# In 2024, Gold Emerges as a Top Performer, Providing a Strong Tailwind for Newmont

written by InvestorNews | January 24, 2024

With the gold sector likely to be a potential winner in 2024 (read here), today we look at the world's largest gold producer Newmont Corporation (NYSE: NEM | TSX: NGT | ASX: NEM) ("Newmont"). Gold is currently trading at US$2,025/Oz (just below its all-time high of US$2,135) with many forecasters tipping it to rise in 2024, especially if we see a rush to safe haven assets due to global instability or a weaker U.S. dollar.

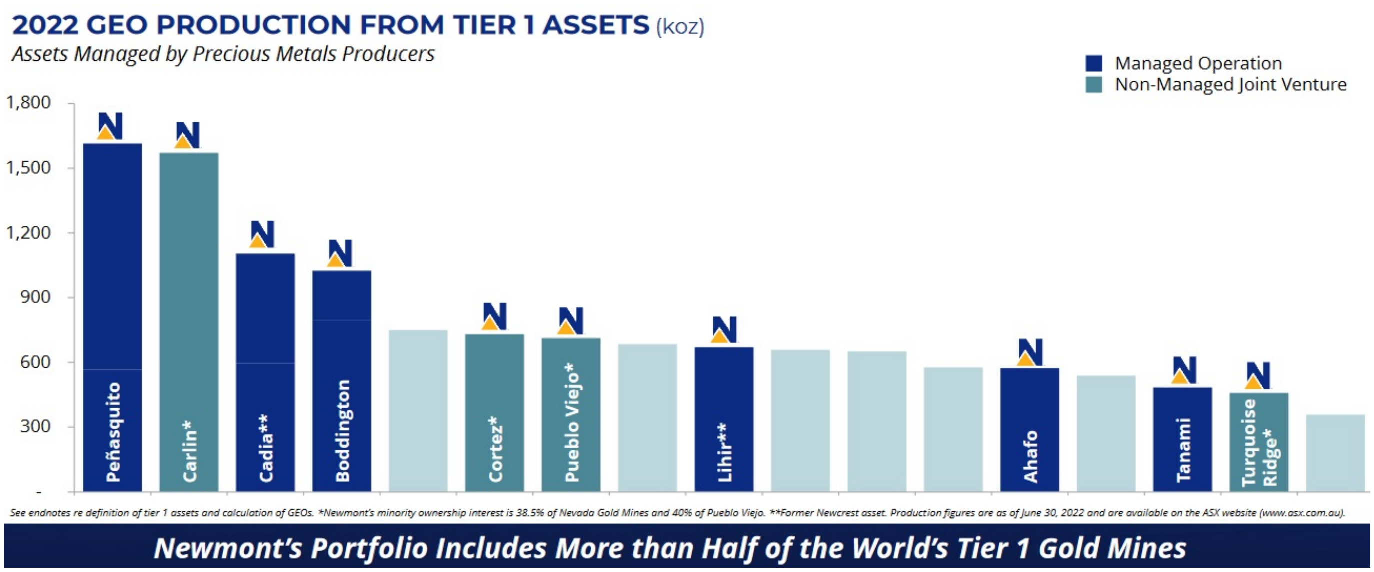
## Newmont Corporation owns several tier one gold mines globally

Newmont Corporation is an American company with the world's leading gold production of 5.956 million ounces of gold produced in 2022. AISC was US$1,211 per ounce.

Newmont's 2023 guidance is 5.3 million ounces at an AISC of US$1,400 per ounce. The lower 2023 production guidance is attributed to the "strike at Peñasquito, and lower production volumes from non-managed joint ventures (Nevada Gold Mines and Pueblo Viejo) and Ahafo." The 2023 production downgrade news came in late October 2023 and helps explain the recent stock price fall.

## Newmont's portfolio of mines includes

# more than half of the world’s tier one gold mines




Source: [Newmont company presentation]

Newmont’s top four producing mines are all producing over 1 million gold equivalent ounces (“GEO”) pa and include:

- **Peñasquito Mine** (100% owned) – A large polymetallic mine (gold-silver-lead-zinc) in Mexico.
- **Carlin Complex** (38.5% owned) – Multiple open-pit and underground operations as part of the Nevada Gold Mines LLC JV (38.5% Newmont: 61.5% Barrick) in Nevada, USA.
- **Cadia Mine operations** (100% owned) – A series of large underground and open-cut gold and copper mines located in the Cadia Valley, NSW, Australia.
- **Boddington Mine** (100% owned) – A large copper-gold mine located near Boddington in Western Australia. Newmont has introduced a fleet of autonomous vehicles at Boddington, thereby further reducing operating costs.

