

Mineral Industry Surveys

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GOLD IN OCTOBER 2005

U.S. mines produced 22,900 kilograms (kg) of gold in October, a 3% decrease compared with that of September, according to the U.S. Geological Survey. Production of gold in Nevada decreased slightly over the same period.

Engelhard Industries' average gold price for October was \$471.35 per troy ounce, 3% more than the average September price.

A South African mining bill that aims to encourage gold and platinum producers to help build a jewelry industry in South Africa is being opposed by mining companies and the South African Chamber of Mines. The bill's intent is to capture domestic profits from the value added jewelry industry. The mining sector, however, reportedly views the bill's provision that would create a government precious metals regulator as increasing red tape and governmental control, and believes that the bill could be counter-productive to the beneficiation industry. The South African Government appears determined to see the bill through (Bishop, 2005).

Russian gold production was down 7% in the first 9 months in 2005 as compared with that in the same period in 2004. Production was 126,000 kg of gold from mine and secondary production. Mine production in the first 9 months of 2005 fell 6% to 114,000 kg of gold compared with production in the same period in 2004 (Interfax Mining & Metals Report, 2005).

On October 9, a landslide caused two deaths and shut down the Lihir Gold Limited (Papua New Guinea) operations on Lihir Island in Papua New Guinea. Partial production was restored, and full production was resumed in early November. Lihir Gold estimated production in 2005 at 19,000 kg of gold, with a loss of more than 5,000 kg in the third quarter owing to the landslide (Lihir Gold Limited, 2005).

Placer Dome Inc. (Vancouver, British Columbia, Canada) was named as the sole defendant in a lawsuit brought by the Provincial Government of the Island of Marinduque, the Philippines. The suit reportedly accuses Placer Dome of causing environmental degradation with consequent economic damage and impact on the health of people living in the vicinity of the Marcopper Mine. The mine was owned and operated by Marcopper Mining Corporation, in which Placer Dome

indirectly owned a 40% minority share until 1997. Placer Dome plans to challenge the lawsuit (Placer Dome Inc., 2005b).

At the end of October, Placer Dome announced that it had reached an agreement to divest its interest in the Cerro Casale project in Chile that is owned by Placer Dome (51%), Arizona Star Resource Corporation (Toronto, Ontario, Canada) (25%), and Bema Gold Corporation (Vancouver) (24%). The companies reached an agreement in principle whereby Placer Dome would sell its interest in the project in return for contingent payments of \$10 million due upon a decision to construct a mine at Cerro Casale and other payments due when either a decision to construct the mine is made or once the mine begins operation. This agreement would settle allegations made by Arizona Star and Bema that Placer Dome had not been exercising due diligence in securing financing for the project (Placer Dome Inc., 2005a).

On October 31, Barrick Gold Corporation (Toronto) announced that it had offered \$9.2 billion to acquire Placer Dome in an attempt to become the second largest gold producer in the world. If successful, Barrick intended to sell some of Placer Dome's assets and interests to Goldcorp Inc. (Toronto) for \$1.35 billion (Barrick Gold Corporation, 2005).

References Cited

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- Bishop, Chris, 2005, South Africa's precious metal bill to spark conflict: *Platts Metals Week*, v. 76, no. 43, October 24, p. 2-3.
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- Lihir Gold Limited, 2005, Lihir resumes full production: Port Moresby, Papua New Guinea, Lihir Gold Limited press release, November 3, 1 p.
- Placer Dome Inc., 2005a, Placer Dome, Bema and Arizona Star reach agreement in principle on Cerro Casale: British Columbia, Canada, Placer Dome Inc. news release, October 26, 2 p.
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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				
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	15,600	3,800	19,400
February	W	14,600	3,410	18,000
March	159	20,300	3,730	24,200
April	W	17,000	4,060	21,100
May	W	16,900	3,520	20,400
June	W	18,500	3,590	22,100
July	W	18,100	3,500 ^r	21,600 ^r
August	W	19,700 ^r	3,850 ^r	23,600 ^r
September	W	19,600 ^r	3,910 ^r	23,600 ^r
October	W	19,400	3,530	22,900
January-October	159	180,000	37,100	217,000

