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## **Newmont Mining: Asia May Push Gold Past \$1,600**

Newmont Mining Corp., the world's No.2 gold producer, sees prices for the precious metal rising to \$1,600 this year and above that next year, on growing demand from Asia's burgeoning middle class.

Chief Executive Officer Richard O'Brien also said on Monday that the planned initial public offering (IPO) of the company's Indonesian unit might be delayed to the middle of next year.

"Next year we could maybe get over \$1,600 for a while," O'Brien told Reuters in an interview on the sidelines of a World Economic Forum Event in Jakarta on Monday.

"Longer term, it's still potential upside, depending on U.S. dollar weakness, and a sustained building of the middle class in both India and China," he added.

The world's top two gold users consumed about 1,543 tonnes of gold jewellery, coins and bars in 2010, according to the World Gold Council.

Spot gold traded at \$1,530.59 an ounce on Monday, near a record-high hit in early May of \$1,575.79.

A Reuters poll of analysts in April showed prices reaching an average of \$1,700 an ounce in 2015.

However, O'Brien offered some caution on gold's bull run.

"What could interrupt that, the U.S. gets more serious about fiscal responsibility, which would probably increase interest rates and slow down the economy, slow down the dollar weakness and then reduce gold," he said.

"The other thing that could impact is China — if inflation gets so ahead of itself, the government has to slow down the economy, same in India."

### **COPPER IN GOOD RANGE**

China and India are also major consumers of copper. O'Brien said that unless something happens to the economy of the two big consumers, copper will be in "a pretty good trading range for the next several years."

"\$4.00-\$4.50 range (per pound) is a reasonable place for us to be for the next two years," he said.

A slowdown in Chinese lending in May drove London copper lower on Monday, demonstrating the efficacy of Beijing's monetary tightening and accompanying risks to demand.

Three-month copper on the London Metal Exchange fell 0.2 percent to \$8,920.25 at a tonne by 0727 GMT. Earlier, copper dipped as low as \$8,889.25, its weakest since May 25.

Chinese banks made loans of 551.6 billion yuan in local currency in May, missing market forecasts for 610 billion yuan, the People's Bank of China said.

Newmont runs the Batu Hijau gold and copper mine in Indonesia's West Nusa Tenggara through its unit PT Newmont Nusa Tenggara. Last month, Newmont Nusa Tenggara's chief executive Martiono Hadianto said the company planned to launch an IPO in the second half of this year.

However, O'Brien said the IPO might be delayed to mid-2012, as the company is waiting for the closure of an expected divestment of a 7 percent stake required under its mining contract.

Indonesia's parliament has clashed with the finance minister in recent weeks over the validity of the central government deal to buy the stake.

"Probably mid next year really is more realistic," O'Brien said.

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**Editor's Note:**

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