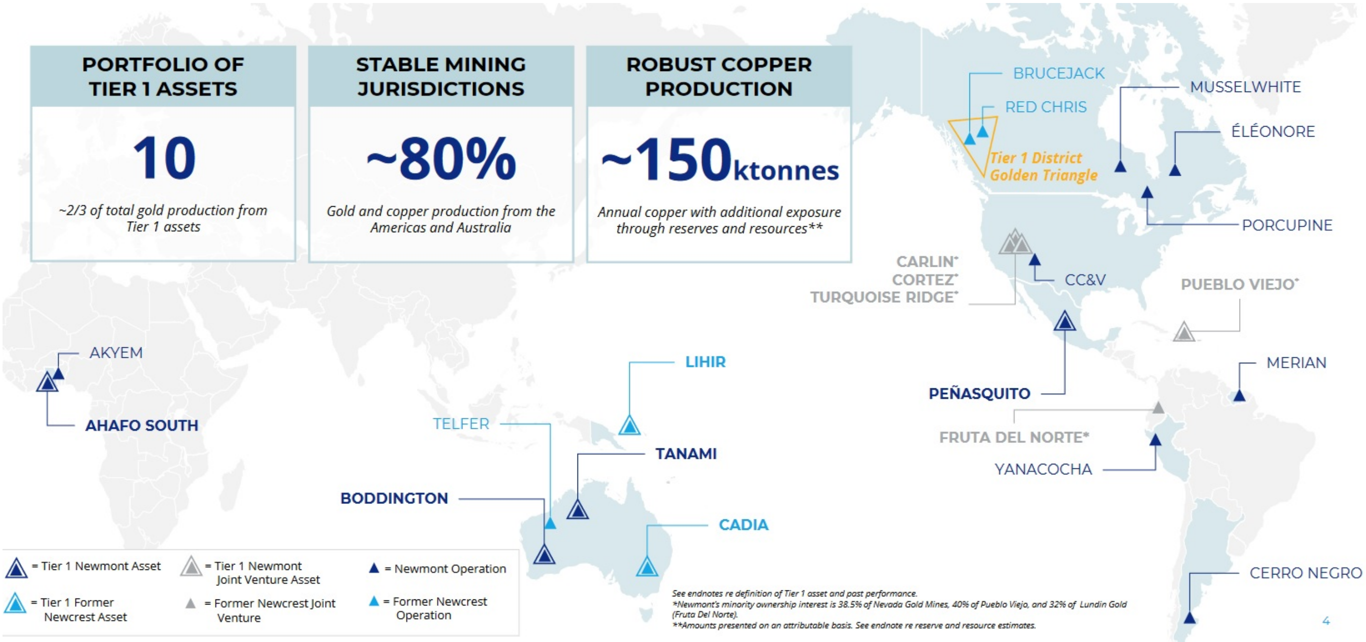
**Newmont’s Boddington Mine in WA is a global tier one asset producing >1Moz of gold equivalent pa in 2022**


Source: Newmont company presentation

# Newmont's Mines are mostly located in stable mining jurisdictions

Newmont's gold and copper production comes mostly from the Americas and Australia, with ~80% of Newmont's mines located in stable mining jurisdictions.

**Newmont's 2/3 gold production is from Tier one assets with 80% of production from stable mining jurisdictions spread across the Americas, Australia, PNG and Africa**




Source: [Newmont company presentation]

Newmont's core business strategies include:

- Deliver superior operational execution
- Sustain a global portfolio of long-life assets
- Lead the gold sector in profitability and responsibility

# Closing remarks

A potentially stronger gold price in 2024 would be a tailwind for the gold producers. None are bigger than Newmont.

Interestingly, Newmont's name came from joining the two U.S. locations of 'New York' and 'Montana'. Quite fitting given that Newmont went on to be a huge success built on several large acquisitions (notably the Newcrest Mining acquisition in November 2023).

Newmont has numerous tier one gold mining assets spread mostly across the North and South Americas and Australia with 2023 production results, financials and 2024 guidance set to be announced on February 22, 2024. Current consensus is for 2023 EPS of US$1.28 and for 2024 it is US$2.30. The Newcrest acquisition helps the numbers.

Newmont Corporation trades on a market cap of US$40.75 billion, a 2024 PE of 15.2, and a 2024 dividend yield of 4.34%. Now might be a good time to take a second look at Newmont, especially with their stock price very near a 5 year low.

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# Seven consecutive years of gold production growth?

written by InvestorNews | January 24, 2024

## Karora Resources is growing to become the next 200,000 ounce gold producer

Gold had a good year in 2023 up 15% and is currently trading at US$2,028/ounce. The gold sector looks like it will have a strong 2024 as the macro backdrop for gold improves. Here are four reasons why:

1. A series of three interest rate cuts in the USA is forecast for 2024, which may also lead to a weaker U.S. dollar ("USD"). Lower rates and a lower USD are good for the gold price.
2. Growing geopolitical uncertainty – The Ukraine-Russia war continues, the Israel-Hamas war may spread to nearby Middle East regions as we saw recently with the U.S.

response to the Red Sea shipping attacks by Houthis against Israeli ships, etc.
3. The U.S. Presidential election on November 5, 2024. Any instability as we saw after Trump lost the last election may result in a flight to safe assets.
4. According to Sprott Research – "Gold mining stock valuations are the lowest in 25 years".

