

MEDIA ALERT**NOT FOR IMMEDIATE RELEASE****EMBARGOED UNTIL APRIL 22, 2009 AT 8:30 AM ET****INTEREST IN GOLD SURGES AS INVESTORS SEEK DIVERSIFICATION**

April 22, 2009 – Ongoing risk aversion, growing uncertainty over where consumer prices are headed and a renewed vigour in the search for effective portfolio diversifiers all supported gold investment demand throughout the first quarter of 2009, according to World Gold Council's latest *Gold Investment Digest*.

“One reason the financial crisis has been so devastating for investors is that many alternative assets did not deliver on the promise that they would provide portfolio diversification,” said Natalie Dempster, Head of Investment, North America for World Gold Council and author of *GID*. “The same cannot be said for gold. Gold has been one of the few assets that has genuinely provided investors with diversification throughout the financial crisis.”

For the first quarter 2009, the gold price ended at US\$916.50/oz, on the London PM fix, representing a moderate increase of 5%, contrasted against a 12% decline in US stock prices during the period.

Inflows into gold ETFs continued to grow throughout the quarter, with investors buying a record 469 tonnes of gold, dwarfing the previous quarterly record of 145 tonnes, set in the third quarter of last year. This took the total amount of gold in ETFs to 1,658 tonnes, worth US\$48.6 billion.

Anecdotal reports from coin and bar dealers also point to another very strong quarter in retail demand for coins and bars in Q1 09, after a 396% year-on-year increase in Q4 08. Dealers have continued to report shortages in the availability of official coins and small bars.

During the quarter average gold price volatility softened to 29.2%, on a 22-day rolling basis, in Q1 09, from 44.8% in the final quarter of last year. Having eased slightly over the quarter, the volatility still remained well above gold's long-run price volatility of around 13%. Continued

uncertainty over the health of the world's financial sector and broader economy, alongside aggressive monetary and fiscal policy moves from the world's leading central banks and major governments kept market volatility high across the board. For example, the volatility of the S&P500, also measured on a 22-day rolling basis, ended Q1 09 at 49%.

Regarding the broader economic backdrop, commentators expressed two distinct views with respect to where consumer prices are headed. One sees inflation coming, as a consequence of the staggering increase in public spending and the quantitative easing measures being put in place by central banks around the globe. The other view argues that deflation is the more likely prospect, pointing to recent inflation figures - US consumer prices were unchanged on an annual basis in January for the first time since 1954 - and the continued deterioration in consumer confidence and spending. Both scenarios have possible positive implications for gold:

“Gold is not just effective during a financial crisis. The unique and diverse drivers of gold demand and supply mean that changes in the gold price do not correlate with changes in the prices of other financial assets, regardless of the health of the financial sector or broader economy,” Dempster said. “Gold is an effective portfolio diversifier regardless of the stage of the economic cycle.”

Comprehensive first quarter supply and demand statistics and analysis will be released by the World Gold Council in mid-May in the *Gold Demand Trends* report.

Gold Investment Digest, a concise and comprehensive analysis of investment trends and economic indicators that influence investment interest in and the demand for gold, can be downloaded at www.gold.org. Users will need to register, which is free of charge. At the same address, users can access a range of investment statistics, which we have completely overhauled to extend the country coverage and make the materials easier to download. For further information, or should you like to learn more about investment in gold, please contact:

US Contact
Lauren Carmody
203.378.1152 ext 106
lcarmody@cjpcom.com

UK Contact
Matt Graydon
+ 44 207 826 4716
matthew.graydon@gold.org

Notes to Editors:

World Gold Council

World Gold Council (WGC), a commercially-driven marketing organization, is funded by the world's leading gold mining companies. A global advocate for gold, 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.

#