



SOUTH DEEP CONFIDENCE

Gold to reach \$1,000 next year - and stay there: Gold Fields CEO

Gold Fields CEO, Nick Holland, reckons the gold price will hit \$1,000 next year and stay there, but doesn't look for significant appreciation above that level.

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LONDON -

Interviewed on SAfm Radio in Johannesburg yesterday by *Mineweb* Editor in Chief, Alec Hogg, Gold Fields CEO, Nick Holland, gave some interesting views into his take on the gold price. "I believe gold will go through \$1000 and stay there during the course of 2009", said Holland.

While to an extent this may be wishful thinking from someone whose company depends on gold for its income and on the gold price for its profitability, Holland's reasons for his views are compelling. He feels gold underperformed during the run-up in the oil price at the mid-year and that then, when oil came down in price, gold was dragged down with it without making earlier commensurate gains. Thus gold hasn't really performed in line with the overall situation - yet!

However Holland feels that with negative real interest rates around the world, contracting supplies and physical demand at almost record levels, the time is ripe for a re-evaluation of gold by the market.

When asked whether he felt the price would rise much beyond the \$1,000 level, Holland wasn't prepared to fuel speculative flames in this respect: "I wouldn't say beyond \$1,000" said Holland. "Some people will say it should be much higher. I'd be very grateful with \$1000 because right now the industry at \$800 - or at \$764 today, I think - doesn't make any money after you take the all-in costs into account. So just to actually restore the margin and keep this industry going, we need something close to \$1,000."

On Gold Fields itself, on a day when the stock price bounced 16 percent, Holland feels the company is significantly undervalued if one assesses the underlying valuations of all the company's assets.

As far as the future is concerned, Holland feels that a number of companies will be cutting back on projects and a number of gold mining projects which had been scheduled to go ahead will not be able to as it is proving virtually impossible to raise finance through equity or loans in the current climate. However this does not apply to most of Gold Fields' own plans with Cerro Corona and the Tarkwa expansion both virtually complete. With the completion of safety related work on its South African mines, together with the new developments overseas, Gold Fields expects output to be back to an annual rate of 4 million ounces a year by the end of the first quarter next year.

As to South Deep, Holland is extremely confident about the future of this massive gold resource seeing it as a "wonderful investment going forward". Although deep, it will be a fully mechanised mining operation and will be able to produce its gold more safely and more efficiently with a fraction of the workforce used in most current South African mining operations. Currently Gold Fields is aiming for production from South Deep in 2014. He went on to say about South Deep that it "is something different, and I think this could be the greatest deep-level mechanised gold mine in the world when we get this to full production.

The full interview is available to watch on a video link: go to <http://www.youtube.com/watch?v=1En6vbxzfcQ>

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