

PRESS RELEASE**Date 16 May, 2007****Strictly under embargo until 07.00 EST / 12.00 BST 16 May, 2007****“YEAR OF THE GOLDEN PIG” GETS OFF TO STRONG START AS DEMAND FOR GOLD REACHES 1ST QUARTER RECORD OF \$17.4BN**

The ‘Year of the Golden Pig effect’ impacted strongly in China in the first quarter of 2007 providing a further boost to already robust growth in global demand for gold. Consumer demand for gold in China was up 31% on the same quarter last year, as the Chinese flocked to buy gold jewellery and commemorative “lucky balls”, particularly around Chinese New Year in mid-February.

Figures released today by the World Gold Council (WGC) showed global demand for gold reaching \$17.4bn, more than double the level of four years earlier. The figures, compiled independently for WGC by GFMS Limited, showed identifiable demand for gold in Q1 2007 was 4% higher than Q1 2006 in tonnage terms and 22% higher in dollar terms.

Demand in the world’s largest gold market, India, also surged in the first quarter, rising by 50% on Q1 2006 figures. Strong economic growth and the onset of the wedding season played a role here, but, more importantly, the development provided strong evidence of consumers’ comfort with gold prices above the \$650 mark. Total consumer demand reached 211 tonnes, just six tonnes short of the previous first quarter peak in 2001, when gold was less than half the price it is now.

Spurred by strong economic growth in key markets and a less volatile gold price, coupled with sustained promotion, jewellery demand was 17% higher than the weak Q1 2006 in tonnage terms and 38% higher in dollar terms.

Net retail investment was 28% higher than Q1 2006 in tonnage terms and 51% higher in dollar terms. However slower growth of exchange traded funds, compared to Q1 2006, resulted in total identifiable investment falling 26% in tonnage terms and 13% in dollar terms.

Industrial demand was up slightly on Q1 2006, 1% higher in tonnage terms and 18% up in dollar terms. Electronics demand, which grew strongly in 2006, recorded a further 2% increase in tonnage compared to Q1 2006. The long term outlook for industrial demand was given a boost by the recent announcement that Nanostellar Inc had devised a new nanoparticle coating, containing gold, for use in the diesel automotive catalytic converter market.

In general the outlook for Q2 is looking very positive with good jewellery demand in most key markets. The Akshaya Thritiya festival, originally considered an auspicious day for starting new ventures, investing or buying in Southern India, but now promoted by WGC as a nationwide gold-buying occasion, was highly successful. Overall prospects for investment continue to be positive with a number of underlying political and economic factors well-aligned and an increasing number of gold investment vehicles available.

Gold supply remained tight during the quarter. A fall in scrap supply as consumers became accustomed to current prices and restrained from selling their jewellery, coupled with further de-hedging by mining companies, were the main reasons for a 2% fall from the already constrained figure for Q1 2006. Net central bank selling was close to year earlier levels.

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James Burton, CEO of the World Gold Council, said:

“This has been a very encouraging quarter. After a 2006 dominated by price volatility, the more stable start to 2007 has clearly encouraged more active jewellery buying, in line with our expectations.

“The recent announcement regarding the development of a new gold nanotechnology product, predicted to reduce noxious emissions by as much as 40 percent more than existing pure-platinum catalysts at equal cost, is very exciting. With the diesel automobile market continuing to grow strongly across the globe, we will watch this new technology's development with great interest.”

The full Q1 2007 Gold Demand Trends report can be viewed at:

http://www.gold.org/value/stats/statistics/gold_demand/index.html

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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

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GFMS Ltd

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