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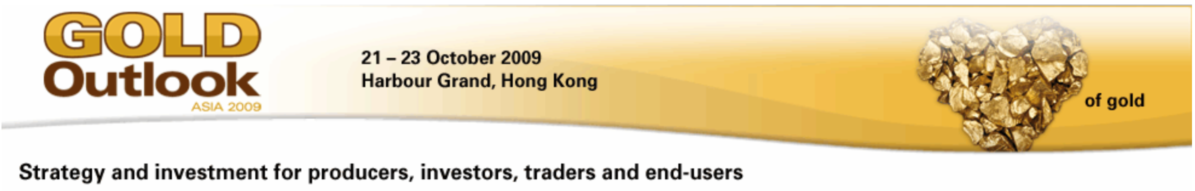
information on gold, the only store of value, and international companies in gold mining and exploration

G O L D V I E W



September 2009

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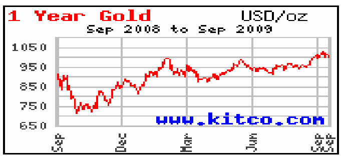


THE DANCE AROUND THE IMF GOLD SALES SHOWS:

GET YOUR KIDS TO STUDY CHINESE!

GOLD IS NOT OUT OF FASHION, IT IS JUST CHANGING HANDS. CHINA MAY TAKE IT ALL, ANOTHER STEP TO WORLD DOMINATION. AND WE ARE ONLY SITTING HERE AND WATCH IT HAPPENING.

A few years ago, I opened up one of my speaking turns with two wisecracks about the emerging impact of the Chinese into the western world. One of them was the advice to get your kids to study Chinese; it would really offer them a good future in full anticipation of what was to come. This advice is still valid because more and more, the Chinese influence is making further progress.

They have taken over many of the manufacturing functions and still at prices that are advantageous to us, they undermine several of our successful industries and trades by keeping their imitations and copying of our products, we are curing our diseases with cheap and often fake medicines from China, they have put their hands on vast quantities of the western natural resources (Canada and Africa!) and now they are about to take over big parts of the western worlds gold holdings.

This month's Featured Article gives us an insight in the "Official Sector Gold Policies" (see page 6); author Jeffrey Nichols is speaking of "A Turning Point". How good was his timing! Right after his article appeared, the IMF informed us of their plans to sell about 1/8, i.e. 12.5% of their gold holdings, up to 403.3 metric tonnes. These almost 13 million ounces represent a current market value of approximately US$ 13 billion.

Not particularly peanuts, but…..the IMF said that they would effectuate the sale without disrupting the market and they even kind of invited central bank and similar parties to come and get big parts of the sale. And guess, who came forward first? Yes, the Chinese. At least, Li Lianzhong, who heads the economic department of the ruling Communist Party, publicly ►

stated that China should buy gold, natural resources assets and land in the United States as he expects the dollar to fall to further low levels. This is not so surprising, they have been getting more interested in the gold markets recently and this offers them an excellent opportunity to acquire a solid base for the gold holdings that they are expected to establish over the next few years. We have been predicting already for a long time that sooner or later, they were going to put a lot of their ever-growing currency reserves into gold.

Now they seem to be ready to take a solid step into the right (for them) direction. That is………, if they do. Although there is no indication that Li, was representing an official source, the debate is going on within China how the exposure to the dollar and U.S. assets can be diminished if and when inflation and a falling dollar will be become fully visible. Buying the IMF gold would be a logic decision.

However, the Chinese would not be the Chinese if they would not play hard to get. At the same day that the remarkable statement was made, government sources said that buying the IMF gold "would be a good idea" to which Chinese central bank officials commented that it should be done "only at a big discount". I don't think the IMF would be interested in such a transaction and quite frankly, why should they? Earlier this year, China revealed that it had expanded its gold holdings to 1,054 tonnes, up from the 400 tons they lastly reported in 2003. These 1,000+ tonnes are not really significant in the total financial household of the Chinese, as the world's biggest producer and buyer of gold they should hold a lot more.

So, we have to wait and see what will happen in the next few weeks. According to European market sources, there is no real concern that the IMF gold sale will depress the market. As said, the IMF will be a responsible seller and there are enough other market parties that could buy the gold coming to the market. Thinking about the psychology that we know from the Chinese, I would not be surprised at all if China will not officially come to a transaction with the IMF for the whole block or at all, but that it will turn out later that they have been purchasing parts of the IMF gold through other market parties. Also the Chinese should realize that if they don't buy now, they will have to be sooner or later at considerably higher prices. And let's face it, the Chinese are known to be smart, clever and shrewd operators and not really great in letting us know what they are doing.

