimate for the Lower Inter zone at Casa Berardi: based on a cutoff of 4 g/mt Au, indicated resources are 973,000 mt grading 11.6 g/mt Au, with additional inferred resources of 43,000 mt grading 5.6 g/mt Au. Mining and milling operations had been suspended since January 1997 as a result of continuing operating losses following geotechnical problems at the East Mine's 275-m level.

In February 2007, Barrick Gold announced the pouring of gold at its **Ruby Hill** mine in Nevada, following a successful restart of the operation. Ruby Hill is expected to produce 120,000 oz of gold at cash costs of \$240-\$250/oz in 2007, and reach capacity of 150,000 oz/y in 2008. Construction costs were 10% below budget at \$64.7 million. At year-end 2006, Ruby Hill had proven and probable reserves containing more than 1 million oz of gold.

In September 2007, Goldcorp completed a mill expansion at its high-grade **Red Lake** mine in northern Ontario, increasing total capacity from the combined Red Lake and Campbell operations to about 3,100 mt/d, which is expected to increase production by 135,000 oz/y to 800,000 oz/y. Red Lake and Campbell reported combined 2006 production of 665,600 oz of gold at cash costs of \$195/oz.

The fourth gold production increase of more than 100,000 oz/y is expected from the 2008 reopening of the **Mesquite** mine in California, now wholly owned by Western Goldfields. Newmont ceased mining at Mesquite in the second quarter of 2001, with the depletion of the defined orebody. The permitting process for an expansion at Mesquite, expected to add six years to the mine's life, was completed in 2002, and in November of that year, Western Goldfields completed its acquisition of the project. In September 2007, all prestripping and construction activities were on schedule to begin full production of 160,000-170,000 oz/y of gold beginning in January 2008.

Table 4: Near-Term Gold Supply from New Mines, Restarts, and Expansions
(Listed by Startup Date)

Project	Owner(s)	State/ Province	Current Status	Contained Gold in Reserves & Resources (oz)	Capital Costs (US\$ mil)	Startup Date	New Gold Production Capacity (oz/y)
Pogo	Teck Cominco 40% Sumitomo Metal 51% Sumitomo Corp 9%	Alaska	PRD	4,025,000	\$371.0	2006 Q1	400,000
Kiena	Wesdome Gold Mines	Quebec	PRD	286,000	\$12.4	2006 Q3	50,000
Casa Berardi	Aurizon Mines	Quebec	PRD	3,049,000	\$82.0	2007 Q1	175,000
Copper Rand 5000	Campbell Resources	Quebec	PRD	220,000	\$35.8	2007 Q1	40,000
Nixon Fork	St Andrew Goldfields	Alaska	PRD	296,000	\$13.0	2007 Q1	40,000
Montana Tunnels	Apollo Gold 50% Calim 50%	Montana	PRD	552,000	\$52.5	2007 Q1	75,000
Ruby Hill	Barrick Gold	Nevada	PRD	1,125,000	\$64.7	2007 Q1	150,000
Rice Lake	San Gold	Manitoba	PRE	1,534,000	\$8.6	2007 Q2	93,000
QR	Cross Lake Minerals	British Columbia	PRE	109,000	\$14.9	2007 Q3	39,000
Red Lake	Goldcorp	Ontario	XPN	9,494,000	\$56.2	2007 Q3	135,000
Mesquite	Western Goldfields	California	PRE	3,030,000	\$80.0	2008 Q1	165,000
Hycroft	Allied Nevada Gold	Nevada	PRE	1,798,000	\$25.6	2008 Q4	75,000
Afton	New Gold	British Columbia	PRE	1,234,000	\$261.0	2009 Q3	82,000
Totals				26,752,000	\$1,077.7		1,519,000

Nevada contains 17 of the 53 deposits of more than 1 million oz being advanced

According to MEG's *MineSearch* database, there are currently 53 active gold projects in the United States and Canada in the reserves-development and feasibility stages that contain more than 1 million oz of gold in reserves and resources; they are summarized in Table 5 below. A total of almost 174 million oz of gold is being actively developed in these projects, compared with 138 million oz in 46 development-stage projects in 2006. In terms of location, Nevada holds the most gold under development, with 17 projects totaling 38.1 million oz, the largest of which is the **Cortez Hills** joint venture (Barrick 60%, Kennecott 40%). The next richest state is Alaska, with 35.6 million oz in just two deposits—Barrick Gold's 70%-owned **Donlin Creek** (NovaGold 30%), with 33.7 million oz, and NovaGold's 1.8-million-oz **Nome** gold deposit. Next is British Columbia with 23 million oz in eight deposits, Ontario with 16.3 million oz in seven deposits, Nunavut with three projects totaling 16.1 million oz, and the Northwest Territories with 11.8 million oz in two deposits. Each of the other states and provinces with gold deposits hosts less than 10 million oz of gold.

