

Mineral Industry Surveys

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GOLD IN JUNE 2005

U.S. mines produced 22,200 kilograms (kg) of gold in June, an 8% increase compared with that of May, according to the U.S. Geological Survey. Production of gold in Nevada increased by 9% over the same period. U.S. and Nevada gold mine production for the first 6 months of 2005 declined less than 1% and 2%, respectively, compared with production for the same period in 2004.

Engelhard Industries' average gold price for June was \$432.04 per troy ounce, 2% more than the average May price and 10% more than the average June 2004 price.

The Dubai Gold and Commodities Exchange (DGCX) announced plans to start trading gold futures. Trading was expected to begin in November and will be open 7 days per week for electronic trading (American Metal Market, 2005).

For the first time, Mining and Metallurgical Company Norilsk Nickel (Moscow, Russia) reported estimates of its proven and probable gold reserves. As of December 31, 2004, the reported reserves held by Norilsk were 90,000 kg of gold, excluding the assets held by its wholly owned gold subsidiary, Polus Gold Mining Company, which reported gold reserves of 414,000 kg. In 2004, Norilsk's production, including that for Polus, rose 26% to 38,000 kg (Mining and Metallurgical Company Norilsk Nickel, 2005, p. 6, 37, 60).

According to China Gold Association, China produced 43,800 kg of gold in the first quarter of 2005, 3% lower than that of the first quarter of 2004. The decline in production was expected to be temporary as new mines were expected to start production shortly (Antaike, 2005, p. 1).

Construction began on the Jinfeng Gold Project located 180 kilometers (km) south-southwest of Guiyang in Guizhou Province, China. Sino Gold Limited (Sydney, Australia) was awarded the Mining License, which grants the company unambiguous and bankable legal tenure over the asset. The Jinfeng Gold Project, with reported reserves of about 65,000 kg, represents the largest investment by a foreign company in

China's growing gold sector. Once phase 1 is completed, which was anticipated in mid-2006, it will become one of the largest gold mines in China, with expected production of more than 6,000 kilograms per year (kg/yr) of gold (Sino Gold Limited, 2005).

Barrick Gold Corporation (Toronto, Ontario, Canada) started up the new Lagunas Norte Mine in Peru, ahead of schedule and within budget. The company estimates that the mine will produce 17,000 kg/yr of gold (Barrick Gold Corporation, 2005).

The Montana Supreme Court dismissed a complaint by Canyon Resources Corporation challenging the State's actions in applying Initiative 137 to its McDonald gold and silver mine. The initiative bans cyanide heap leaching on all mines except those which were already using or had received the permits to use the process prior to the adoption of the law. When the law was enacted in 1998, Canyon did not have a permit, although it had spent more than \$80 million to procure one. The permit was not issued because Canyon fell behind on its lease payments and other fees. Using cyanide heap leaching, the McDonald Mine would have the potential to produce 14,000 kg/yr of gold, with reserves of 287,000 kg of gold. According to Canyon, however, without using cyanide heap leaching, the gold will remain in the ground. The company announced that it will refile its complaint in Federal court (Jones, 2005).

Coeur Alaska (Juneau, AK), subsidiary of Coeur d'Alene Mines Corporation (Coeur d'Alene, ID), received the final permit required for construction of the Kensington Gold Mine located 72 km north of Juneau, AK. Construction was planned to begin in July (Coeur d'Alene Mines Corporation, 2005).

References Cited

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Jones, Sherry, 2005, Court ruling further sets back McDonald gold/silver project: Platts Metals Week, v. 76, no. 25, June 20, p. 5-6.

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TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD
IN THE UNITED STATES, BY STATE¹

(Kilograms)

	California	Nevada	Other States ²	Total
2004: ^p				
June	1,070	18,600	3,170	22,800
July	182	18,100	3,230	21,500
August	164	17,400	3,280	20,900
September	174	18,400	3,490	22,100
October	153	17,200	3,140	20,500
November	126	18,300	3,900	22,400
December	W	20,500	3,840	24,400
January-December	3,260	216,000	38,800	258,000
2005:				
January	W	15,700 ^r	3,710	19,500 ^r
February	W	14,800 ^r	3,330	18,200 ^r
March	159	20,300 ^r	3,730	24,200 ^r
April	W	17,000 ^r	4,190	21,200 ^r
May	W	16,900 ^r	3,650	20,500 ^r
June	W	18,400	3,710	22,200
January-June	159	103,000	22,300	126,000

^pPreliminary. ^rRevised. W Withheld to avoid disclosing company proprietary data; included with "Other States."