For those investors looking at a growing mid tier gold miner that keeps on delivering on their promises then today's company will be right up your alley.

## Karora Resources Inc.

Karora Resources Inc. (TSX: KRR | OTCQX: KRRGF) ("Karora") is a Canadian gold mining company with growing gold operations ~60 kms from Kalgoorlie, in Western Australia. Karora's 100% owned assets include several gold mines (Beta Hunt underground Mine, Higginsville Gold Operations ("HGO"), Spargos Gold Mine), and their two gold mills (Higginsville Mill, Lakewood Mill). Karora produced 160,492 gold ounces in 2023 and has their next major target set at 200,000 ounces pa.

Karora's consolidated contained gold resource across all operations is M&I Resource of 3.189m Oz @ 2.0 g/t Au and an Inferred Resource of 1.538m Oz @ 2.4g/t Au.

**Location map showing Karora Resources 1,900 sq. km of tenements, 3 key gold mines, and 2 Mills**


Source: [Karora Resources company presentation]

# Karora Resources under promises and over delivers

As [announced] on January 15, 2024, Karora produced a record 160,492 ounces of gold for 2023 compared to their guidance range of 145,000 – 160,000 ounces. Karora Chairman & CEO, Paul Andre Hue, [commented]:

*"I am extremely pleased to announce Karora's seventh consecutive year of production growth. We produced a record 160,492 ounces of gold for 2023, exceeding 2022 production by over 26,000 ounces and beating the high end of our full year 2023 guidance range of 145,000 – 160,000 ounces. Gold production in the fourth quarter was a very strong 40,295 ounces, the second highest quarterly result on record."*

Seven consecutive years of production growth – Wow, that's impressive.

The news only gets better from Karora as they are guiding to achieve 170,000-195,000 gold ounces in 2024 at a lower AISC of US$1,050 – 1,200/ounce.

**Karora's 2024 guidance, if achieved, would make them an almost 200,000 ounce pa gold producer**

## 2023 – 2024 CONSOLIDATED GUIDANCE

New guidance realigned to cost environment and focus on nickel

| Production & Costs | | 2023 | 2024 |
|---|---|---|---|
| Gold Production | koz | 145 - 160 | 170 – 195 |
| All-in sustaining costs[6,7] | US$/oz | 1,100 – 1,250 | 1,050 – 1,200 |
| Payable Nickel Production | Tonnes | 450 – 550 | 600 - 800 |

| Capital Investments [2,3,5] | | 2023 | 2024 |
|---|---|---|---|
| Sustaining Capital | A$ (M) | 10 - 15 | 15 – 20 |
| Growth Plan Capital | A$ (M) | 57 – 68 | 63 – 73 |
| Exploration & Resource Development[4] | A$ (M) | 18 - 22 | 20 - 25 |

1. 2023 and 2024 guidance was announced in June 2021 (see Karora news release June 28, 2021), and updated on March 23, 2023. This production guidance through 2024 is based on the September 2022 Mineral Reserves and Mineral Resources announced on February 13, 2023.
2. The Company expects to fund the capital investment amounts listed above with cash on hand and cashflow from operations.
3. The Company's guidance assumes targeted mining rates and costs, availability of personnel, contractors, equipment and supplies, the receipt on a timely basis of required permits and licenses, cash availability for capital investments from cash balances, cash flow from operations, or from a third-party debt financing source on terms acceptable to the Company, no significant events which impact operations, such as COVID-19, nickel price of US$22,000 per tonne, as well as an A$ to US$ exchange rate of 0.70 in 2023 and 2024 and A$ to C$ exchange rate of 0.90. Assumptions used for the purposes of guidance may prove to be incorrect and actual results may differ from those anticipated. See "Cautionary Statement Concerning Forward-Looking Statements above in this presentation"
4. Exploration expenditures include capital expenditures related to infill drilling for Mineral Resource conversion, capital expenditures for extension drilling outside of existing Mineral Resources and expensed exploration. Exploration expenditures also includes capital expenditures for the development of exploration drifts.
5. Capital expenditures exclude capitalized depreciation.
6. AISC guidance includes Australian general and administrative costs and excludes share-based payment expense.
7. See "Non-IFRS Measures" set on page 2 of this presentation and Karora's MD&A dated for the period ended September 30, 2023.

Source: Karora Resources overview

A key point to note from the chart above is point 2 – "The Company expects to fund the capital investment amounts listed above with cash on hand and cash flow from operations." Karora currently has a very robust balance sheet with C$82.5 million in cash as of December 31, 2023.

Another key plus for Karora is that they are starting to increase their nickel by-product production. As this grows it helps Karora maintain or reduce their All In Sustaining Costs ("AISCs").

## Closing remarks

The macro set up for 2024 certainly looks very favorable for gold. If we get declining interest rates and a weaker USD, then the gold price is likely to move higher in USD terms. If global geopolitical tensions worsen then that will favor the safe haven of gold.

