WHY GOLD WHY NOW

Mining Mondays March 2023

DISCLOSURE

- *This discussion is **for education and entertainment** purposes only*
- *The ideas presented do not take into account your objectives, financial situation or individual circumstances*
- *You must consider if any ideas are appropriate to you and your needs, before acting on the information.*
- *My You Tube channel is https://www.youtube.com/@makingmoneymatter/videos*

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Who is Kerry Stevenson?

- How did I get here?
- A little history
- I’ve made lots of mistakes
  Built and sold businesses.
- Helped scale other businesses.
  Learning machine. Education deepens as I share and teach what I’ve learned
- Why do I care?

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FROM EVERYTHING TO NOTHING

What is Money?

- Medium of exchange
- Unit of account
- Store of Value
- Standard of deferred payment

Characteristics of money

- Durability
- Portability
- Divisibility
- Fungibility
- Acceptability
- Limited Supply

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If you don’t own gold, you know neither history nor economics.

RAY DALIO

Why is gold Valuable?

- Gold's malleability and lustre led to its use in jewellery and early coins in antiquity. It was also difficult to extract gold from the ground. The more difficult it is to obtain something, the more valuable it is.

- Humans began to use precious metal to facilitate trade and accumulate and store wealth over time. Early paper money was generally backed by gold, with each printed note representing an amount of gold held in a vault where it could technically be exchanged (this rarely happened).

- This method of handling paper money lasted well into the 20th century. Today, modern currencies are largely fiat currencies, so the link between gold and paper money has long been broken.

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A brief history of Gold

- Australia has the largest known share of gold resources in the world (21%)
- New mines and mine expansions are expected to increase gold mine production in Australia to 305 tonnes in 2022-2023
- Gold is Australia's fifth-largest export commodity. Australia’s gold exports generated $23 billion in revenue in 2021
- In 2021 Australia’s gold exports totalled 257 tonnes, worth $24 billion
- Western Australia is Australia’s largest gold producing state, accounting for 68% (or 218 tonnes) of Australian total gold mine output in 2021
- Australia exports its gold to more than 55 countries
- Australia is the world’s second largest gold producer, with production expected to rise 6.8% between 2022 and 2025, reaching 390 tonnes each year
- Australia has two of the world’s top 20 gold mines and reserves totalling more than 380 million ounces

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Where does demand for gold come from?

By far the most important demand industry is jewellery, which accounts for roughly half of total gold demand

Direct physical gold investment - coins, bullion, medals, and gold bars. (Gold Bullion is stamped with it's weight and gold's purity.

It differs from numismatic coins, which are collectibles that trade based on demand for a specific type of coin rather than the gold content of the coin

Individuals, central banks, & more recently exchange-traded funds (ETFs) buy physical gold for others. Safe investments include gold. To trade, the world would need something valuable if paper money became worthless. Investors push gold prices up when financial markets are volatile.

Because gold is a good conductor of electricity, the remaining 10% of gold demand comes from industry for uses such as dentistry, heat shields, and technological gadgets

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How is the price of gold determined?

- Gold is a commodity that is traded according to supply and demand.

  The interaction of supply and demand determines the spot price of gold at any given time.

- Jewellery demand is relatively constant, though economic downturns can cause a temporary drop in demand from this industry. However, investor demand, including that of central banks, tends to track the economy and investor sentiment inversely.

- When investors are worried about the economy, they often buy gold and, based on the increase in demand, push its price higher. You can keep track of gold's ups and downs at the website of the World Gold Council, an industry trade group backed by some of the largest gold miners in the world.

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How well does gold hold its value in a downturn?

- The answer depends partly on how you invest in gold, but a quick look at the gold price relative to share prices during the bear market of the 2007-2009 recession provides a telling example.

- Between 30 November 2007 and 1 June 2009, the **S&P/ASX 200 Index** (ASX: XJO) fell almost 50%. The price of gold, on the other hand, rose 25%. This is a recent example of a material and prolonged share market downturn. It's also a particularly dramatic one because, at the time, there were very real concerns about the viability of the global financial system.

- When capital markets are in turmoil, gold often performs relatively well as investors seek out safe haven investments.