Table 5: North American Development-Stage Gold Projects by Location

State/Prov	2006			2007		
	Number	Total Tonnage (mil mt)	Total Gold (oz)	Number	Total Tonnage (mil mt)	Total Gold (oz)
Nevada	14	613.0	24.1	17	919.9	38.1
Alaska	2	636.4	34.6	2	636.4	35.6
British Columbia	5	1,235.9	15.3	8	1,642.8	23.0
Ontario	7	221.9	12.4	7	292.0	16.3
Nunavut	4	91.2	16.5	3	104.4	16.1
Northwest Territories	2	138.6	10.3	2	165.9	11.8
Quebec	2	124.3	4.9	3	130.5	9.1
Idaho	2	62.1	5.9	2	110.3	6.0
California	3	188.4	4.9	3	188.4	5.4
Yukon	2	104.1	4.1	2	104.1	4.1
New Mexico				1	129.5	2.8
Oregon	2	118.2	3.8	1	102.6	2.7
Montana	0			1	24.0	1.6
Saskatchewan	0			1	23.1	1.1
Washington	1	3.1	1.1	0		
Totals	46	3,537.2	137.9	53	4,573.9	173.7

Twenty-six deposits of more than 2 million oz and nine of more than 4 million oz are being advanced

Table 6 on the following page lists the largest active feasibility and reserves development-stage gold projects in the United States and Canada—26 projects with total reserves and resources of more than 2 million oz each. The 136.7 million oz of gold in these deposits is in addition to the 7.7 million oz contained in the five preproduction-stage projects listed in Table 4. Nine of the 26 feasibility- and reserves development-stage projects each contain at least 4 million oz. The largest is Barrick Gold's (formerly Placer Dome's) 70%-owned **Donlin Creek** project (NovaGold 30%) in Alaska, with measured and indicated resources totaling 16.1 million oz contained in 215.3 million mt grading 2.33 g/mt Au, and an additional 16.6 million oz of inferred resources. In the June 2007 quarter, a feasibility study was on schedule for completion by November 2007. About 36,500 m of the 80,000 m of drilling planned for 2007 was completed in the first half of the year. In July 2007, NovaGold claimed that Barrick would not be able to complete the JV requirements for its Donlin Creek earn-in, as the permitting process would not start until after the November 2007 deadline.

The second-largest deposit is Miramar Mining's wholly-owned **Hope Bay** project in Nunavut Territory, with 10.9 million oz of indicated and inferred resources in the Boston, Doris, and Madrid deposits. In late August 2007, four drills were testing the Naartok and Rand deposits in the Madrid system and the Connector zone between the Boston Main Resource and BN zone. Drilling for the Suluk portion of the Madrid deposit was complete, and new resources were being calculated. The scope of the Doris North feasibility study has been expanded to include additional production from the Doris Central zone. The results are expected to be announced in the December 2007 quarter, and could double Doris North's planned two-year operating life and increase capital costs for the project.

The next-largest is Seabridge Gold's **Courageous Lake** project in the Northwest Territories, where Seabridge announced a 14% increase in gold resources in January 2007. Using a 0.83 g/mt Au cutoff grade, measured and indicated resources were estimated at 59.3 million mt grading 2.22 g/mt Au, with additional inferred resources of 93.7 million mt grading 1.98 g/mt Au.