Karora Resources is a standout small gold miner growing steadily to becoming a mid-tier 200,000 ounce pa gold producer at a very reasonable AISC near US$1,000/ounce. Management continues to deliver results at or above expectations. Finally, sovereign risk is extremely low with Western Australia being a tier one mining jurisdiction.

Karora Resources trades on a market cap of C$771 million and a 2024 PE of 11.9.

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# Investor.Coffee (11.07.2023): Tumultuous Markets, Drink your Coffee Black.

written by Tracy Weslosky | January 24, 2024
In Canada, the markets are embodying an aura of watchful waiting, disturbed by declining oil and gold prices. Investors are on high alert, eager for the release of domestic trade balance figures that will provide a pulse check on the national economy. This anticipation is heightened by the shaky performance of U.S. stock index futures and the slip in European

shares, notably in the energy sector. Over in Japan, the Nikkei index succumbed to these global market vibrations, ending the day in the red.

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# Will 2023 be the year that gold makes a comeback?

written by Matt Bohlsen | January 24, 2024

Gold prices have recently been rising as the market anticipates the end of the U.S. Federal Reserve interest rate increases at some point around mid-2023. This combined with an inverted yield curve signaling a 2023 U.S. recession gives hope for gold investors, as gold performs best when rates are falling and in recessionary times as investors seek safe havens.

All of this begs the question will 2023 be the year gold makes a comeback?

The long-term gold price chart below shows gold prices surged higher during the Global Financial Crisis of 2008-09 and subsequent years with interest rates falling during that period and again in the 2018 to 2020 period as interest rates fell again heavily as we entered the 2020 Covid-19 recession.

**25-year gold price chart. Red arrows show the gold price often surges higher when recessions occur or when interest rates fall**

Source: Trading Economics

**Starting from H2, 2023 looks set to a good environment for gold**

To be clear we are not yet in an environment of interest rates falling, but U.S. interest rates have recently hit a 15 year high.

U.S. Federal interest rates are forecast to peak at 5.1% potentially by ~mid 2023, rising from 4.5% now. Assuming the U.S. is then in a recession by mid-2023, then the Fed may reverse course and start to reduce interest rates later in 2023 or into 2024. This will also depend upon inflation coming back down to 3% or less, from its elevated level of 7.1% as of November 2022.

A December 2022 Bloomberg report stated: “Economists Place 70% Chance for US Recession in 2023. Bloomberg monthly survey shows 0.3% average GDP growth in 2023.”

Certainly, a 2023 recession is now the base case for the majority of analysts. Given that the equity market looks forward about 6 months, it is probably no surprise that we are seeing a rotation into gold in the last month resulting in the gold price moving 4% higher. Whether this is the very early stage of the next gold market bull run it is too early to say. What we can say is that interest in gold is returning and the worse 2023 is for the economy the better it helps the fundamentals for gold.

A January 3 CNBC report also commented: “Gold surges to 6-month high, and analysts expect records in 2023.” The report cites the following causes for the recent rise in gold: “Gold prices have been on a general incline since the beginning of November as market turbulence, rising recession expectations, and more gold purchases from central banks underpinned demand.”

**The U.S dollar trades inversely to the gold price**

The other key factor to consider is the U.S. dollar. If it rises then gold tends to fall in relative terms and vice versa. This is simply because gold is priced in U.S. dollars.

As shown below the U.S. dollar Index generally fell from 2002 to 2008, a period when the gold price rose.

**The U.S. dollar Index 25-year chart**

Source: Trading Economics

**Closing remarks**

Gold behaves differently to most other metals due to its safe haven status. While gold demand versus supply is a factor (including sovereign buying), the bigger factor is the economy and interest rates.

When the U.S. economy is booming interest rates and the U.S. dollar tend to rise, which is a negative for gold. Why invest in gold when equities are doing well or when cash and bonds are paying a nice dividend, compared to zero dividends from gold.

When times are bad gold becomes a safe haven, benefiting from a weaker U.S. dollar and lower interest rates.

To answer the question will 2023 be a good year for gold, you must first decide how you view 2023.

If you are positive about the U.S. and global economy and think

U.S. interest rates will keep on going higher, then gold is not for you in 2023. However, if you are negative on the economy and think rates will start to fall, then gold looks like a sound bet for 2023, or perhaps 2024.

Either way, it never hurts to diversify and build a little safety of gold into your long-term portfolio. And with inverted yield curves everywhere and 70% of analysts forecasting a 2023 recession, now looks to be as good a time as any to top up your gold holdings.