One thing is clear to me, we are continuing to sell out our assets, qualities and talents to China and there is very little that we can do about it. I have very little doubt that they will continue to emerge as a dominating world power and to shift the world's economy from the west to the east. Therefore, if you want to be smart, clever and shrewd too, you will make sure that your kids will be studying Chinese. It seems one of the best gifts you could give them!

The **CONTRIBUTED ARTICLE** of this month connects nicely with what I have said repeatedly about the gold holdings of the central banks and other world financial institutes. Over the last few years, they have been selling part of their gold at market prices that were just there when they wanted to sell. No market timing, no judgement whatsoever, they have thrown away millions to those smart parties who bought. In **"Official Sector Gold Policies - At a Turning Point", gold specialist Jeffrey Nichols** signals a change in their policy. Should those sales indeed decline, it would be good for the real balance between demand and supply. Jeffrey is making a lot of sense in my view!

Sara B. Patterson has become one of my favourite writers, as I indicated before. The way she looks at developments is so refreshing and her writing in that so specific style should be a relief to anyone for whom language is more than just a tool to communicate. I have become a fan of her **Poke the Bear Blog**, this time about **"The Bull, the Bear and the Dragon"**. Enjoy it!

Then, it is with great pleasure that I herewith introduce you to another **NEW SUPPORTING COMPANY**. Because I changed the format of **GOLDVIEW** earlier this year, with the focus more on gold than on other metals and minerals (without ignoring them, as you noticed in the previous issue), I am rebuilding what used to be MEMBER COMPANIES into a group of worthwhile and attractive **SUPPORTING COMPANIES**. These companies support my efforts in general and this publication I particular because they want to establish an investor following in the European institutional market and inform the worldwide investor related audience that I have been building over many years about the progress of their development. Readers from the past may very well recognize the name of the new Supporting Company, **X-CAL Resources Ltd.**, because I wrote about it already in January 2007. Since then, the company has gone through quite an active exploration period, which has placed it considerably closer to the achievement of its goal, bringing its substantial **Sleeper Gold Project** and formerly producing gold mine back into production. It is definitely in one of the right areas in the world of gold, i.e. the State of Nevada, one of the top gold producing states in history. And virtually no other company with activities in Nevada has such an excellent group of directors and consultants behind the management. Read more about it in this issue.

Henk J. Krasenberg

NEW SUPPORTING COMPANY

THE SLEEPER GOLD PROJECT MAY BE KISSED AWAKE AND BACK INTO PRODUCTION

TSX-XCL, Sep. 29 C$ 0.14, shares outstanding 167.0 million, fully diluted 187.5 million

An old saying in the mining industry is that if you want to find gold, you have to go where the gold is. There is no doubt that there is gold in the Sleeper Gold Project, a 30 square mile gold district located in Humboldt County in Nevada, one of the most significant gold states of the world. The project includes a historic open pit Sleeper mine that was operated by AMAX Gold from 1986 until 1996.

X-CAL RESOURCES LTD.

has been conducting several exploration programs over the last few years and has established a NI-43-101 compliant resource as recent as September 2008. The indicated resource, based on the results of 2,300 drill holes including 77 completed drill holes of the 2006-7 program, amounts 49.2 million tonnes averaging 0.36 g/t gold and 6.08 g/t silver with a contained 560,000 ounces of gold and 9.6 million ounces of silver indicated. These figures would be more than doubled if the calculated inferred resource were to be added. Notwithstanding the low-grade character of this oxide resource, several bonanza-grade gold intercepts were also identified by the drilling, including 20 ft at 32.53 g/t (0.949 oz/t) gold and 10 ft at 53.05 g/t (1.548 oz/t) gold; these values were not systematically followed up but could conceivably represent veins having some degree of strike and depth continuity.

In a new updated report of August 2009, the company's geological consultant, Dr. Richard H. Sillitoe, one of the world's most renowned authorities on projects of the kind that the Sleeper represents, has given very encouraging comments on the importance of bulk tonnage potential as well as the high grade targets and recommendations for ongoing work on the project. With these recommendations, **X-Cal Resources will continue its work to achieve its objective to revive and bring the Sleeper Project back into production**.