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2022 World Gold Council Reports

- Coin and bar buyers help drive gold demand to pre-pandemic levels
- Retail investors sought physical gold as a store of value in the face of high inflation and geopolitical uncertainty, as well as an inflation hedge
- Demand for gold coins and bars rose 36% year-on-year (YoY) in Q3 2022
- Central banks continued to accumulate gold, with purchases estimated at a quarterly record of nearly 400t

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Zooming out to the bigger picture

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Chart A is the 40 Year and Chart B 1 Year

A

B

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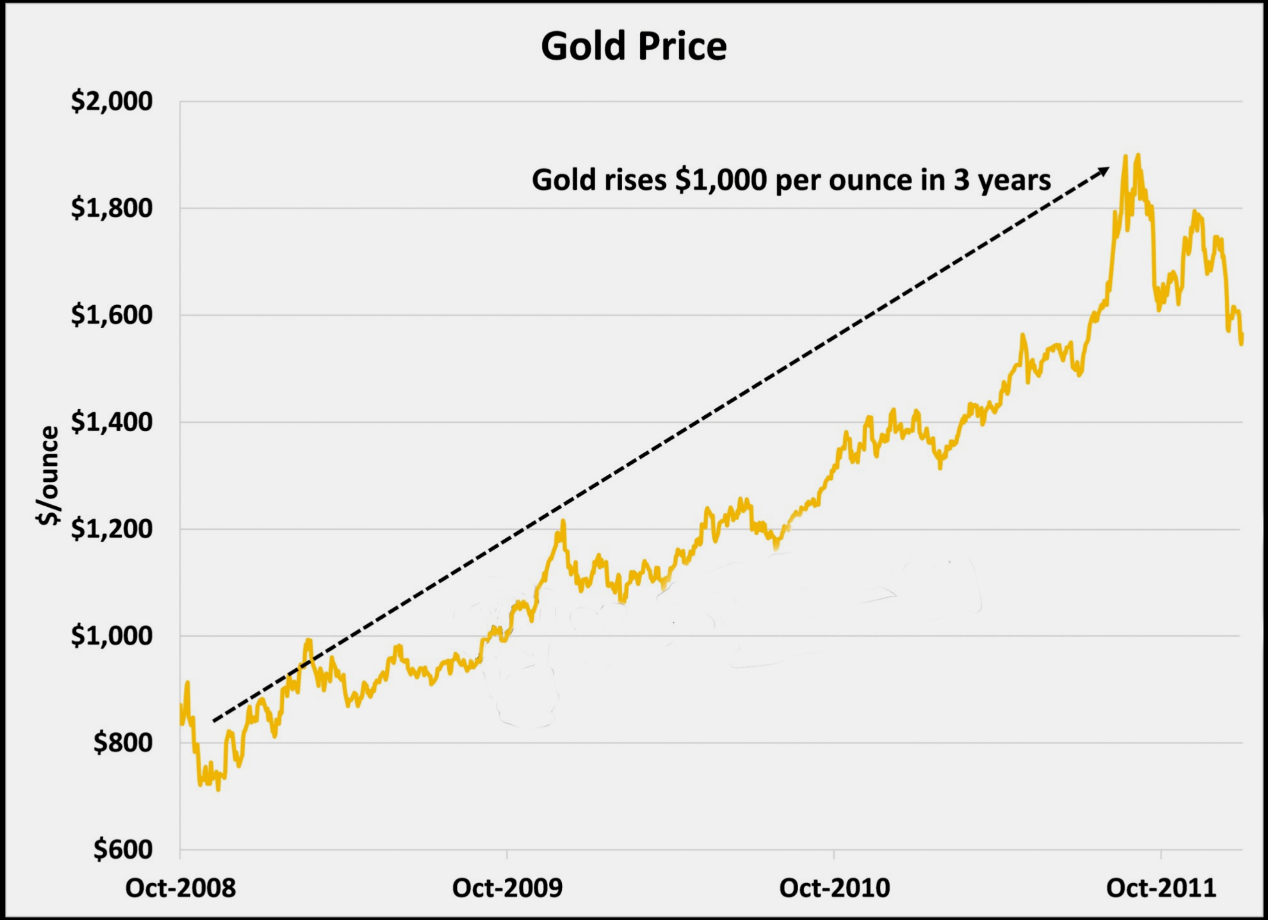
The GFC was good for Gold, is another one on the way?