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# With a gold resource update coming and drills at the ready, eyes are on Signature Resources

written by InvestorNews | January 24, 2024

A word of caution – I wrote this article before Jerome Powell's (U.S. Federal Reserve Chairman) latest commentary. Lately, every time he opens his mouth the market loves to interpret him to the extreme as either dovish or hawkish, moving the markets accordingly. So keep that in mind if what I'm saying is so yesterday. The reason for this disclaimer is that market action over the last couple of days indicates that gold has tested and held the US $1,700(ish) support level. Yesterday saw most precious metal equities rally pretty hard, which is encouraging given a lot of them are trading at or near multi-year lows. Is this a sign of a new uptrend in the precious metals sector? One can hope. But without a copy of Mr. Powell's speech I will have to wait and see along with everyone else what happens next. Now I can write whatever I want because I have a built-in excuse – blame it on Powell – which I'm sure a lot of analysts, traders and fund managers have used excessively over the last year.

Fed policy aside, it does appear that the materials sector is very oversold and long overdue for a little love. Or perhaps just a relief rally, something, anything, to give shareholders a bit of hope. Add a catalyst in a market that may be on the verge of recovery and perhaps we could even find gold investors in a good mood for a change.

One company that is working on a catalyst is Signature Resources Ltd. (TSXV: SGU | OTCQB: SGGTF), a Canadian-based advanced stage exploration company focused on expanding the 100% owned Lingman Lake Gold Project, located within the prolific Red Lake district in Northwestern Ontario, Canada. The Lingman Lake gold property consists of 1,434 staked claims, four freehold fully patented claims and 14 mineral rights patented claims totaling approximately 27,113 hectares. The property includes what has historically been referred to as the Lingman Lake Gold Mine, an underground substructure consisting of a 126.5-metre shaft, and 3-levels at 46-metres, 84-metres and 122-metres depths.

Lingman Lake has a 234,000 ounce historical high-grade gold resource estimate that is contained within the first 180 meters of surface and open in all directions. But the looming catalyst for Signature Resources is a NI 43-101 initial resource estimate which is anticipated shortly. In an update provided on June 29th the company stated they were finalizing the compilation of the drill and assay database and doing 3D geologic modelling and analysis. A further update on August 30th included the positive news that the company had identified a low-cost opportunity to capture additional data to increase the quantity and quality of the geologic knowledge of the deposit. This in turn led to new gold zones being identified. This is particularly encouraging when you look at it in the context of some of the highlights from the exploration drilling undertaken in late 2021:

- 6.64 g/t Au over 3.0 meters in LM21-26; including 18.5 g/t Au over 1.0 meters
- 6.97 g/t Au over 2.0 meters in LM 21-25
- 7.07 g/t Au over 4.0 meters in LM21-27; including 11.9 g/t Au over 1.0 meters
- 3.54 g/t Au over 2.0 meters in LM21-28A
- 8.24 g/t Au over 2.0 meters from 90 to 92 meters downhole; including 10.10 g/t Au over 1.0 m from 90 to 91 meters downhole in drill hole LM21-30 in the Central Zone
- 7.14 g/t Au over 2.0 m from 99 to 101 meters downhole; including 10.50 g/t Au over 1.0 m from 99 to 100 meters downhole in drill hole LM21-30 in the Central Zone

Something quite intriguing about Signature Resources is the fact that they have two 100%-owned drill rigs and about 10,000 meters of drilling consumables to support their next-stage drill campaigns. This is quite the head start given that upon the completion of the initial resource estimate the company expects it will have a strong technical plan for advancing a successive round of exploration that concurrently to expand the resource envelope and address gaps within the current drill database; thus supporting timely updates to the resource model. Now we sit and wait, along with the company, for the completion of that resource estimate.

However, despite having the drill rigs, consumables and just under C$1 million in cash, Signature still requires additional financing to pay for capital expenditures, exploration and administrative costs required to advance exploration on its

Lingman Lake Gold Project. As long as the gold sector can continue to bounce off these lows, it should make it a lot easier for this C$5.5 million market cap company to get out and raise the capital it needs to advance this project.

C'mon Mr. Powell, don't ruin this for us.

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# Drilling and cash the key to picking the next junior gold explorer break out

written by InvestorNews | January 24, 2024

In early September, 2021 I wrote an article on the merits of potentially investing in gold, more specifically the gold miners, as they had been underperforming the underlying commodity price. Did the trade work out? It depends on when you bought and if/when you sold. Frankly, I'm not overly concerned because I'm not an investment advisor and I'm not qualified to provide anyone with investment recommendations. I'm simply trying to present ideas to readers that they can evaluate on their own and decide if it's a good idea for them in the context of their risk/reward profile. With that said, I will take another stab at trying to make a case for the potential to invest in junior gold explorers in the context of the current market.

As I noted in the first article, I'm not a gold bug, I'm just an investor. I have no vested interest in talking up gold or any of the underlying equities. However, because I write about a lot of junior mining stocks, many of them being gold explorers or at least companies having some precious metal exposure, I've noticed of late that a lot of them are trading at or near 52-week lows. This got me wondering if there was a legit reason for this or if the junior sector was simply getting crushed by a massive "risk-off" trade. Of note, I'm specifically looking at explorers this time around, not producers. Producers have been facing their own set of challenges with rapidly increasing costs, like Equinox Gold Corp. (TSX: EQX | AMEX: EQX) or geopolitical risks like Kinross Gold Corp. (TSX: K | NYSE: KGC). Check out how Equinox performed at the end of April when they guided much higher with their AISC (all in sustaining cost) than the market was expecting. And they aren't alone in this issue, so I figured I'd stick to the segment of the market that is purely driven by drilling results and optimism around gold prices.

