

# **Gold Mining Reserves In Perspective**



17 May 2018

# The World Is Not Running Out Of Gold

Looking merely at mineable reserves, and not including reserve base or resources, allows mining promoters to suggest that the world is running out of gold to mine.

Reserves "would only provide the industry with enough ore for 15 years of production at current rates"\* goes the story.

Such interesting tidbits need to be put into context to be meaningful, however. Put into the context of reserves over the past few decades, reserves are at record levels. They do cover few years' of future production, given the enormous increase in mine production since the 1970s, but the decline is less dramatic than many believe and, as explained on page 5, may even disappear if the raw data were properly adjusted for changes in the definitions of what constitutes reserves.

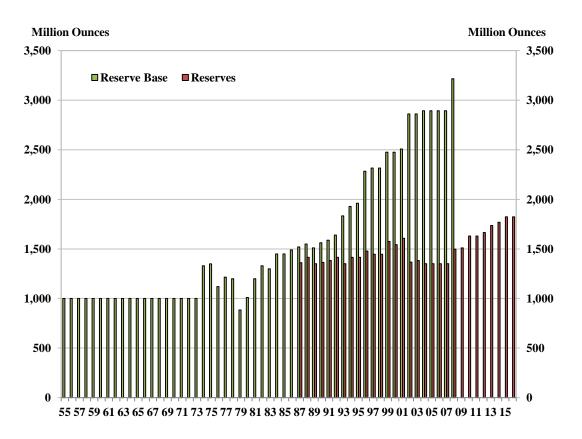
In the early 1970s the industry expected to run out of reserves by the early 1980s. In the early 1980s it was said that production of 32 MM oz per year was unsustainable. The misstate is often replayed.



\* Source: WGC Gold 2048, page 28, 17 May 2018

## **Gold Reserves Are At An All-time High**

#### **Gold Reserves and Reserve Base**



Bad data suggest reserves are at historical lows. They are not. In fact, they are higher than ever before.

And, these reserve figures exclude massive resources, including mineralized properties in China and Siberia.

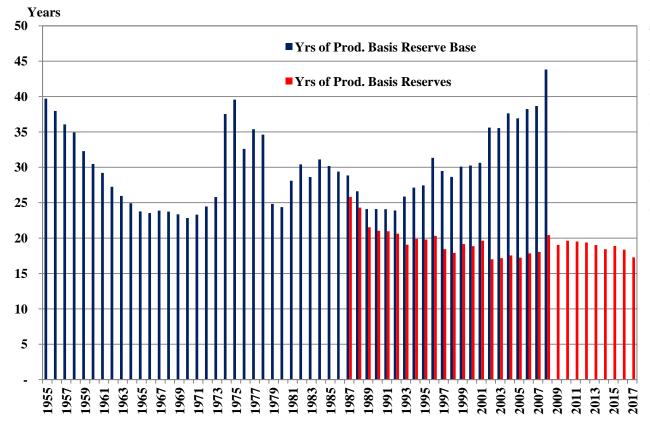
#### Source: USGS.

Notes: Reserve Base refers to the Measured and Indicated Resource. USGS discontinued its reporting of the Reserve Base as of 2009.



## **Reserves And Reserve Base In Years Of Production**

Years of Production Basis Reserves and Reserve Base



The number of years of future production covered by reserves has declined (see proviso on page 5), but not as dramatically as commonly perceived.



There is another issue involved that typically is overlooked.

Over the past several decades the definitions of what may constitute reserves has significantly tightened. Mineralization that was allowed to be considered economically mineable reserves in the 1980s and 1990s would be excluded by current more stringent definitions of reserves. As a result the decline in gold mine reserves from 1987 through to the present was not as dramatic as the raw data here suggests. Some geologists suggest that historical reserve data adjusted for today's more stringent definitions would show increased reserves, in line with the increases record in the broader reserve base data that was available until 2008.



## **Research-Driven Research and Consulting**

### Thank You.

### CPM Group

	erspective Flies Out The Window his month's report has two articles up front. The first		(Data as of 3 September; Changes from 6 August)			
incerns the volatility that has roiled all financial mar-		Nymex Comex Net	arby Active Prices	-	16A	85.
	over the past month. Much	Cinid	1.124.00	+	3.1%	4.20
he volatility originated i	in changes the Chinese gov-	Sher	14.70	+	0.2%	0.03
ient and People's Bank	of China (PBOC) initiated,	Raisson	1.033.10	+	6.7%	54.10
cinning in July but becoming more apparent in August.		Pallation	580.60	+	.1.2%	14:20
y of these changes will i	bear long-term positive fruit.	Deder	790.00	1	-18%	-1200
shift to a new world paradigm for financial and tetary markets caught a lot of investors by surprise,		"Rheshan price is IM spot p	1.54.85	•		
ever. Furthermore, the changes and the market reac-		Nymex Comex Inv	entories or		Δ	00
	nount of totally preposterous	Gold				
over-sized fears in sl	obal commodities, equities,	Digible	6394.942	+	-42,601	6597,543
income, and currency m		Registered	324,677	÷	-307,364	682,642
income, and currency a	au auto.	Total	7,219,619	-	-349,945	7,569,585
first article deals with p	recious metals markets over	Silver	Charles	*	-318,860	1,000,000
ast month, and where th		Ilizable	115,484,090		-1.018.300	116.552.470
		Registered	\$2,757,110	:	-1,010,000	55,829,350
second article focuses on the immediate and long-		Terel	168241200	-	-4,140,620	172,381,829
n implications for gold markets and prices of a major		Tetal Waterson - Total	100,2+1,200	*	-0.940,820	1/2,581,829
i in the PBOC's posture toward gold.		Highle	47.139	+	22.052	75,157
in the FBOC 3 posture i	owara gota.	Registered	28,396	1	-12,600	51,000
er falling sharply in July and early August, precious		Teral	125.587	1	-551	126,138
		Pallelium - Total	12538/	*	-331	126,136
	the end of the month. Gold	Highle	42.587	+	-47,786	90.353
	very, finishing the month at	Registered	39,938	1	-4,879	94,555
	n 5 August, the lowest settle-	Total	E2 3 25	:	-12,639	135,356
price since February 2	010, and up from \$1,094.90			*		100,000
July 2015. Other prec	ious metals prices were also	Open Interest	05		Δ	85
om the lows that they	reached during the first few	GAN				
ys of August, but silver and palladium remained below eir settlement prices at the end of July while platinum se 2.6% over the course of August to \$1,010.50 from		August	2,671,300	+	-25,228,400	27,885,769
		Omber	31,096,200	+	29,361,940	1,290,300
		Total	43,230,100	+	1,06,400	41,666,500
nd of July.	a respect to a storage of more	Silver	SECON		-111.75.000	00.095.000
iki or sury.		September	722,990,000	;	22 233 000	121,000,000
rebound in sold prices	primarily, reflected investors	Total	921,015,000	+	39,975,940	580,110,000
		Raisson				
	overing previously established short positions. There		3,683,000	+	-165,900	3,846,900
		Ormoher	3:987 380	÷	82,430	3,899,950
some increase in fresh le	ong demand, but most of the				22,430	3,898,958
ome increase in fresh big seemed to be from	investors buying back their	Total	3,987,880	÷		
ome increase in fresh log seemed to be from positions. Total open	investors buying back their interest on the Comex gold	Total	3,987,000		200,200	3.523.500
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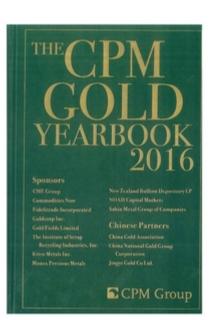
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