STRICTLY EMBARGOED UNTIL 17TH NOVEMBER 2005: 07:00 (EST), 12 noon (GMT)

INVESTMENT DRIVES INCREASE IN GOLD DEMAND

- **56% rise in investment demand in third quarter of 2005**
- **Total gold demand up 7% in tonnes and 18% in dollar terms**
- **Seventh consecutive quarter of positive growth in total tonnage demand, and tenth consecutive quarter of double-digit growth in total value**
- **Year-on-year growth for gold jewellery in the first three quarters of 2005 up 12% in tonnage terms and 20% in dollar terms**

17th November 2005: Figures published today by the World Gold Council (WGC) reveal that the third quarter of 2005 represented the seventh successive quarter of positive growth in demand for gold in tonnes, and the tenth consecutive quarter of double-digit growth in dollar value. Investment and industrial demand for gold grew more rapidly than demand for jewellery, which reached new record demand levels in value terms. Compared to the same period last year, demand in Q3'05 absorbed an increase in supply of around one fifth despite a 10% rise in the gold price.

The figures, compiled independently for the World Gold Council by GFMS Ltd, show that identifiable investment in gold was 56% higher than a year earlier in tonnage terms, at 118 tonnes. Investment in Exchange Traded Funds (ETFs) and similar products amounted to 38 tonnes (compared to a net decline of 2 tonnes in Q3 2004). Indications suggest that institutional investment using means other than ETFs and similar products was similarly positive.

Key gold jewellery markets, with the exception of India, experienced growth comparable to that in the previous quarter, with double-digit growth in the Middle East, a 9% year-on-year rise in China, and growth of 3% in USA, where yellow gold is enjoying a resurgence of fashionability. Following two quarters of extraordinary growth in India, the rise in price held offtake for the third quarter to year-earlier levels; however demand in total for the first three quarters in India was still 37% higher than 2004 levels in tonnage terms and 42% in rupee terms.

James Burton, Chief Executive of the World Gold Council, commented on the gold demand figures:

"I am greatly encouraged by the strength of investment demand seen in Q3, particularly in Exchange Traded Funds. The World Gold Council has been instrumental in helping to bring gold to investors around the world via registered stock exchanges and these efforts have more than paid off.

"We continue to bring the investment benefits of gold to a broad investor base. This month we announced the listing of LyxOR Gold Bullion Securities on Euronext Paris as a result of a partnership agreement with Société Générale Investment Banking (SG CIB) for the promotion and distribution of Gold Bullion Securities in Europe, via Société Générale's LyxOR Finance.

"The continued growth in jewellery demand in most key markets is also pleasing. The figures are encouraging to the World Gold Council and the gold market in general, but our promotional activities must continue in order to sustain the momentum witnessed in 2005 into the New Year and beyond."

Outlook for Q4'05

Early indications for the fourth quarter of 2005 show a lively investor interest in gold, with an increase of 18 tonnes in ETFs and similar products by 14th November. However, the sharp rise in the gold price to around $470 witnessed in the first few weeks of the fourth quarter appears to have hampered demand for gold jewellery in certain markets, notably India, although the effect in others seems to have been less severe.

DETAILED ANALYSIS

Investment Demand

The third quarter of 2005 witnessed a 56% year-on-year growth in net investment demand for gold. Retail investment was 3% higher in tonnage terms than the same period in 2004 as continued interest in gold purchasing was offset by some selling back by investors to take advantage of higher gold prices.

ETFs and similar products grew throughout the third quarter, rising by 38 tonnes. The bulk of net buying was seen in streetTRACKS Gold Shares which is quoted on the New York Stock Exchange (GLD), with additional buying in Barclays iShares Comex Gold Trust and the London listed LyxOR Gold Bullion Securities. Investments in ETFs and similar products in the first weeks of the fourth quarter have continued to grow, and with the recent listing of LyxOR GBS on Euronext, this trend is expected to continue.

Other institutional investment demand appears to have risen sharply in September due to fears of rising inflation and the political shock in the aftermath of Hurricane Katrina. The rise in price itself, as well as data confirming the strength of demand in the first half of 2005, encouraged further interest in gold.

