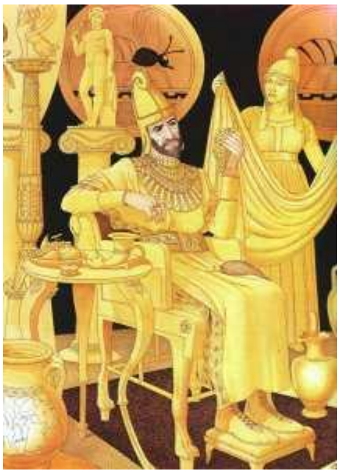
Gold History



The history of gold's first appearance is somewhat ambivalent.

The first appearance of gold, according to fossil study experts dates back to the Paleolithic Man of about 40,000 B.C and relates to findings of traces of gold in Spanish caves. Another historical source dates it around 6000 circa B.C. while another, reports that the Pharaohs of Egypt and their temple priests used gold for adornment in 3000 B.C. Egypt.

Archeological evidence indicates that the extensive use of gold - used as jewelry - took place in the Middle East, as in the excavated tombs of the Egyptian Queen Zer and Queen Pu-abi of Ur Sumeria. The tomb of Tutankhamen of Egypt of the second millennium BC contained the largest discovered collection of gold and jewelry.

However, the first real gold coins were made in the 6th century BC in Lydia - Western Turkey. They were made from electrum, natural alloy of gold and silver - 27% sliver and 63% gold. They usually had a lion or a bull on the gold coins face and a punch mark or seal on the gold coins other side, and weighed from 17.2 grams (0.55 troy oz) to as little as 0.2 grams (.006 troy oz). The gold coins

The variety of gold coins can be seen in a single display case at the British Museum in London which houses 25 types of gold coins from European nations and city states minted during the 13th and 14th centuries.

But the supply of South American gold was relatively limited compared to the flood of silver so that, during the 16th and 17th centuries, silver coinage was more widespread in Europe than gold coins. In England, Queen Elizabeth I, did launch new gold coins (angels) and crowns in 1558 to restore the prestige of gold coins which had been much debased by her father Henry VIII. Gold coins made their comeback only after gold discoveries in Brazil in the 1690s gave a new dimension to world production and Britain moved onto an unofficial gold standard with gold coins replacing silver as the main circulating currency.

The guinea gold coins, named after Africa's 'gold coast', weighed 0.27 troy oz (8.7 grams) at 916.6 fine with a nominal value of £1. The mint in London coined over 31 tonnes (one million troy oz) of gold into guineas gold coins between 1713-16.

In 1717, Sir Isaac Newton, as Master of the Mint, introduced a premium by setting the introduction is attributed to the Lydian king Croesus (561-547 BC). Progress in refining soon led to the distinct minting of silver and gold coins.

Gold coins, were seen more as a standard of accounting or for taxes to rulers or temples, rather than for general circulation among the common folk.

Soon they became the lifeblood of Mediterranean trade in the 2nd millennium BC.

Gold coins were quickly taken up in the blossoming Greek city states just across the Aegean sea, though it was predominantly of silver until Philip II of Macedon (359-336 BC) acquired gold and silver mines in Thrace (now Bulgaria). His son, Alexander the Great (336-323 BC) then consolidated the Greek Empire with his defeat of the Persian empire, securing an immense treasure of gold coins built up by the Persians from gold sources on the river Oxus in northern Afghanistan. Alexander is reputed to have taken over 22 metric tons (700,000 troy ounces) of gold coins in loot from the Persians. For both Philip II and Alexander, gold coins became an ideal way of paying their armies and meeting other military costs. Under the Greek empire, the gold coins were stamped with the head of the king instead of lions, bulls and rams that had previously adorned gold coins elsewhere.

The Romans, also adopted the custom of striking the emperor's head on their aureus gold coins. The aureus gold coins were usually 950 fine (22 carat) and weighed 7.3 grams (0.23 troy oz). Even though these gold coins were too valuable for most daily transactions, they were used by administrators, traders and for army pay.

Between 200 and 400 AD hundreds of millions of gold coins were struck and distributed throughout the Roman empire.