THE COMPANY

X-Cal Resources Ltd. has been involved with the Sleeper gold properties since 1993, when it acquired a 50% interest from Kinross Gold Corporation. The 2004, 2005 and early 2006 exploration programs included over 100,000 feet of core and reverse circulation drilling and resulted in the completion of **a NI43-101 report in March 2006**. Based on the reports and recommendations and other information, X-Cal's management determined that it was in the shareholders' best interest to acquire the full 100% interest in the Sleeper Gold Property and become the sole operator and source of funding the project. In May, 2006, X-Cal succeeded to close a transaction with its joint venture partner to acquire their 50% interest for a payment of C$ 5 million and 10 million shares. This transaction made everything until that moment history and represented a new beginning, a new future for X-Cal Resources and the Sleeper Gold Project. That new future started in August 2006 with the beginning of the first drilling of a major drill program designed to test two of five priorities, mine scale targets. In 2007 and 2008, additional exploration programs continued, resulting in the new update report. The recommendations of the Sillitoe update report will be the guideline for the future working programs. ►

NEW SUPPORTING COMPANY

NEVADA: HISTORICAL STATE OF GOLD

In the last few years, Nevada's minerals industry continued to ride on a world wide boom in commodity prices and investments. Because gold is by far the largest factor in Nevada's industry in terms of value the fact that gold prices increased to the current levels has had enormous impacts on exploration activity in the state, investment in property plant and equipment, employment and just about every other aspect of the industry. How important gold is to Nevada is shown by the 77% contribution to the overall value of the state's mineral production. Nevada remains the fourth largest gold producer in the world behind China, Australia and South Africa. Where Chinese production is likely to continue to increase and South African production is expected to continue to decline, Nevada production is expected to remain fairly steady and perhaps increase slightly over the next few years.

Remarkable is the growing importance of the exploration activities of the many junior companies which are hoping to make the next great find. The big producers are producing more than they add to the reserves and that is why they are closely watching the exploration programs of the juniors. We have already seen several take-overs, amalgamations and an increasing number of joint ventures, a trend that I think will continue.

X-CAL'S PROPERTY BASE

The Sleeper Gold Project has been, is and will continue to be the primary focus of the company. The enormously extensive date base, the interpretations of the exploration results remain highly encouraging and promising and warrant further exploration.

The other properties in the Nevada project base are the Mill Creek (Goat Window) and the Reese River (Horse Mountain Window) Gold Projects, both well located and documented projects situated over favourable lower plate windows in the Cortez Area, in Ladner County and the WR (West Rochester) Property, located in the Spring Valley Area in Pershing County.

Approximately 49 million tons of above ground material exists in the heap leach pads at Sleeper. This gold bearing material is in part covering some exploration targets. The 2007 work program included bulk sampling of some of the above ground material and suggested this material could be blended with mineralization in a future heap leach operation.

THE MANAGEMENT

President Shawn Kennedy incorporated X-Cal in 1981and has been at the helm since inception. Kennedy's first prospectors license was issued in British Columbia in 1974. From 1982 until 1997, he worked closely with legendary prospector Dr Franc Joubin, one of the co-founders of the corporation. (Dr Joubin passed away in 1997).

Director Larry Kornze has been honoured by Barrick Gold Corporation, who used the last two letters of his name "ZE" to name the BetZE gold deposit in Nevada. Betze is the deposit that made Barrick. Larry Kornze drilled off 40 million ounces of gold reserves for Barrick at Betze. Mr Kornze participates actively as a working director for X-Cal in several aspects of the company.

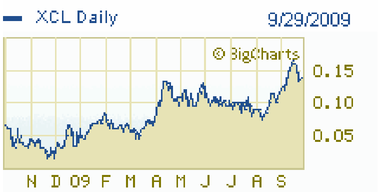
Management is assisted by an impressive group of Geologic Consultants, including the aforementioned Dr. Richard Sillitoe and Dr. Ken Snyder who was the driving force of Newmont Gold Corporation's Ken Snyder-Midas Gold Mine in Nevada,