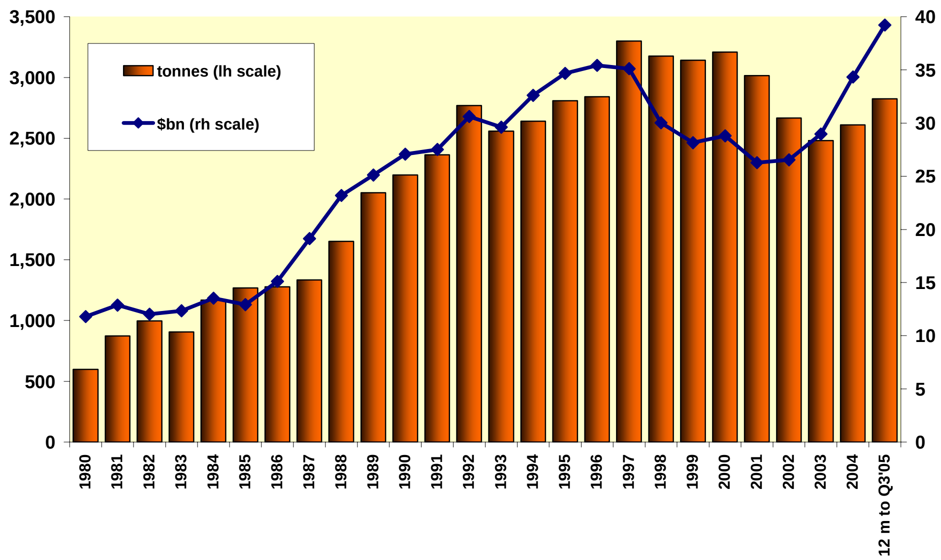
Jewellery Demand

The strong growth in demand for gold jewellery continued into Q3'05 with a rise of 2% in tonnage and 11% in value; however, the year-on-year growth was relatively modest compared to the heady demand figures of H1'05. After two quarters where nearly all major markets had demonstrated strong growth, the pattern in Q3 was more mixed - while demand in some countries continued to power ahead, other markets paused for breath.

Good economic growth and sustained promotion of gold jewellery in key markets continued to drive demand, but the sharper rise in the gold price during the second half of September started to deter buying in some regions.

Nevertheless, with a 10% price rise, even the modest 2% increase in tonnage terms produced a substantial 11% increase in dollar terms in the demand for gold jewellery. Demand in the twelve months to September 2005 reached $39.2bn, exceeding the previous record set in the 12 months to June 2005.

Chart 1: Jewellery demand in tonnes and $



Source: GFMS Ltd and WGC calculations based on GFMS data

Industrial Demand

The third quarter was a strong quarter for industrial demand in gold. An upturn in electronics demand was responsible for 6% year-on-year growth in tonnage terms (16% in dollar terms) in industrial and dental demand, following a first-half year that was essentially flat. Electronics demand itself rose 11% year-on-year. The primary reason for the strong electronics demand figures was the exhaustion of the high inventory levels seen at the beginning of the year.

A particularly large rise in electronics demand was seen in Japan, where offtake jumped 23%. This reflected healthy sales of consumer electronics and semi-conductors, signalling a need for manufacturers to prepare for the seasonally high fourth quarter.

Supply

Gold supply for Q3 2005 was around one fifth higher compared to the same period in 2004. All categories of supply were higher than a year earlier, but the two principal causes were a slower pace of de-hedging by mining companies and higher scrap levels.

There was a 3% increase in mine production in Q3'05 in comparison to the same period a year earlier, primarily due to a number of new major mines, such as Telfer in Australia, El Sauzal in Mexico and Lagunas Norte in Peru. The pace of de-hedging by mining companies was more moderate than the second quarter. These two factors combined meant total supply from mines was 25% higher than a year earlier.

Official sector sales were subdued in the third quarter at just 70 tonnes since the majority of selling planned for the first year of the second Central Bank Gold Agreement (CBGA2) had been completed by the end of the previous quarter.

