

PRESS RELEASE

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GOLD DEMAND PUSHES THROUGH \$US100 BILLION BARRIER AS INVESTORS TURN TO RECOGNISED STORE OF VALUE

Sustained investor interest in gold over the course of 2008 against a backdrop of the worst year on record for global stock markets and many other asset classes, helped push dollar demand for the safe haven asset to \$102bn, a 29% increase on year earlier levels. According to World Gold Council's ("WGC") Gold Demand Trends, identifiable gold demand in tonnage terms rose 4% on previous year levels to 3,659 tonnes.

As shares on stock markets around the world lost an estimated \$14 trillion in value, identifiable investment demand for gold, which incorporates exchange traded funds (ETFs) and bars and coins, was 64% higher in 2008 than in 2007, equivalent to an additional inflow of \$US15bn. Over the year as a whole, the gold price averaged \$872, up 25% from \$695 in 2007.

The most striking trend across the year was the reawakening of investor interest in the holding of physical gold. Demand for bars and coins rose 87% over the year with shortages reported across many parts of the globe.

The figures compiled independently for WGC by GFMS Limited, showed jewellery demand up 11% in dollar terms at almost \$US60bn for the whole year, but down 11% in tonnage terms at 2,138 tonnes. The adverse economic conditions across the globe coupled with a high and volatile price impacted jewellery buying in key markets, but resilient spending on gold jewellery indicates the strength of underlying demand, indicated by strong buying when the market offered attractive price points.

Industrial demand in 2008 was another casualty of the global economic turmoil down 7% to 430 tonnes from 461 tonnes in 2007. With the electronics sector the main source of industrial demand, reduced consumer spending on items such as laptops and mobile phones had a knock-on effect on gold demand.

Aram Shishmanian, the new CEO of World Gold Council, said:

"These figures confirm that investors around the world recognise the benefits of holding gold during this time of unprecedented global financial crisis, recession and the spectre of future inflation. Gold has again proven its core investment qualities as a store of value, safe haven and portfolio diversifier and this has struck a chord with nervous investors.

"Whilst current market conditions have impacted consumer spending on jewellery, purchasers in many of the key gold markets understand gold's intrinsic investment value and continue to buy.

"The economic downturn and uncertainty in the global markets, that has affected us all, is unlikely to abate in the short term. Consequently, I anticipate that gold, as a unique asset class, will continue to play a vital role in providing stability to both household and professional investors around the world."

Total demand remained very strong in the fourth quarter of 2008, up 26% on the same period last year at 1036 tonnes or \$26.5bn in value terms.

The biggest source of growth in demand for gold in Q4 was investment. Identifiable investment demand reached 399 tonnes, up from 141 tonnes in Q4 2007, a rise of 182%. The main source of this increase was net retail investment, which rose 396% from 61 tonnes in Q4 2007 to 304 tonnes in Q4 2008. The most dramatic surge was in Europe, where bar and coin demand increased from just 9 tonnes in Q4 2007 to 114 tonnes in Q4 2008, a 1,170% increase. ETF holdings broke new records during the quarter. Although the net quarterly inflow was down on the levels of the previous quarter, the growth rate on Q4 2007 was a strong 18%.

Total demand in India, the world's largest gold market, in the fourth quarter was up 84% in tonnage terms, led by a very strong 107% rise in jewellery demand, underpinned by investment attributes of gold. This phenomenon has to be set against a very weak Q4 2007, however. Total gold demand in Greater China in Q4 was resilient to the global turmoil. Total off-take was up 21% on the same period last year, with investment the main contributor to growth but jewellery demand also holding up well.

Investment demand in Thailand soared during the quarter, from a net outflow of 8 tonnes in Q4 2007 to a net inflow of 21 tonnes in Q4 2008. As with many other parts of the region, this turnaround was underpinned by safe haven buying.

Demand in the Middle East in Q4 2008 was up 1% on year earlier levels, with the strong growth in the bar and coin market (up 139%) offset by 7% decline in jewellery demand, which makes up 90% of the market in this region. A combination of gold price volatility, a sharp fall in the local currency and exchange rate uncertainty led to a 59% fall overall gold demand in Turkey in the fourth quarter.

In the United States, the deteriorating economic conditions produced a mix result for gold demand. Fourth quarter jewellery demand was down 35% as consumer spending plummeted. In stark contrast demand for gold bars and coins rocketed by 370% in Q4, representing 35 tonnes of gold.

Gold supply in Q4 was up 5% relative to year-earlier levels and year-on-year, declined 1%. Slightly lower mine production, higher levels of scrap and lower levels of gold producer de-hedging, were partly offset by lower net central bank sales in Q4 2008, which totalled 71 tonnes, down from 97 tonnes in Q4 2007.

The full 2008 Q4 and Full Year Gold Demand Trends report can be viewed at:

http://www.research.gold.org/supply_demand/

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For further information and to receive country reports or the full Gold Demand Trends:

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Notes to Editors:**World Gold Council**

The World Gold Council (WGC), a commercially-driven marketing organisation, is funded by the world's leading gold mining companies. A global advocate for gold, the WGC aims to promote the demand for gold in all its forms through marketing activities in major international markets. For further information visit www.gold.org.

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