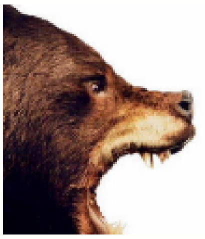
THE SILLITOE RECOMMENDATIONS

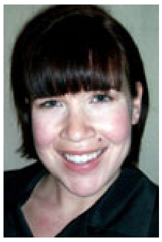
The main message of the recommendations that Dr. Sillitoe has made is that the next exploration targets should be directed to getting a better idea of the continuity of several bonanza-grade gold vein intersections for which the Sleeper district is know. However, the low-grade mineralization in the Sleeper district must now be considered to be of potential interest. Maybe a bit surprising but making a lot of sense with the current high gold price sentiments likely to continue for quite some time. Low-grade, sulfidic gold mineralization is partly defined beneath the Facilities and West Wood areas and is known to exist elsewhere in the district. Further drilling is required and if the drill results will be similar as the ones that are known already, a pre-feasibility study could be the next step. It is recommended that all exploration efforts be focused on the five original target areas, which are considered prospective not only for their originally proposed bonanza-grade potential, but also for much larger-tonnages of low-grade gold mineralization.

X-CAL SHOULD NOT TO BE A SLEEPER FOR LONG ANYMORE

If management would be able to raise the necessary funds to go full steam ahead with the next phases of exploration as Dr. Sillitoe has recommended, X-Cal could very well develop into a company that could become successful as a heap-leach producer in the foreseeable future. The initial resource is there, the potential for more of it is recognized, the history is known, the available data base is of incredible value, the infrastructure is ready to be revived, the company knows what it has to do. With all the know-how and the input of the impressive group of consultants, X-Cal should be able to pull if off and achieve its objectives. Another factor is that X-Cal, in my opinion, could be an extremely attractive target to be taken over (the current market cap is below the cost of a good exploration program!) or to be invited to a sensible joint venture. It will be interesting to see how X-Cal will further develop and I appreciate the opportunity to be able to report the progress of the company and the project to you.







POKE THE BEAR

(resource investment commentary with teeth)

by

Sara Patterson

The Bull, the Bear, and the Dragon

Remember in college, when you decided that your claim to fame would be publishing a book that detailed the best pairings of beers and bar foods, and you spent good year or so debating the intermingling of Oaked Arrogant Bastard Ale and five-alarm buffalo wings? And then, months down the road, you realized that you smelled permanently of Camel Straights and had developed something of an obsession with elasticized waistbands? No? That was just me? Ok, moving on.

Whether or not you spent a significant portion of your undergraduate career sniffing derisively at people who ordered Bud Light when Rogue Imperial Porter was an option (looking at you, Obama), the point is that, whether with chain-smoking, chicken wings, or stock charts, the truest effects are often seen months later. (And seriously, Mr. President, even girly-man Blue Moon would have been a more respectable choice.)

Our markets, like our undergraduate Chocolate Stout-related weight gain, are not the of-the-minute barometers of current events that we'd like to believe they are. It's tempting, of course, with spot prices and second-by-second tickers and relentlessly chiming BlackBerries, to assume that the gold price is downbeat today because the jobs report was upbeat yesterday, or that the Dow is inching higher because national pessimism is inching lower—and indeed, within the space of a few dollars or a couple hundred points, that may well be the case. But, as we would do well to remember from our not-so-distant history, markets do not reflect the real economy, they precede it.

In other words, the hesitancy in gold's current cycle does not reflect daily jobs data or dollar values so much as it reflects a general confusion as to what "recovery" and "inflation" will look like when the government is not so firmly at the helm, Bud Light in hand. The market is not reflecting yesterday's reports; it is preceding tomorrow's uncertainty.

And it's looking in the wrong direction.

I know enough geologists to be fairly certain that I would have heard something if North America had somehow expanded to cover the entire globe. Yet many of us still view The Rest of the World as a few thumbtacks on an irrelevant map; a foreign stock exchange here, a major city there, a scattering of project areas. *The theory of a global economy is very interesting,* we say, nodding gravely, *and yes, that sure is something about China. Now, what's trading like in New York today?*

Insofar as markets do indeed lead the economy, our current markets are pointing to a fresher, more global perspective just as hard and fast as I used to be able to put back a pint of Guinness. There is indeed something about China—the country accounted for nearly all of the world's growth last quarter, with booming retail sales, record lending, and a stock market strong enough to make one headily nostalgic for 2006. Yet still we are cautioned not to expect a China-led "recovery," still we are steered away from global economic thinking, still those who theorize otherwise are gently marginalized as loveable loonies. Pay no attention to the red dragon behind the curtain.