At an estimated 213 tonnes, scrap levels were 16% higher than a year earlier, as higher prices, particularly towards the end of the quarter, encouraged dishoarding of jewellery.

Consumer demand trends in individual countries:

Asia

India

- Following the astonishing growth witnessed in the first half of 2005, when total consumer demand rose 55% compared to the first half of 2004, Indian demand for gold in Q3 paused for breath. Investment growth was still in double digits but jewellery demand, although high, was essentially unchanged from a year earlier.
- Price movements were less favourable to jewellery demand in the latter half of Q3. During the first six months of the year the rupee gold price had remained comfortably below the peak prices reached at the beginning of December last year, which was seen by many as a buying opportunity. Steep price rises in September, exacerbated by depreciation in the rupee, started to deter purchases.
- Investment demand was less affected by the price – indeed the rise encouraged some speculative buying. Publicity about gold investments and their portfolio diversification benefits also encouraged buying, with some investors deciding to buy gold with realised stock market profits.
- Year-to-date overall tonnage demand in gold was 39% higher than in the corresponding period of 2004 (jewellery up 37%, retail investment up 47%).

- The underlying prospects for gold in India remain very good. The economy continues to perform well, promotion is being sustained, new jewellery shops are opening, and the generally good monsoon bodes well for rural incomes in coming months.

Greater China

- The Chinese economy remained robust in Q3'05. Consumers continued to pursue better quality lifestyles and better luxury products. The rise in the price of gold was slightly tempered by the appreciation of the renminbi against the dollar after the introduction of the new Chinese exchange rate arrangements.
- Recent relaxation of licensing controls enabled more companies to enter the jewellery market, increasing consumer choice.
- Strong growth in jewellery purchases continued with demand rising 9% compared to a year earlier. The National Day holiday and "golden week", which fall in Q3, have become the most important period for jewellery purchases after the Chinese New Year.
- K-Gold (18-carat gold) continued to perform well, but traditional *chuk kam* (24-carat) benefited from the rising gold price since there is a strong investment element to buying.

Middle East and Turkey

- Gold demand continued to boom in the Middle East with Q3 maintaining the pace of expansion seen in the first half of 2005. Overall jewellery demand grew 11% while retail investment rose 38%, both in tonnage terms.
- Vibrant economies on the back of high oil prices, construction activity and ever increasing tourist numbers in the Gulf countries, combined with sustained and increased promotion by the gold trade and the World Gold Council, provided strong support to gold buying in Saudi Arabia and the Gulf.

UAE

- With year-on-year growth of 13%, gold jewellery demand was a Q3 record in UAE. Heavy trade and sustained WGC promotion are together ensuring that gold jewellery maintains its share of consumer spending.

Saudi Arabia

- Jewellery demand was 14% higher than in Q3'04. This was partly fuelled by a buoyant economy and the reduction in customs duties from 12% to 5% on imported jewellery, a relaxation of Saudi-isation rules for jewellery shops which can now employ one foreign worker per outlet, and permission for jewellery exhibitions to be held.

Turkey

- Turkish gold demand in tonnage terms continued to increase, with jewellery offtake up 5% and net retail investment demand up 12%, compared to year-earlier levels.

Europe and United States

Europe

- The Italian economy remained weak, impacting demand for jewellery, which fell, albeit at a slower pace than in H1'05. Those manufacturers and retailers who have promoted new designs and branding fared better than the mainstream businesses which are suffering the brunt of the downturn.
- Demand for gold jewellery in the UK reflected the poor retail market and was exacerbated by the additional temporary downturn in London following the July bombings.

U.S.A.

- Despite the negative effects of rising interest rates, higher energy prices and the impact of two major hurricanes, consumer spending remained resilient in the US in Q3.
- Gold jewellery sales remained correspondingly robust, growing by 3% compared to a year earlier in tonnage terms, and by 13% in value. While white gold remains popular in the mass market, yellow gold is increasingly driving the fashion end and leading the growth in buying.