As for the price of gold, if I had a dollar for every "expert" on the business news channels over the last 6 months that got the call on gold prices correct, I wouldn't have very much money right now. Back in September I simply stated that the price of gold looked OK but not outstanding. A 1-year chart had support levels at $1,770 and $1,675 with upside to potentially test $2,000 but if the price rallied back above $1,850 for a couple of days I would change my tune. Gold got down to $1,740 in late September, made a "head fake" break out above $1,850 for 2 weeks in November, retested $1,775 in December then went on a great run up to $2,000 in March. I could argue I was right, and someone could just as easily argue I was wrong. Timing is everything and everything changes with time.

Fast forward 8 months and not much has changed from a technical perspective. I still see support around $1,750 with an upside to $2,050 but it would have to trade above $1,910 for me to get excited right now, which seems to be an interesting resistance level, as well it would get you above the 200 day moving average. Of note, it appears that gold is pretty safe to sell if the RSI (relative strength index at the top of the chart) gets above 70 and potentially a buy when the RSI touches 30.

Source: Stockcharts.com

What I didn't do last time, but will endeavor to undertake this time, is some macro comments on why gold the commodity may be poised to finally break out. Generally speaking, gold tends to have a negative correlation to the US Dollar, which recently hit all time highs relative to virtually every major currency. The US Dollar is overbought and appears to be starting to roll over. This could result in some bullish sentiment returning to gold. Another macro observation is that gold seemed to be fighting for investing interest with the crypto universe. Cryptocurrencies were being billed as the new gold. At least for the time being, that doesn't seem to be the case as crypto investors appear to be running for the exits. Will gold benefit from this? We may never know but it likely doesn't hurt gold's popularity. Lastly, gold is sometimes considered an inflation hedge and if you've put gas in your car or been grocery shopping you know inflation is taking its toll. Right now funds flow appears to be chasing oil stocks as the inflation hedge but once portfolio managers hit a certain threshold of oil exposure they will look elsewhere. Perhaps that could be a tailwind for gold, but this is the factor I have the least confidence in.

So what does it all mean? Putting a bunch of mixed and random thoughts together has led me to believe that junior gold mining explorers may be getting unduly punished right now by a market full of uncertainty bordering on fear. However, the opportunity is not broad based. You want to look at companies with cash to fund future drilling because if they don't have the money right now, you don’t want to be out raising capital at 52-week lows. Preferably you want to find companies with active drilling underway so you don’t have to wait too long for news to come along but having cash is the #1 priority.

Here are a couple of ideas in no particular order, including Troilus Gold Corp. (TSX: TLG | OTCQX: CHXMF) and Westward Gold Inc. (CSE: WG | OTCQB: WGLIF), that meet the criteria of cashed up and drilling like mad.

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# Industry experts Jack Lifton and Byron W. King talk about the coming economy based on gold and energy.

written by InvestorNews | January 24, 2024

In this video, long-time mining and metals analysts Jack Lifton and Byron W. King discuss gold, inflation, and global economic trends driven by rising energy prices. Gold prices will bounce around, to be sure. But energy-driven inflation is now structural and embedded in both the U.S. and global economy. Meanwhile, U.S. sanctions against Russia are backfiring, undermining the credibility of the dollar. Over time, we will see a new international financial standard based on hard commodities and energy.

To access the complete episode of this Critical Minerals Corner discussion, click here

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# Christopher Ecclestone on the "leaky door" for Russian Uranium

written by InvestorNews | January 24, 2024

In a recent InvestorIntel interview, Tracy Weslosky interviews Hallgarten & Company's Principal and Mining Strategist Christopher Ecclestone about the impact of the Ukrainian invasion on the resource sector. In a follow-up to a previous interview, Christopher starts with: "Everyone thought it would be over shortly, and in fact, it's dragged on – and so that means that the implications have very much changed now."

With commentary on sanctions, Russia being paid in rubles for oil and gas, Christopher takes on the impact to the global nickel, platinum, and palladium markets. Further discussions on Russia and Kazakhstan being our dominant suppliers of uranium, he provides a compelling argument on how other companies and countries may be a 'leaky door' for Russians sidestepping the intended impact of economic sanctions.

The full interview, which may also be viewed on the InvestorIntel YouTube channel (click here to subscribe), may be accessed if you click here.

**About Hallgarten & Company**

Hallgarten & Company was founded in 2003 by the former partners of a well-known economic think-tank. Their output encompasses top-down and bottom-up research from a Classical Economic (Austrian School) perspective. Over the years, the team has successfully picked trends using macroeconomic underpinnings to guide investors through the treacherous waters of the markets. It was only natural, in light of the focus of Classical Economics upon the "real value" of monetary assets that the firm's strengths should ultimately have become evident in resources sectors and projections of commodity trends.