And yet I would submit that perhaps the reason that even the talking heads who projected a five-year depression are beginning to utter the word "recovery," when most of our domestic news has centered around questionable beer choices and cash for clunkers, is that the nature of market-predicted economies has become more globally interconnected than many would like to admit.

We might not be marching towards a 16,000-point Dow under the Chinese flag, but the relatively quick recuperation of North American markets (lest we forget the pain and suffering of a mere seven months ago) would arguably have been impossible without a few strong links in the increasingly global chain. And this is not inherently bad news, if you set aside the whole lead poisoning debacle; a shift towards a more international perspective in economic forecasts means a new paradigm, not lost power.

If we do indeed embrace this paradigm shift, putting the cart firmly behind the horse for once and allowing a comprehensive view of international markets to guide our predictions for ongoing economic movements, we can take some of the stammering "hesitancy" out of natural resource prices. We can stop operating under the crippling tunnel vision of the headlines-equal-gold-price perspective, the daily distractions that mask larger and more significant market movements. We can begin to view "recovery" as a global backdrop, a gentle, gradual inevitability that international markets point towards, rather than a point of conjecture that the gold price wearily hinges on.

And we can view gold's fluctuations as cyclical rather than sensational, zooming out for a wider shot, ignoring the conspiracy theories, seeing that the interconnectedness so many of us have belabored is both more complex and more tractable than a flawed kneejerk formula.

It is the difference, one might suggest, between a nice Belgian Lambic and a crappy McBrew in the Rose Garden.

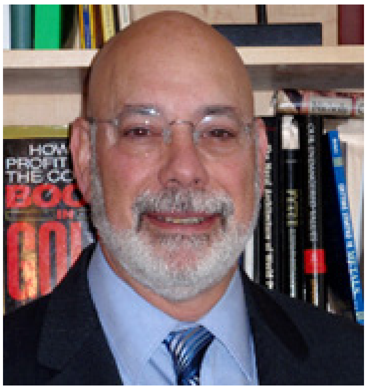
Sara Patterson

this article appeared earlier on Kitco – Sara Patterson can be followed at pokethebearblog.blogspot.com

OFFICIAL SECTOR GOLD POLICIES –A TURNING POINT–

by

Jeffrey Nichols



I believe we are now at a key turning point in the modern history of gold as an official reserve asset – a turning point that is very propitious for the metal's price in years to come.

Central banks attitudes with respect to gold are becoming increasingly positive. After years of persistent net sales by central banks in the aggregate, the official sector may soon become a net purchaser of gold from the market.

In fact, if we include sovereign wealth funds – which are non-central bank government-owned investment institutions – the official sector may already be a net buyer of gold.

On average, the central banks of the world hold about 10 percent of their international reserves in gold . . . but there is great disparity from country to country and region to region.

The major Euro-zone nations together hold about 55 percent of their assets in gold. In contrast, the Asian nations as a group (including India) hold only about two percent of their reserves in gold. China has about one and a half percent of its reserve assets in gold and Russia holds about two percent in gold.

Persistent Sales

For the past three decades beginning in the mid-1970s, gold has been under the threat of massive sales by the world's gold-rich central banks and by the International Monetary Fund as well. In fact, the official sector has been a net seller of gold each and every year since 1989.

At times, official sales – and the threat of more to come – have contributed to negative sentiment in the marketplace with the price typically falling whenever one or another central bank announced a sales program. This was seen most dramatically in 1999 when, much to its recent embarrassment, the Bank of England sold over half its official gold reserves at an average price of about $275 an ounce!

Other European central banks – among them Switzerland, France, Italy, Spain, Portugal, and the Netherlands – followed Britain, together selling about 3900 tons in total over the next 10 years.

Central Bank Gold Agreements

Realizing that their gold sales were having a considerable disruptive affect on the market and the metal's price, the European central banks announced in September 1999 their agreement to limit future gold sales to no more than 400 tons per year over the next five-year period.

This first Central Bank Gold Agreement (also known as the Washington Agreement) was followed by the second Central Bank Gold Agreement, which limited sales by the European signatory nations to 500 tons per year for another five years.

Just a few weeks ago, the European Central Bank and 18 other central banks announced a third Central Bank Gold Agreement that caps the group's aggregate sales at 400 tons per year for another five years.

