

**GOLD market fundamentals are forecast to remain strong through to 2010 on the back of declining production, decreasing Central Bank supply and increased demand from China, according to Resource Capital Research.**

The equity research company said in its Gold Companies February report that gold as a safe haven asset is expected to drive the price through the \$US1000 per ounce mark over the next 6-12 months.

The United States gold price has risen steadily over the past three years, jumping 118% from \$413/oz to \$900/oz. However the gains in the Australian dollar gold price have been less, thanks to the stronger dollar climbing 86% from \$A536/oz to \$995/oz.

While the resources boom has boosted commodity prices, it has also given producers increased cost pressures, and RCR expects the producer cash cost curve to steepen exponentially at \$US650/oz, further fuelling the gold price.

"The price is being driven by a combination of positive sector physical supply-demand fundamentals and investor demand," RCR managing director John Wilson said.

"The price rise has created new opportunities and there are many projects being advanced by companies, mostly small to medium in size, from historic mining regions in WA to grassroot plays in largely unexplored regions of the world."

RCR said gold production for 2007 is estimated to be down 2444 tonnes or 1% lower than the previous year, following the downward trend started in 2002.

The April-delivery gold price on the COMEX dropped \$US15.60 or 1.7% to \$911.10/oz overnight while the spot gold price last traded at \$906.90/oz.