Table 6: Largest Active Feasibility and Reserves-Development Gold Projects
(Listed by Contained Gold)

Project	Owner(s)	Location	Status	Mine Type	Total Tonnage (mt)	Gold Grade (g/mt)	Contained Gold in Reserves & Resources (oz)
Donlin Creek	Barrick Gold 70% NovaGold 30%	Alaska	FEA	OP	442,900,000	2.369	33,736,000
Hope Bay	Miramar Mining	Nunavut	FEA	OP	86,282,700	3.939	10,928,000
Courageous Lake	Seabridge Gold	Northwest Territories	RD	UG	153,033,000	2.074	10,205,000
Cortez Hills	Barrick Gold 60% Kennecott 40%	Nevada	FEA	OP	82,300,000	3.728	9,864,000
Kemess North	Northgate Minerals	British Columbia	FEA	OP	719,190,000	0.297	6,877,000

Table 6: Largest Active Feasibility and Reserves-Development Gold Projects (cont'd)
(Listed by Contained Gold)

Project	Owner(s)	Location	Status	Mine Type	Total Tonnage (mt)	Gold Grade (g/mt)	Contained Gold in Reserves & Resources (oz)
Detour Lake	Detour Gold	Ontario	RD	UG	94,434,500	1.889	5,734,000
Mount Milligan	Terrane Metals	British Columbia	FEA	OP	423,600,000	0.408	5,559,000
Malartic	Osisko Exploration	Quebec	RD	OP	81,900,000	1.69	4,450,000
Converse	Metallic Ventures	Nevada	RD		270,345,600	0.511	4,443,000
Sword Fish	Meridian Gold 70% Evolving Gold 30%	Nevada	RD		3,764,880	28.11	3,403,000
Yellow Pine	Vista Gold	Idaho	RD	OP	45,252,950	2.096	3,049,000
Snowfield	Silver Standard Resources	British Columbia	RD		64,100,000	1.477	3,044,000
Atlanta	Atlanta Gold	Idaho	FEA	OP	65,071,000	1.414	2,958,000
El Capitan	El Capitan Precious Metals	New Mexico	RD	OP	129,535,461	0.679	2,826,000
Meliadine West	Comaplex 78% Resource Capital 22%	Nunavut	RD	UG	11,120,400	7.874	2,815,000
Eleonore	Goldcorp	Quebec	RD	UG	11,768,500	7.303	2,763,000
Quartz Mountain	Uranium One 50% Seabridge Gold 50%	Oregon	RD	OP	102,600,000	0.829	2,735,000
Soledad Mountain	Golden Queen Mining	California	FEA	OP	122,567,000	0.679	2,677,000
Hammond Reef	Brett Resources 60% Kinross Gold 40%	Ontario	RD	OP	85,500,560	0.92	2,529,000
Pinson	Barrick Gold 70% Atna Resources 30%	Nevada	RD	OP	5,879,500	12.77	2,414,000
Bronson Slope	Skyline Gold	British Columbia	RD	OP	175,000,000	0.422	2,375,000
Back River	Dundee Precious Metals	Nunavut	RD	UG	6,970,000	10.543	2,363,000
Dublin Gulch	Stratagold	Yukon Territory	FEA	OP	80,930,000	0.896	2,331,000
Northumberland	Newmont 60% Fronteer 40%	Nevada	RD	OP	64,031,990	1.087	2,237,000
Black Fox	Apollo Gold	Ontario	FEA	UG	10,319,000	6.71	2,226,000
Young-Davidson	Northgate Minerals	Ontario	RD	OP	20,889,800	3.172	2,131,000
Totals/Average					3,359,286,841	1.265	136,672,000

At Barrick Gold's 60%-owned **Cortez Hills** project in Nevada (Kennecott 40%), advanced engineering and procurement activities are more than 50% complete, and early infrastructure design is proceeding on schedule. Delivery of mining equipment is continuing as planned. Decline development has advanced about 3,400 m and is ahead of schedule. EIA approval is targeted for early 2008, to be followed by a 15-month construction period.

The other deposit with current resources exceeding 6 million oz is Northgate Minerals's wholly-owned **Kemess North** project in British Columbia, where the joint Federal-Provincial Review Panel for Kemess North has completed its review and recommended that the project not be approved as proposed. The most

controversial aspect of the proposed mine plan is the use of Duncan Lake as a tailings dump. Northgate is awaiting a final response to the recommendation from the Federal and Provincial Environment Ministers. Kemess North contains proven and probable reserves of 4.1 million oz of gold, plus an additional 2.8 million oz in resources, all contained in 719.2 million mt grading 0.3 g/mt Au. ♦