In 1976, the price of gold shot up to USD 120 and by 1980 it was at a record high of USD 850 per ounce.



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All Data Gold Price in AUD/oz
Last Close: 2984.23
High: 2984.23 Low: 51.09 ▲2933.14 5740.42%
3000
2800
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
0
1974
1978
1982
1986
1990
1994
1998
2002
2006
2009
2013
2017
2021
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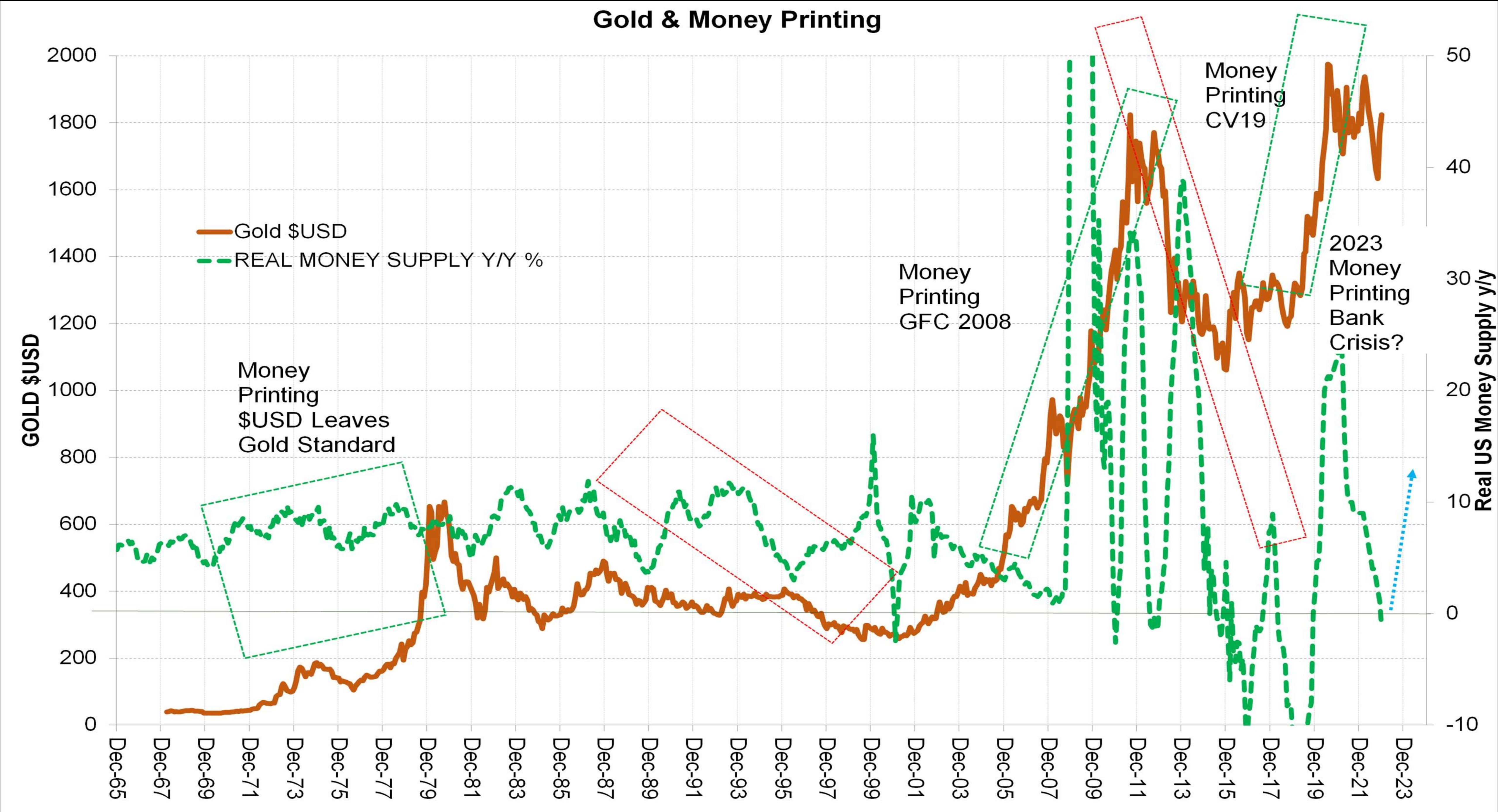

Source: Endeavour Equities

“Gold drops like a Rock When People Trust the System. Gold Shoots like a Rocket when People Don’t.”