Smaller gold coins, solidus', weighing 4.4 grams (0.14 troy oz) were introduced after 300 historic gold price of £4.4.11½d (£4.35) which lasted for two hundred years, when World War I, broke out. Throughout the 18th century; huge quantities of guineas gold coins were put into circulation, although most other nations stayed with silver coinage.

The sovereign gold coins, which replaced the guinea gold coins under the Coinage Act of 1816, made the gold standard official. The sovereign gold coins, of 0.25 troy oz (7.77 grams) at 916 fine, were the sole standard of value and had unlimited legal tender.

The use of gold as a monetary standard was later adopted to stabilize the global economy. The gold standard stipulated that a country could not issue currency above the amount of gold it had it its reserves. In 1821, Great Britain adopted the gold standard and was followed by the rest of Europe during the 1870s.

The largest gold deposits of those times were located in the Andes and Columbia. Following that, the discovery of large deposits of gold in a number of locations led to what is referred to as the gold rushes.

Gold coin production flourished after 1848 due to the gold rushes in the United States and Australia, as gold production rose five-fold. One of the most famous rushes in the United States happened in 1848 at Stutter's Mill, California. Gold rushes also occurred in Australia, South Africa and Canada in 1851, 1884 and 1897 respectively.

The minting of gold coins soared in France and the United States in the 1850s and ultimately most nations switched from silver to gold coins by 1900. Virtually all gold mined during the 19th Century was turned into gold coins. Sovereign gold coins in Britain and Australia, Eagle gold coins in the United States, Mark gold coins in Germany, Rouble gold coins in Russia, Crown gold coins in Austria, Florin gold coins in Hungary and Napoleon gold coins in France accounted for over 13,000 tonnes (418 million troy oz) in the classic period of the gold standard prior to World War I. But when

AD.

Solidus gold coins survived as the main gold coins of the Mediterranean world, being minted by the Byzantine emperors in Constantinople as the nomisma or bezant.

After 700 AD dinar gold coins - beautifully decorated by calligraphers in Arabic script - made by the rulers of the growing Islamic empire that extended through the Middle East and along the north African coast. These gold coins, created initially in Damascus, Baghdad and Tripoli. Using African gold, coins were minted in Sicily, in 1231 and then in Florence and Genoa in 1252. Venice became the main market for gold, opening its gold mint in 1284, and the first ducat gold coins of 3.55 grams (0.114 troy oz) was struck; a symbol of wealth and power for the next five hundred years, becoming the most widely accepted gold coins since the Romans' aureus and solidus gold coins.

Suddenly all of Europe was making gold coins. In France the king's mints produced nearly 10 tons (350,000 troy oz) of gold coins in 1338-39. In 1344 the mints of Florence, Genoa, Venice, Bruges (Flanders) and London coined over five tons (170,000 troy oz) between them.

In 1457, Portugal issued new cruzado gold coins made of African gold. In England in 1489 Henry VII minted the first sovereign gold coins of 15.55 grams (0.5 troy oz) at 958 fine (23 carats), valued at £1.00. By 1503 the mint in Seville was handling gold from new gold mine sources in the Americas.

the world went to war in 1914, the minting of gold coins largely stopped and gold coins were often called in.

The gold standard was dropped at the end of the First World War and most countries began to keep currency as reserves instead of gold. US however continued to honor the gold standard until the great depression when gold was replaced by the US dollar in international trade.

In 1933 during the Great Depression, the U.S. recalled all gold and gold coins from their citizens. Since the abandonment of the gold standard and the confiscation of monetary gold in the 1930s by the United States Government, gold has not generally been used in daily commerce, but held in storage as a hedge against inflation and other ensuing disruptions.

After the Second World War, however, a system called Bretton Woods was re-introduced, and it operated in a similar manner to the gold standard. The U.S. government fixed the price of gold at $35 per ounce, and other countries fixed the exchange rate of their currencies in relation to the dollar, so effectively gold was again backing up the economies around the world. In 1971, due to pressures from other countries and national debt problems, president Nixon decided to stop the convertibility of the dollar to gold, effectively terminating the gold standard.