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes Alaska, Arizona, Colorado, Idaho, Montana, South Dakota, Utah, Washington, and State indicated by symbol W.

TABLE 2
GOLD PRICES

(Dollars per troy ounce)

Engelhard Industries:	
2004:	
Low/date	376.29 May 10
High/date	455.62 Dec. 2
Average	410.52
2005:	
April:	
Low/date	424.82/14
High/date	438.39/26
Average	430.61
May:	
Low/date	415.80/31
High/date	432.38/2
Average	423.67
June:	
Low/date	416.71/1
High/date	441.95/24
Average	432.04
Year to date:	
Low/date	412.45 Feb. 8
High/date	445.10 Mar. 11
Average	428.65
Handy and Harman:	
2004, average	
	409.21
2005:	
April	429.23
May	422.53
June	430.66
Year to date	427.31
London Final:	
2004, average	
	409.21
2005:	
April	429.23
May	421.87
June	430.66
Year to date	427.24

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD¹

(Kilograms of gold content, unless otherwise specified)

Period and country	Ores and concentrates ²	Doré and precipitates	Refined bullion ³	Total ⁴	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2004	1,860	142,000	139,000	283,000	20,500	10,900	60,000
2005:							
March	--	15,800	8,220	24,000	1,380	56	4,660
April	398	17,700	8,210	26,300	2,680	45	1,810
May:							
Australia	3	7	1,160	1,170	--	--	--
Brazil	--	--	1,380	1,380	--	--	--
Canada	2	--	6,250	6,260	605 ⁵	2 ⁵	--
Chile	--	1,790 ⁵	425	2,220	--	--	--
Colombia	--	1,530	94	1,620	12	--	--
Dominican Republic	--	--	--	--	609 ⁵	--	--
Germany	--	--	4	4	--	--	1,780 ⁵
Honduras	--	198	330	528	28 ⁵	--	--
Japan	--	--	--	--	--	--	2,260 ⁵
Mexico	--	158	714	873	180 ⁵	3 ⁵	--
Nicaragua	--	195	--	195	24 ⁵	6 ⁵	--
Peru	--	14,800 ⁵	--	14,800	--	--	--
United Kingdom	--	--	1	1	--	--	397 ⁵
Other	--	17	184 ⁵	201	137 ⁵	8 ⁵	--
Total	5	18,700	10,600	29,300	1,600	19	4,430
Year to date	405	123,000	39,800	163,000	9,190	1,640	17,500
Exports:							
2004	1,150	142,000	114,000	257,000	725,000	647	1,170,000
2005:							
March	87	11,500	20,700	32,300	114,000	63	107,000
April	76	11,800	16,300	28,200	46,300	46	117,000
May:							
Brazil	--	--	263	263	--	--	--
Canada	--	--	1	1	6,420 ⁵	8	22,800 ⁵
China	--	--	--	--	--	--	883
Dominican Republic	115 ⁵	--	--	115	--	--	6,690 ⁵
Germany	1 ⁵	--	--	1	30,100	--	--
India	--	--	1,490	1,490	--	(6)	--
Israel	--	--	13	13	--	--	3,150 ⁵
Japan	--	--	--	--	35	--	5,080 ⁵
Malaysia	--	--	61	61	--	1 ⁵	--
Mexico	--	--	385	385	--	2	--
Netherlands	--	--	--	--	--	--	4,800 ⁵
Panama	--	--	--	--	--	--	610 ⁵
Singapore	3	--	500	503	--	--	81,000 ⁵
Switzerland	--	10,200	4,310	14,500	--	(6)	--
Taiwan	--	--	--	--	--	--	3,900 ⁵
United Arab Emirates	--	--	5,650	5,650	--	--	--
United Kingdom	--	--	4,930	4,930	16,200	5	1,110 ⁵
Other	34 ⁵	--	112	146	115	39	--
Total	153	10,200	17,700	28,100	52,900	55	130,000
Year to date	551	55,200	83,400	139,000	317,000	286	568,000

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes gold content of base metal ores, concentrates, and matte imported for refining.

³Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

⁴"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

⁵All or part of these data have been referred to the U.S. Census Bureau for verification.

⁶Less than 1/2 unit.

Source: U.S. Census Bureau.