Jon Forrest Little.

Why Gold will continue to do well in 2023

Gold is the barometer for how people feel overall about monetary policy.

If the market believed the economy was healthy and that monetary policy made sense, gold would drop like a rock.

We have these things happening:

1. Market volatility
2. Raging inflation (40 year high)
3. Systemic risk (based on debt, derivatives, equities, and the way banks are allowed to function)
4. Distorted bond market
5. Safe havens like real estate no longer safe havens
6. Geopolitical instability (greatest since WWII)
7. Interest rate hikes are only just getting started

"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value.

ALAN GREENSPAN

2008	+5.6%	+31.3%	+30.1%	-0.1%	-2.4%	+10.5%	+43.2%	+28.8%	-14.4%
2009	+23.4%	-3.0%	+5.9%	+20.1%	+23.6%	+20.7%	+12.7%	+19.3%	+26.8%
2010	+29.5%	+13.5%	+22.3%	+16.7%	+24.9%	+38.8%	+34.3%	+23.7%	+13.0%
2011	+10.1%	+10.2%	+13.5%	+11.2%	+5.9%	+14.2%	+10.5%	+31.1%	+4.5%
2012	+7.0%	+5.4%	+4.3%	+4.2%	+6.2%	+4.9%	+2.2%	+10.3%	+20.7%
2013	-28.3%	-16.2%	-23.0%	-30.1%	-30.2%	-31.2%	-29.4%	-18.7%	-12.8%
2014	-1.5%	+7.7%	+7.9%	+9.9%	+1.2%	+12.1%	+5.0%	+0.8%	+12.3%
2015	-10.4%	+0.4%	+7.5%	-9.9%	-6.2%	-0.3%	-5.2%	-5.9%	-10.1%
2016	+9.1%	+10.5%	+5.9%	+10.8%	+16.8%	+12.4%	+30.2%	+11.9%	+5.8%
2017	+13.6%	+4.6%	+6.0%	+8.1%	+6.4%	-1.0%	+3.2%	+6.4%	+8.9%
2018	-2.1%	+8.5%	+6.3%	-1.2%	+3.5%	+2.7%	+3.8%	+6.6%	-4.7%
2019	+18.9%	+19.3%	+13.0%	+17.1%	+20.3%	+22.7%	+14.2%	+21.6%	+17.7%
2020	+24.6%	+13.6%	+22.2%	+14.0%	+16.9%	+14.4%	+20.9%	+27.9%	+18.5%
2021	-3.5%	+2.2%	-4.1%	-2.0%	-6.1%	+2.9%	-2.5%	-1.6%	+7.5%
2022	-0.3%	+6.5%	+6.9%	+1.0%	+8.3%	+6.0%	+11.8%	+10.7%	+13.4%
2023	+8.2%	+10.9%	+9.5%	+7.4%	+7.7%	+7.1%	+6.6%	+7.6%	+8.2%
Average	6.5%	7.8%	8.4%	4.8%	6.0%	8.6%	10.1%	11.3%	7.2%

goldprice.org

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A good year for Gold

- Hedge against inflation
- Maintains purchasing power
- Increases in value over time
- Universal currency
- War is in our backyard
- Shares will always go up & down
- Diversification is misunderstood