End-user gold consumption[1]

Tonnes	2003	2004	Q1'04	Q2'04	Q3'04	Q4'04	Q1'05	Q2'05	Q3'05[2]	*% ch Q3'05 vs Q3'04*	*% ch ytd '05 vs ytd '04*
Jewellery consumption	2,477	2,613	575	636	603	798	685	728	613	*2*	*12*
Industrial & dental	380	409	101	109	101	99	98	111	107	*6*	*2*
Electronics	233	259	65	70	64	61	61	72	70	*11*	*2*
Other industrial	80	83	19	22	20	22	22	24	20	*-1*	*7*
Dentistry	67	68	17	17	17	17	15	16	16	*-3*	*-6*
Identifiable investment	331	475	100	91	75	209	206	106	118	*56*	*62*
Retail investment	292	343	83	86	77	96	118	108	80	*3*	*24*
Bar hoarding	178	248	58	67	58	66	80	81	53	*-9*	*17*
Official coin	107	114	35	29	25	25	39	30	26	*3*	*6*
Medals/imitation coin	25	29	6	7	8	8	10	10	9	*9*	*35*
Other identified retail invest.[3]	-18	-49	-16	-16	-14	-3	-11	-13	-7	*…*	*…*
ETFs & similar products[4]	39	133	16	5	-2	113	89	-2	38	*…*	*…*
Total end-user consumption	3,188	3,498	776	836	779	1,107	989	946	838	*7*	*16*
London pm fix, $/oz	363.32	409.17	408.44	393.27	401.30	433.80	427.35	427.39	439.72	*10*	*8*

$m	2003	2004	Q1'04	Q2'04	Q3'04	Q4'04	Q1'05	Q2'05	Q3'05[2]	*% ch Q3'05 vs Q3'04*	*% ch ytd '05 vs ytd '04*
Jewellery consumption	28,937	34,374	7,556	8,039	7,786	11,134	9,407	10,008	8,673	11	20
Industrial & dental	4,437	5,385	1,324	1,373	1,299	1,384	1,344	1,532	1,509	16	10
Electronics	2,722	3,408	850	885	823	845	834	984	996	21	10
Other industrial	933	1,086	250	273	259	304	299	325	281	9	16
Dentistry	782	891	224	215	217	235	211	223	232	7	2
Identifiable investment	3,867	6,253	1,309	1,153	971	2,918	2,836	1,456	1,661	71	73
Retail investment[5]	3,407	4,508	1,093	1,092	997	1,336	1,620	1,478	1,131	13	33
ETFs & similar products	460	1,745	215	61	-26	1,582	1,217	-22	531	…	589
Total end-user consumption	37,241	46,012	10,189	10,566	10,056	15,435	13,588	12,996	11,844	18	25

Notes to tables: The source for tonnage data is GFMS Ltd. Date in $ are WGC calculations based on GFMS data. 1. Identifiable end-use consumption excluding central banks. 2. Provisional. 3. "Other retail" excludes bar and primary coin offtake; it represents mainly activity in North America and Western Europe. 4. Exchange Traded Funds and similar products including LyxOR Gold Bullion Securities, Gold Bullion Securities (Australia), streetTRACKS Gold Shares, NewGold Gold Debentures, iShares Comex Gold Trust, Central Fund of Canada and Central Gold Trust. 5. Identifiable investment less ETFs and similar.