All of this may prove to be irrelevant because the European central banks have not been inclined to sell much gold this past year – and my guess is that they will not sell much at all during the next few years. For one thing, the pattern of sales in recent years suggests that those central banks most eager to sell have already done so. For another, many central bankers are bullish on the metal and don't want to sell an appreciating asset.

Moreover, central banks that have sold large quantities of gold in the past decade look foolish indeed as the metal's price has moved higher and the value of their U.S. dollar reserves has declined. European central bank sales in this final year of the second Central Bank Gold Agreement, ending in just about three weeks, will probably total no more than 150 or 160 tons versus the 500 tons allowed.

Renewed Respect

I believe the decline in gold sales by the European central banks reflects a renewed respect for the yellow metal as a reserve asset and reliable store of value. The European Central Bank, in announcing the latest Agreement said, "Gold remains an important element of the global monetary system." The Swiss National Bank, a signatory to the Agreement, added that it "has no plans for any further gold sales in the foreseeable future."

Germany and Italy, the two biggest holders of official gold after the United States and the IMF, have both implied they have no intention to reduce their gold reserves. ►

▸OFFICIAL SECTOR GOLD POLICIES – AT A TURNING POINT

And, perhaps a harbinger of things to come, the European Central Bank also reported recently that one of its members (and a signatory of the Central Bank Gold Agreement) recently purchased gold, going against the trend of the past decade.

Here Comes the IMF

The International Monetary Fund has also made news with its plans to sell 403.3 tons of gold to support lending to the poorest countries. IMF membership is expected to approve these prospective sales before its annual meeting this October. IMF strategists have suggested sales might occur gradually over two or three years. Others believe all 403 tons may be sold "off the market" directly to one or a few central banks – with China, Russia, India, Brazil, or the Gulf states mentioned as possible buyers.

Importantly, the new Central Bank Gold Agreement incorporates these sales by the IMF, even though the Fund is not a signatory. More specifically, the Agreement "recognize(s) the intention of the IMF . . . and noted that such sales can be accommodated within the (Agreement) ceiling." In other words, total sales by the European central banks and the IMF cannot exceed 400 tons per year or 2000 tons over the five-year term of the Agreement.

To a large extent, gold sales by the IMF are already anticipated and factored into the current price. However, direct sales – off the market – to one or more central banks would be confirmation that central bank attitudes are shifting in favor of gold and would likely have a positive affect on the metal's price.

Looking ahead, as China's domestic mine production rises from year to year, its official purchases may very well increase at a similar percentage rate.

Big Buyers – China and Russia

The big news of the past year has been announcements from both China and Russia that they have been buying gold from their domestic mine production – importantly demonstrating that large central banks can gradually buy gold without disrupting the market.

The past April, China told the world it had purchased 454 tons since 2003, bringing its total official holdings to 1,054 tons – still less than two percent of its total official reserves. I believe China continues to buy gold from domestic production at a rate of at least 75 tons a year – but gold purchases this year have not yet been transferred to the central bank and have not yet been reported as official reserves. Looking ahead, as China's domestic mine production rises from year to year, its official purchases may very well increase at a similar percentage rate.

Russia, like China, has also been buying gold for official reserves from its own domestic mine production, which this year should total close to 190 tons. Prime Minister Putin has said that Russia should hold 10 percent of its official reserves in gold bullion versus the four percent that it held at midyear. Some reports suggest the country has added some 40 to 50 tons to its official reserves so far this year while other reports put purchases this year at 90 to 100 tons.

One More Plus

As our clients and readers know, we are bullish on gold for the next few years, largely because of our reading of the macroeconomic situation – and the high probability of an overly stimulative monetary policy for years to come. But a more positive official section attitude – with some countries wishing to increase the proportions of official reserves held in gold – is simply one more support for a much higher price over the next several years.