Hallgarten & Company has advised and managed portfolios of offshore and onshore hedge funds.

Hallgarten also provides consultancy services on Latin American economic, politics and corporate matters including the production of bespoke research.

Hallgarten research is now available on Bloomberg and FactSet.

To learn more about Hallgarten & Company, click here

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# Russia Deploys the Gold Weapon

written by InvestorNews | January 24, 2024

If you follow war news from Ukraine, no doubt you've seen gruesome images of wrecked tanks, burnt trucks, demolished personnel carriers and more.

Whether it's Russian or Ukrainian equipment, almost everything you see is based on old Soviet-era designs such as T-72/64 tanks, or boxy BMP armored vehicles, etc. And when a rocket or shell hits those things the internal fuel and ammunition cooks off, and the machines burn like a torch. Bad design, obviously.

But there's another Russian weapon that was also recently deployed, and it appears to be working very well. You won't find this system on the battlefield, though. In fact, this Russian device is an economic weapon, and it may prove to be one of the most impactful implements of war in the modern age.

That is, the government of Russia recently pegged that country's currency – the ruble – to gold. And right now, Russia's central bank will buy gold at 5,000 rubles per gram through June 28. (After that, we'll see.)

Here's why this is important. Russia has just established a state-supported bid for gold. In essence, Russia has recreated a new global gold standard with a well-defined floor beneath the price. This is big. It moves the gold price, and I mean upwards. Why?

On the day that Russia set the bid at 5,000 rubles, the dollar-ruble exchange rate translated to gold at about $1,550 per ounce, or well below the London daily quote. No big deal, right? Well, not just then, not at that time.

But something else happened. Within days of the Russian announcement of rubles for gold, the Russian currency strengthened firmly against the dollar.

Today, about two weeks after the initial announcement, those same 5,000 rubles per gram translate to a gold price of about $1,925. Which is about what the London quote is.

In other words, Russia's hard fix of rubles for gold has equilibrated with the dollar-ruble valuation. Meaning what?

Well, look at it this way: Russia has just undermined the ability of “paper” gold traders to sell the metal down too far, lest the spread open and arbitrageurs swoop in.

Got that? *With a Russian price floor beneath gold, there’s high risk to downside trading.*

Very clever. Russia has not gone out and simply bought gold contracts with the intent to corner the market, eventually present them for delivery, demand physical gold and basically “break the bank” in a strict sense. Nope. No brute force, like rolling a tank into town. And more than likely, if Russia had done that then the gold exchanges would have found some way to dishonor the underlying contracts and blame it all on “sanctions” or such. “No gold for you, Ivan!”

In this instance though, Russia has been quite subtle, offering to buy gold at *prix fixe*. And in this manner, Russia has created a new economic playing field across the world. It’s currently embryonic, but there’s no denying that it’s a parallel platform to the dollar-dominated regime that has lasted since World War II.

We now have a new scenario, though; a gold-backed floor price in which even the world’s most aggressive gold traders and market makers cannot sell the metal down, lest they fall into their own trading trap.

But at this point it’s fair to ask, what makes this Russian ploy work? How will it be effective?

In the introductory phase, the success (or not) of Russia’s gold gambit hinges on the country’s exports of natural gas. That is, Russia has told all buyers that it will sell its gas to “unfriendly countries” only for rubles.

In essence, this segregates buyers. Everything is based on their political stand regarding Russia’s Ukraine military operation. More practically for the nations of Europe, Russia will accept no dollars or euros for gas, just rubles (or gold of course). And suddenly, literally within a matter of days, many gas buying nations must come up with a whole lot of rubles.

Looking ahead (and recall that June 28 date above), it’s more than likely that Russia will announce sale of oil in rubles, which matters when that news comes from one of the world’s top three oil producers. And then there are Russia’s exports of minerals, agricultural products and pretty much everything else.

If you add up Russia’s exports of gas, oil, minerals, ag and other things – weapons come to mind – the overall value is in the range of half a trillion dollars per year. Now translate all that into rubles, and it’s a lot of currency exchange banking.

Or translate that cumulative dollar-total of Russian exports into gold at 5,000 rubles per gram, it makes for a lot of gold.

Right now, across the world people, companies and nations that hold dollar reserves are still mentally processing this new state of monetary affairs. And there’s much to process, considering the general lack of appreciation towards gold in modern Western monetary thinking. Plenty of disdain, actually.

So, we’ll see. And recall that old saying, “Wisdom may come late, but it seldom never comes.” Meaning that sooner or later, people will figure out that if they want Russian gas, oil, minerals, food and much else, they will have to fork over the rubles. And many dollar-holders will then lighten up and sell bucks to buy rubles, as well as buy physical gold.

One way or the other, we will witness the dollar weaken, perhaps a little bit and slowly, or maybe a lot and fast. While the ruble will likely strengthen, which means that the dollar-ruble exchange rate will tighten.

