

Welcome to this quarter's edition of our quarterly AUDGold Hedge Book Summary.

Another quarter over, and yet another new all-time high for A\$Gold. This time, most of the retracement action happened after quarter-end, but it's still three steps forward, one step back for the A\$Gold price.

The delta¹ of the Australian Dollar Hedge book continues to reduce as the NST book shrinks through natural attrition, and the delta on the bought put positions is rapidly approaching zero. Puts at 3,000 - 3,700 AUD/oz are barely visible in the rear view mirror at these prices.

The book has declined by another 254k ozs, with the bulk of that accounted for by NST (-157k ozs). Aeris was the only producer to add to their hedgebook, and that was a meagre 20,000 ozs at 5,145 (16,400 ozs at quarter-end). All of the other producers in our landscape saw a reduction in their total hedge position.

We hope you find the attached informative and ultimately helpful in equipping you to live by Noah's Rule.

The Team at Noah's.

¹ Delta is an expression of the underlying relationship to changes in the gold price. As a very simple rule of thumb, forward sales have a delta of 1, Puts, unless they are deeply in the money, will have a delta less than one, often much less, and a collar will sit somewhere in the middle of puts and forward.

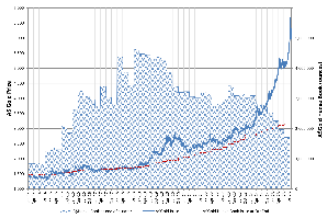
Quarterly A\$Gold Price Q2 2011 to Q3 2025

AUDGold had another impressive quarter, gaining an additional 800 AUD/oz from the June close. The average closing price for the quarter of 5,285 was a gain of 150 AUD/oz, highlighting that the bulk of the move was at the end of the quarter.

As you can see in the line chart in the hedge volume chart, the move continued after quarter-end to post a high of 6,688 AUD/oz in early October.



Net Hedge Levels Reduce

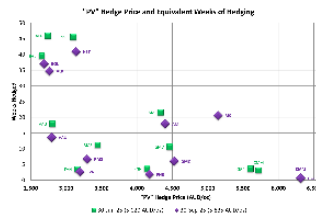


A net reduction of another 250k ozs over the quarter, with NST again having the lion's share of that reduction at 157k ozs. The remaining reduction was accounted for by delivering into hedges and not replacing them, or by the higher price and reduced tenor, which reduced the delta on the bought put option cover. At this rate, there won't be much of an A\$Gold hedge book to speak of in four quarters' time.

The weighted average present value of the book continues to increase, although the rate of increase is slowing as hedges mature and are generally replaced with Put options. The average currently sits around 3,135 AUD/oz - a further increase of 30 AUD/oz since the previous quarter's end.

[For more information, click on the chart]

Books Generally Increasing in Price

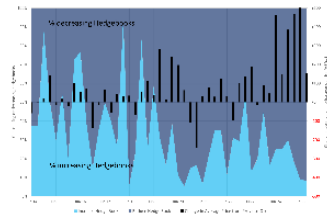


Very little by way of additions to hedge books this quarter, with most companies delivering into hedging and not replacing. Aeris was the one exception with their forward position increasing marginally. The use of derivative products that enable greater upside participation means that the scale needs to continue to stretch in line with the rising gold price. Most other books continue to move down (fewer weeks hedged) and to the right (higher NPV).

It is worth noting that all books are now less than the equivalent of one year's production, with the majority at less than 6 months' production.

[For more information, click on the chart]

Most Producers Reducing Books



The chart above shows that the majority of producers continue to reduce the size of their hedge books.

[For a closer look at the chart, click on the chart]