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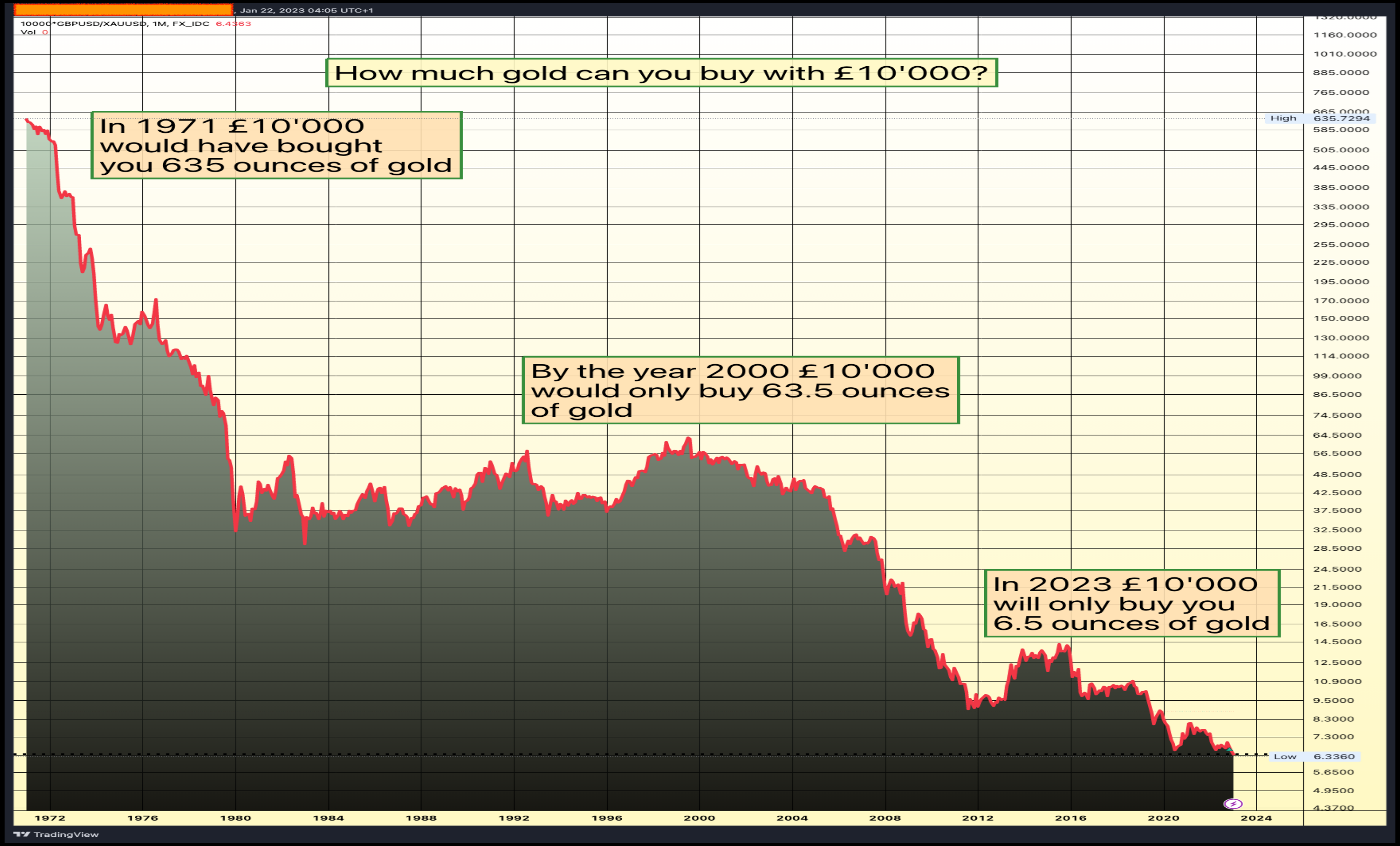
It’s not the price of gold, it’s the debasement of the currencies



Different ways to buy Gold

- Gold and Silver bullion, coins and bars
- ETF’s – exchange traded funds
- Digitally with Rush Gold
- The miners
- The Royalty Companies