At the end of the day, the dollar-price for gold will rise, and along with that the valuations of many gold mining companies will move upside. Heck, we may even see a meltup in the price of gold, and an investor panic into gold miners across the entire sector, from juniors to established biggies.

Here's the takeaway. Russia's central bank will pay 5,000 rubles per gram of gold, and this sets a hard, new price floor. The dollar-ruble rate has tightened, and Russia has now created a new gold standard for the world, backed by its natural gas if not its oil, minerals, agriculture and other exports, all under cover and protection of Russia's well-known nuclear weapons complex.

It's worth noting that Russia has been planning this move for many years (with China in concert, more than likely). All of this didn't just sort of happen. But here we are, and it's not the time or place to recriminate.

Predictions: Gold-backed rubles will strengthen. While ongoing inflation trends in dollars will weaken the U.S. currency. All this while few people in the West truly understand the basic idea that "gold is money."

A new, worldwide economic education process is about to begin. Time to brush off those century-old books about the "gold standard."

And however crummy those Soviet tanks and armored vehicles might be in the midst of modern war, the price of gold and gold miners is on the way up.

That's all for now… Thank you for reading.

Best wishes…

Byron W. King

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# Westward Gold is looking forward to success in Nevada

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Often when I write about a gold company, I like to take a look at the underlying commodity price and sometimes comment on support and resistance levels, and on whether I think there's more upside or downside in the actual price of gold. However, the overall volatility in the market, and the gut feeling that things might be a little different this time make me wonder if I'd just be setting myself up to fail. Typically, gold can be considered a safe haven trade in times of uncertainty, which I think we'd all agree summarizes the situation the world presently finds itself in. Signals from the U.S. Federal Reserve that they may not be as aggressive out of the gates with raising interest rates could also be somewhat beneficial for the price of gold, unless money floods into the U.S. dollar as another safe haven trade. Looking at the chart, the move in gold prices over the last 2 weeks looks promising having decisively broken through the $1,850-$1,875 level with $1,950 looking like the next challenging threshold. With that said, I have no idea where it goes next given that macro events could cause gold's price to move dramatically in either direction depending on what happens in the coming days and weeks.

Now that I've firmly placed myself on the fence when it comes to gold prices, let's have a look at a producer that appears to have a far clearer path ahead of itself than does the underlying commodity. Westward Gold Inc. (CSE: WG) is a mineral exploration company focused on developing the Toiyabe, Turquoise Canyon, and East Saddle Projects located in the Cortez Hills area of Nevada. They've assembled a 3,830-hectare land package in the heart of Nevada's Battle Mountain -Eureka Gold Trend, one of the most prospective mining districts in the world, approximately 10 kilometers southwest of Barrick Gold Corp.'s Cortez Hills mine and adjacent to Barrick's past producing Toiyabe-Saddle Mine.

Source: Westward Gold Inc. Corporate Presentation

The Toiyabe project is the most advanced of the three given that when the Company acquired the asset it also assumed control of a storage facility near Reno, Nevada, which housed legacy core and chip samples collected by previous operators. Through its data compilation and inventory efforts, the Company identified approximately 9,000 feet (2,750 meters) of diamond drill core and 30,000 feet (9,150 meters) of reverse circulation chip samples that had been well maintained in storage. A historic estimate of indicated gold resource of 173,562 ounces at 1.2 grams per tonne was identified but a qualified person has not yet done sufficient work to classify the historical estimate as a current mineral resource. This tremendous starting point allowed Westward to confirm near-surface and at-depth mineralization in several holes and using modern exploration methods (exploration activities at the Toiyabe Property date back to 1964) led the Company to an advanced understanding of Carlin-style host rocks.

This has provided the basis for an upcoming Phase I drilling campaign to test extensions of the historical resource, a new Toiyabe Hills Fault Zone, and the geological thesis of the expansion potential at depth (only 16% of historic drill holes at Toiyabe reached beyond 180 meters). Westward just closed an oversubscribed financing that raised C$2.5 million to fund the estimated 4,000-meter drill program. This money should go a long way, given that a lot of the anomalies and targets are at or near surface.

The adjacent Turquoise Canyon project, acquired on June 16, 2021, through the acquisition of Momentum Minerals Ltd., has yet to see any drilling. Turquoise Canyon shares its western boundary with the Toiyabe Project, and shares many of its structural features, surface geochemical anomalies, and favorable stratigraphy continuous from Toiyabe's historical resource. One can infer blue-sky potential from any success in the Phase I drilling program. The recently staked East Saddle property, to the South, has no visible surface disturbance (drill roads, pads, etc.) suggesting this asset is also historically underexplored.

Similar to the price of gold, I have no idea where the stock price of Westward Gold is headed. However, there is a much clearer timeline with the upcoming drill campaign and additional fieldwork. And if the Company has correctly interpreted the Roberts Mountains Thrust onto the under/unexplored properties to the East and South of Toiyabe, investors could see some exciting times ahead for the current C$8.7 million market cap stock.