Consumer demand in selected countries in Q3 2005

	2004			Q3'04	Q3'05[1]			*% ch over yr earlier*		
	Jewellery	Net retail invest.	Total	Total	Jewellery	Net retail invest.	Total	*Jewellery*	*Net retail invest.*	*Total*
India	517.5	100.2	617.7	140.7	115.0	28.3	143.3	*0*	*11*	*2*
Greater China	258.7	12.2	270.9	62.8	65.8	1.8	67.6	*8*	*1*	*8*
China	224.1	9.8	233.9	54.2	57.7	1.4	59.1	*9*	*9*	*9*
Hong Kong	13.8	1.2	15.0	3.4	3.0	0.3	3.3	*1*	*-25*	*-2*
Taiwan	20.7	1.2	21.9	5.2	5.1	0.1	5.2	*0*	*0*	*0*
Japan	34.6	67.0	101.6	23.8	8.3	9.5	17.8	*-1*	*-38*	*-25*
Indonesia	83.9	5.0	88.9	27.1	22.6	1.0	23.6	*-12*	*-29*	*-13*
Vietnam	26.1	39.2	65.3	13.9	5.8	6.0	11.8	*1*	*-27*	*-15*
Middle East	343.5	17.1	360.6	86.0	90.9	5.3	96.2	*11*	*38*	*12*
Saudi Arabia	136.2	5.2	141.3	34.0	37.4	2.0	39.4	*14*	*82*	*16*
Egypt	73.0	0.5	73.5	19.8	20.7	0.3	21.0	*5*	*150*	*6*
UAE	89.3	6.5	95.8	19.9	20.8	2.0	22.8	*13*	*33*	*15*
Other Gulf	45.0	4.9	50.0	12.3	12.0	1.1	13.1	*7*	*-9*	*6*
Turkey	185.7	48.9	234.6	73.4	64.5	13.1	77.6	*5*	*12*	*6*
USA	350.5	21.3	371.8	78.9	77.8	4.4	82.2	*3*	*29*	*4*
Italy[2]	77.2	…	77.2	11.0	10.5	…	10.5	*-4*	*…*	*-4*
UK[2]	70.2	…	70.2	13.5	10.2	…	10.2	*-25*	*…*	*-25*
Europe[3]	…	-22.7	-22.7	-7.6	…	-3.2	-3.2	*…*	*…*	*-58*
Total above	1,947.8	288.2	2,236.0	523.5	471.3	66.2	537.6	*2*	*4*	*3*
Total inc others	2,613.0	342.7	2,955.6	680.7	613.5	80.0	693.5	*2*	*3*	*2*

Source: GFMS Ltd. 1. Provisional. 2. Jewellery only. 3. Net retail investment only.

World Gold Supply and Demand Summary Table

tonnes	2003	2004	Q1'04	Q2'04	Q3'04	Q4'04	Q1'05	Q2'05	Q3'05[1]	*% ch Q3'05 vs Q3'04*	*% ch ytd '05 vs ytd '04*
Supply											
Mine production	2,593	2,461	573	601	648	640	571	603	668	*3*	*1*
Net producer hedging	-270	-427	-65	-107	-140	-114	-22	-70	-31	*…*	*…*
Total Mine supply	2,322	2,035	508	493	508	526	549	533	637	*25*	*14*
Official sector sales[2]	617	475	118	76	67	214	272	147	70	*5*	*88*
Old gold scrap	939	829	235	207	183	204	204	191	213	*16*	*-3*
Total Supply	3,879	3,338	861	776	758	943	1,025	871	920	*21*	*18*
Demand											
Fabrication											
Jewellery[3]	2,477	2,613	601	669	656	687	705	764	660	*1*	*11*
Industrial & dental	380	409	101	109	101	99	98	111	107	*6*	*2*
Sub-total above fabrication	2,857	3,022	702	778	757	786	803	875	766	*1*	*9*
Net retail investment	292	343	83	86	77	96	118	108	80	*3*	*24*
ETFs & similar[4]	39.4	132.6	16	5	-2	113	89	-2	38	*…*	*548*
Total Demand	3,188	3,498	801	869	832	995	1,010	981	884	*6*	*15*
Balance[5]	691	-160	59	-93	-74	-52	16	-111	36	*…*	*…*
London PM fix (US$/oz)	363.32	409.17	408.44	393.27	401.30	433.80	427.35	427.39	439.72	*10*	*8*

Source: GFMS Ltd. The data are consistent with supply and demand data published by GFMS Ltd but adapted to the WGC's presentation. 1. Provisional. 2. Excluding any delta hedging of central bank options. 3. Jewellery data are on a fabrication basis and quarterly data differ from consumption data shown in end-use gold consumption. 4. Exchange Traded Funds and similar. 5. This is the residual from combining all of the other data in the table. It includes institutional investment (other than ETFs), stock movement and other elements as well as any residual error.

-Ends-

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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.

GFMS Ltd

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