

SOUTH AFRICAN GOLD PRODUCTION FOR THE THIRD QUARTER OF 2007

THIRD QUARTER 2007 GOLD PRODUCTION

In the third quarter of 2007, South Africa's gold production rose by 4.7% to 66 516 kilograms when compared to the second quarter of 2007. On a year-on-year basis the rate of decline in gold production slowed from 7.5% in the second quarter to 5.4% in the third quarter of 2007.

For gold mines members of the Chamber (Excluding by-product gold producers that are members), production increased by 5.5% to 57 329 kilograms in the third quarter of 2007 when compared to the second quarter. The 8% improvement in tons of ore milled in the third quarter, compensated for the 2.3% decline in the average grade mined enabling the rise in gold production. On a year-on-year basis Chamber member's production fell by 4.3% in the third quarter of 2007. On the back of strong growth in capital expenditure (up year-on-year by 28.5% to R2-billion in the third quarter), higher levels of development metres and increased stoping metres the quantity of ore processed through the mills rose by 8.1% year-on-year to 14 million tons in the third quarter of 2007. However, the 11.4% decline in average grade mined to 4.1 grams per ton meant that actual kilograms of gold produced declined by 4.3%. This drop in the average grade mined to 4.1 grams per ton was facilitated by the 8.8% increase in the rand gold price received by the mining companies to R151 522 per kilogram. This allowed mining companies to mine lower grade ores that had previously been uneconomic to mine.

Some of the benefits of the higher rand price include continued high levels of growth in capital expenditure, which should feed through to a slower rate of decline in production and an improvement in employment in the sector. Chamber member gold mines increased employment by 5 374 people in the third quarter when compared to the second quarter of 2007.

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