Jeffrey Nichols, Managing Director of American Precious Metals Advisors, has been a leading gold and precious metals economist for over 25 years. Jeff is available for independent DIRECTOR and CONSULTING roles at mining companies, investment funds, mints, and other precious metals-related businesses.
His wide-ranging experience and expertise include: Corporate Strategy, Market Research, Finance, Institutional Investor Relations, U.S. Representation, High-Profile Company Spokesperson, and other roles.
Past clients include central banks, mining companies, national mints, investment funds, trading firms, jewelry manufacturers and others with an interest in precious metals markets.
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G O L D   N U G G E T S

The MENA region's first Shariah compliant gold exchange traded commodity (ETC), Dubai Gold Securities, recorded an aggregate six-month volume of 27,691 shares, reflecting a fourfold increase since the end of March this year. At a time when global interest in gold ETF/ETCs is soaring to new highs, Dubai Gold Securities — an initiative of the World Gold Council and the Dubai Multi Commodities Centre — provides a secure and efficient way of investing in gold for MENA region investors through a locally listed and traded equity that gives them direct exposure to gold price performance without the logistical difficulties and costs associated with storing and insuring physical gold.

According to Kishori Kishnan on CommodityOnline, gold is soon set to become the next global asset bubble now that pivotal global economic events are finally converging to propel its ascent into record territory. The yellow metal is suddenly a happening choice. He is basing that statement on some transactions in the international mining scene.

Centerra Gold Inc., which is part-owned by uranium giant Cameco Corp. said it sees 2009 gold production in the range of 620,000 ounces to 630,000 ounces. Earlier, it expected to produce between 680,000 ounces to 730,000 ounces. Centerra Gold now expects to produce about 500,000 gold ounces from the Kumtor mine in the Kyrgyz Republic, compared to its previous forecast of 560,000 ounces to 600,000 ounces.

Apart from safety, Gold Fields is tackling two critical issues in its 2010 financial year: ramping up development of its ore bodies at its South African mines after that process fell behind to address safety, and hunting for fresh gold deposits around its existing operations in the rest of the world. Gold Fields has a well-stated strategy under chief executive Nick Holland, the former financial director who took up the role in May 2008, of growing production in South Africa to between 2.2 million and 2.5 million oz in within five years.

Gold should still be seen as an investment insurance policy - although if there is another economic meltdown it too could suffer as it did last October when many institutions had to sell gold holdings to meet other commitments. But an ever rising percentage of the smart money may well continue to be invested in the yellow metal - something which has already been largely responsible for the gold's steady price increase over the past few months when fundamentals, as noted by those who keep the statistics, would seem to suggest the opposite should be happening. (Lawrence Williams on Mineweb)

The third Central Bank Gold Agreement (CBGA3) goes live on Sunday 27th September, with the same signatories as those to the second Agreement. These countries, listed below, plus the European Central Bank, have agreed to cap their combined annual sale at 400 tonnes per annum, down from the 500 tpa limit of CBGA2 and back to the original level imposed by CBGA1 in September 1999. The statement, released early in August, reads as follows: •1. Gold remains an important element of global monetary reserves. •2. The gold sales already decided and to be decided by the undersigned institutions will be achieved through a concerted programme of sales over a period of five years, starting on 27 September 2009, immediately after the end of the previous agreement. Annual sales will not exceed 400 tonnes and total sales over this period will not exceed 2,000 tonnes. •3. The signatories recognize the intention of the IMF to sell 403 tonnes of gold and noted that such sales can be accommodated within the above ceilings. •4. This agreement will be reviewed after five years.

In its latest statement on global markets Canada's much respected Sprott Asset Management points to the ever increasing doubts on the status of the U.S. dollar as the world's reserve currency and that it has positioned its hedge and mutual funds heavily in the precious metals sector. "At the end of the day" Sprott says, "when the world finally realises what the US has done to the world reserve currency, international investors will shift into an asset that no government can print. In our opinion the US dollar's status as a 'port' in the financial storm has officially come to an end."

Record high gold prices are here to stay, according to several of the world's most prominent gold mining industry executives. This was their emphatic proclamation at the Denver Gold Group's prestigious annual conference at the Grand Hyatt Hotel in Denver. And as if on cue, gold's performance gave plenty of credence to their bullish remarks. Having easily breached the psychologically all-important $1,000 an ounce mark the week prior to the conference, gold's spot price continued to gather momentum. Which, of course, delighted attendees at the world's most important annual congregation of gold mining and investment industry movers and shakers. Most outspoken was Rob McEwen, former Goldcorp CEO, now CEO of US Gold: "Gold is going a lot higher. By the end of 2010, we will see $2,000 an ounce gold. And by the time that the gold cycle is over we'll see $5,000 an ounce," he declared.

FOR AN INTERESTING INTERVIEW WITH BILL MURPHY & CHRIS POWELL ON GOLD AS GATA SEES IT:
http://goldbasics.blogspot.com