

GOLD

(Data in metric tons¹ of gold content unless otherwise noted)

Domestic Production and Use: Gold was produced at about 50 major lode mines, a dozen or more large placer mines (nearly all in Alaska), and numerous smaller placer mines (mostly in Alaska and in the Western States). In addition, a small amount of domestic gold was recovered as a byproduct of processing base metals, chiefly copper. Thirty mines yielded more than 99% of the gold produced in the United States. In 2005, the value of mine production was about \$3.4 billion. Commercial-grade refined gold came from about 2 dozen producers. A few dozen companies, out of several thousand companies and artisans, dominated the fabrication of gold into commercial products. U.S. jewelry manufacturing was heavily concentrated in New York, NY, and Providence, RI; areas with lesser concentrations include California, Florida, and Texas. Estimated uses were jewelry and arts, 85%; electrical and electronics, 6%; dental and other, 9%.

<u>Salient Statistics—United States:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005^e</u>
Production:					
Mine	335	298	277	258	250
Refinery:					
Primary	191	196	194	222	230
Secondary (new and old scrap)	83	78	89	92	100
Imports ²	194	217	249	283	315
Exports ²	489	257	352	257	290
Consumption, reported	179	163	183	185	195
Stocks, yearend, Treasury ³	8,140	8,140	8,140	8,140	8,140
Price, dollars per ounce ⁴	272	311	365	411	440
Employment, mine and mill, number ⁵	9,500	7,600	7,300	7,550	7,600
Net import reliance ⁶ as a percentage of apparent consumption	E	E	E	8	8

Recycling: 100 tons of new and old scrap, equal to about 50% of reported consumption, was recycled in 2005.

Import Sources (2001-04):² Canada, 50%; Peru, 16%; Colombia, 13%; Brazil, 8%; and other, 13%.

Tariff: Most imports of unwrought gold, including bullion and doré, enter the United States duty free.

Depletion Allowance: 15% (Domestic), 14% (Foreign).

Government Stockpile: The U.S. Department of the Treasury maintains stocks of gold (see salient statistics above), and the U.S. Department of Defense administers a Governmentwide secondary precious-metals recovery program.

Events, Trends, and Issues: Domestic gold mine production in 2005 was estimated to be about 3% less than the level of 2004, but high enough to make the United States the third largest gold-producing nation, after Australia and South Africa. Domestic mine output continued to be dominated by Nevada, where production accounted for more than 83% of the U.S. total. For the second time since 1987, the United States was a net importer of gold in 2005.

The continued rise in costs at South African gold mines, owing to the strengthening of the rand, caused several mines to curtail expansion operations and reduce gold production. Gold mining in Indonesia recovered from the mine closures caused by landslides in late 2003.

Gold Exchange-Traded Funds (ETFs) have gained popularity with investors. Traditional gold investments have perceived difficulties in access, insurance, high markups, and storage. The investor can purchase gold ETF shares through a stockbroker without worrying about these problems. Each share represents one-tenth of an ounce of allocated gold.

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During the first 9 months of 2005, the Engelhard Corporation's daily price of gold ranged from a low of about \$412 per troy ounce in February to a high of about \$475 per troy ounce at the end of September. For most of the year, however, this price averaged about \$430. The Central Bank Gold Agreement II, which started on September 27, 2004, has not released the exact sales limits.

World Mine Production, Reserves, and Reserve Base: Reserves and reserve base data for the "Other countries" category excluded some countries for which reliable data were not available.

	Mine production		Reserves ⁷	Reserve base ⁷
	<u>2004</u>	<u>2005^e</u>		
United States	258	250	2,700	3,700
Australia	259	254	5,000	6,000
Canada	129	115	1,300	3,500
China	215	225	1,200	4,100
Indonesia	93	140	1,800	2,800
Peru	173	175	3,500	4,100
Russia	169	165	3,000	3,500
South Africa	341	300	6,000	36,000
Other countries	<u>794</u>	<u>830</u>	<u>17,000</u>	<u>26,000</u>
World total (rounded)	2,430	2,450	42,000	90,000

Of the estimated 152,000 tons of all gold ever mined, about 15% is thought to have been lost, used in dissipative industrial uses, or otherwise was unrecoverable or unaccounted for. Of the remaining 129,000 tons, central banks hold an estimated 33,000 tons as official stocks, and about 96,000 tons is privately held as bullion, coin, and jewelry.

World Resources: An assessment of U.S. gold resources indicated 33,000 tons of gold in identified (15,000 tons) and undiscovered resources (18,000 tons).⁸ Nearly one-quarter of the gold in undiscovered resources was estimated to be contained in porphyry copper deposits. The gold resources in the United States, however, are only a small portion of global gold resources.

Substitutes: Base metals clad with gold alloys are widely used in electrical/electronic products and jewelry to economize on gold; many of these products are continually redesigned to maintain high-utility standards with lower gold content. Generally, palladium, platinum, and silver may substitute for gold.

^eEstimated. E Net exporter.

¹Metric ton (1,000 kilograms) = 32,150.7 troy ounces.

²Refined bullion, doré, ores, concentrates, and precipitates.

Excludes:

- a. Waste and scrap.
- b. Official monetary gold.
- c. Gold in fabricated items.
- d. Gold in coins. In 1991, the last year for which estimates are available, net imports amounted to 3.5 tons.
- e. Net bullion flow (in tons) to market from foreign stocks at the New York Federal Reserve Bank: 259.5 (2001), 39.6 (2002), 29.9 (2003), 3.0 (2004), and 0.0 (2005, estimate).

³Includes gold in Exchange Stabilization Fund. Stocks were valued at the official price of \$42.22 per troy ounce.

⁴Engelhard Corporation's average gold price quotation for the year.

⁵Data from Mine Safety and Health Administration.

⁶Defined as imports – exports + adjustments for Government and industry stock changes.

⁷See Appendix C for definitions.

⁸U.S. Geological Survey National Mineral Resource Assessment Team, 2000, 1998 assessment of undiscovered deposits of gold, silver, copper, lead, and zinc in the United States: U.S. Geological Survey Circular 1178, 21 p.