BUT how much should I allocate?
This is not financial advice

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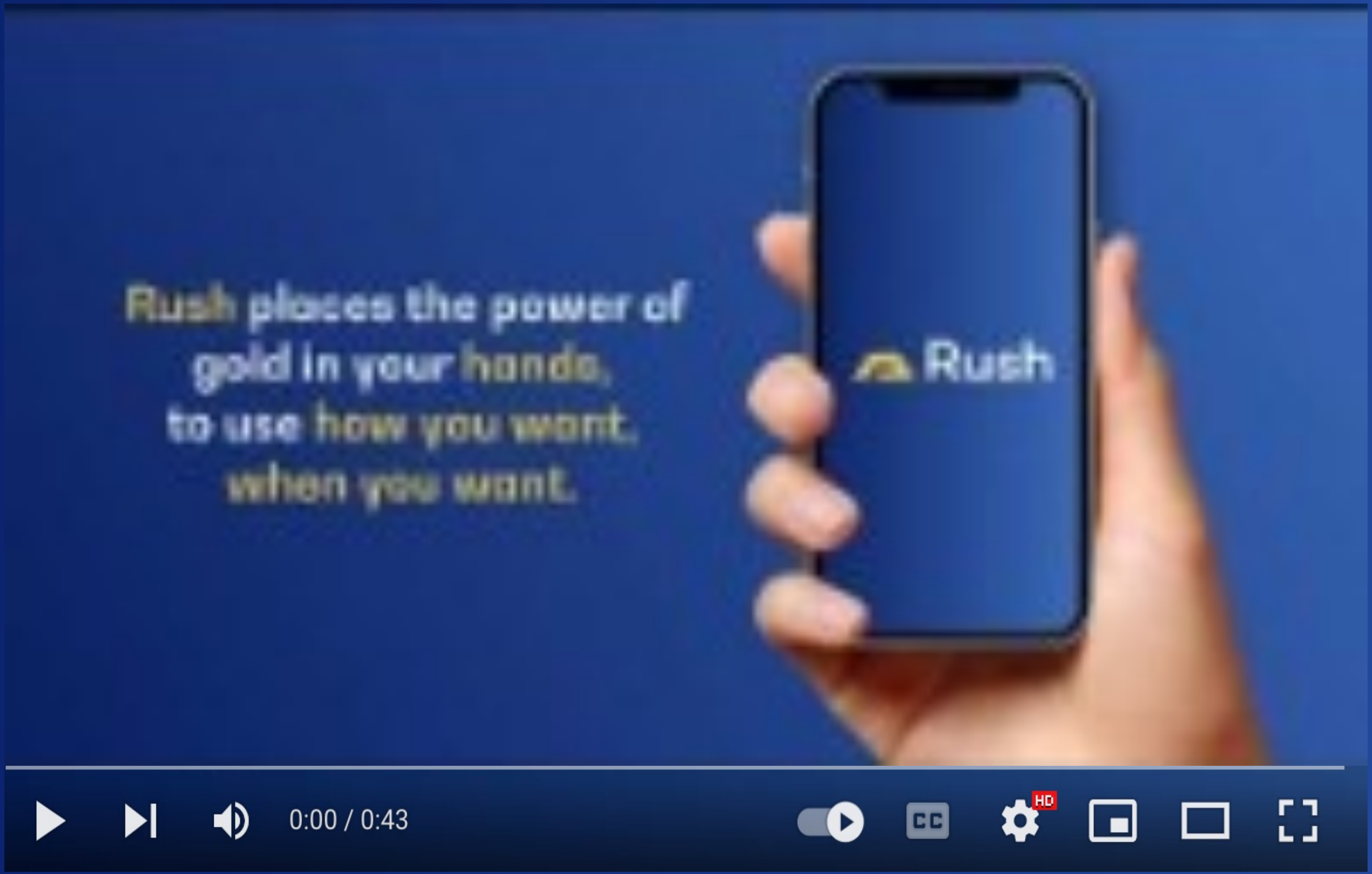
How it works


Rush places the power of
gold in your hands,
to use how you want,
when you want.
Rush
0:00 / 0:43

Access bonus gold with my ambassador link

Rush

Claim bonus gold

- Use the QR code to download the app.

- Buy at least AUD $300 of gold in your first purchase and you'll get an additional 100mg of investment-grade-gold!

Rush

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AUSTRALIAN GOLD CONFERENCE

29 & 30 AUGUST 2023

The conference and exhibition will bring together all aspects of the monetary metals industry to promote the sector through keynote presentations from key educators and companies showcasing investment opportunities.

BOOK YOUR TICKET NOW!

Thanks for listening

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