^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)

<u>Engelhard Industries:</u>	
2004:	
Low/date	376.29 May 10
High/date	455.62 Dec. 2
Average	410.52
2005:	
August:	
Low/date	432.03/30
High/date	448.66/12
Average	439.40
September:	
Low/date	441.00/1
High/date	474.70/30
Average	457.95
October:	
Low/date	464.29/21
High/date	476.96/11
Average	471.35
Year to date:	
Low/date	412.45 Feb. 8
High/date	476.96 Oct. 11
Average	436.63
<u>Handy and Harman:</u>	
2004, average	
	409.21
2005:	
August	438.03
September	456.52
October	469.90
Year to date	435.27
<u>London Final:</u>	
2004, average	
	409.21
2005:	
August	437.93
September	456.05
October	469.90
Year to date	435.18

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:							
July	220	10,500	7,070	17,800	2,620	23	1,750
August	224	15,800	7,340	23,300	2,060	96	4,560
September:							
Aruba	--	--	139	139	2	--	--
Brazil	--	--	1,320	1,320	--	--	--
Canada	125	--	7,080	7,200	315 ⁵	2	--
Chile	--	1,610 ⁵	1,100	2,710	--	--	--
Colombia	--	2,170	58	2,230	28	--	--
Costa Rica	--	--	--	--	156 ⁵	--	--
Dominican Republic	--	4	--	4	895 ⁵	3	--
Germany	--	--	--	--	--	--	1,670 ⁵
Honduras	--	117	284	401	31	--	--
Japan	--	--	--	--	--	--	446 ⁵
Mexico	--	127	2,610	2,740	726	3 ⁵	--
Nicaragua	--	179	--	179	21	--	--
Panama	--	41	29	70	47	--	--
Peru	--	15,900	--	15,900	--	--	--
Other	10 ⁵	16	60 ⁵	86	164	4 ⁵	4 ⁵
Total	134	20,200	12,700	33,000	2,390	12	2,120
Year to date	1,070	187,000	75,100	263,000	18,000	1,790	27,100
Exports:							
2004	1,150	142,000	114,000	257,000	725,000	647	1,170,000
2005:							
July	105	12,200	13,400	25,700	44,000	62	111,000
August	118	11,600	13,800	25,500	32,200	109	79,900
September:							
Canada	1	2	1	4	9,050	--	34,100 ⁵
China	--	--	--	--	--	--	783 ⁵
Dominican Republic	175	--	--	175	--	--	1,540 ⁵
Germany	--	(6)	--	(6)	9,060	--	495 ⁵
Ireland	6 ⁵	--	--	6	--	--	194 ⁵
Israel	--	--	57	57	--	4 ⁵	3,060 ⁵
Japan	--	--	--	--	36	2	1,580 ⁵
Korea, Republic of	--	--	--	--	--	12	362 ⁵
Malaysia	--	--	111	111	1	1 ⁵	--
Mexico	--	--	896	896	--	--	2,590 ⁵
Panama	--	--	3	3	--	--	370 ⁵
Singapore	--	--	--	--	--	--	58,500 ⁵
Switzerland	--	13,100	8,300	21,400	--	1	--
Taiwan	--	--	--	--	--	--	4,310 ⁵
United Arab Emirates	--	--	1,070	1,070	--	--	--
United Kingdom	4 ⁵	--	4,360	4,370	7,000	13	--
Other	--	--	186	186	18	19	--
Total	186	13,100	15,000	28,300	25,200	52	108,000
Year to date	1,060	103,000	142,000	246,000	450,000	573	990,000

-- 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 ½ unit.

Source: U.S. Census Bureau.