



[left-top] Australian mine: underground drilling; [middle] Periodic table of chemical elements; [bottom] Chilean mine: grinding and ball mills; [right] Canadian mine: glacial groundcover



Thoughts from my 30+ Years of attending the Denver Gold Forum and Following the Industry

SEPTEMBER 2025



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Rosspport Metals & Mining Fund Net Returns from April 1, 2006 vs. Indices



Rosspport M&M Fund NAV is up over 28X since April 2006 Inception





SNAPSHOT OF 1994

World Events 1994

- South Africa holds the first interracial national election on April 29, 1994. Nelson Mandela was elected President.
- Rwanda genocide.
- Gold averaged around \$390 having rebounded from lows of early 1990's. It would stay steady though mid 1996.
- S&P was around 470.
- Feds funds rate averaged 4.75 from 3 at the beginning of the year to 5.5 at the end of the year. It had reached 9.75% in 1989.

Gold Mining Industry Macro 1994

- US Congress failed to pass mining law reform which would have brought a 3% gross royalty on federal lands and better ability for the public to launch citizen lawsuits.
- Global gold production was up 60% since 1984. US production was up almost 500% to 330t. Growth stories were abundant.
- Gold hedging was popular.
- Valuations were high.

Gold Mining Company Universe 1994

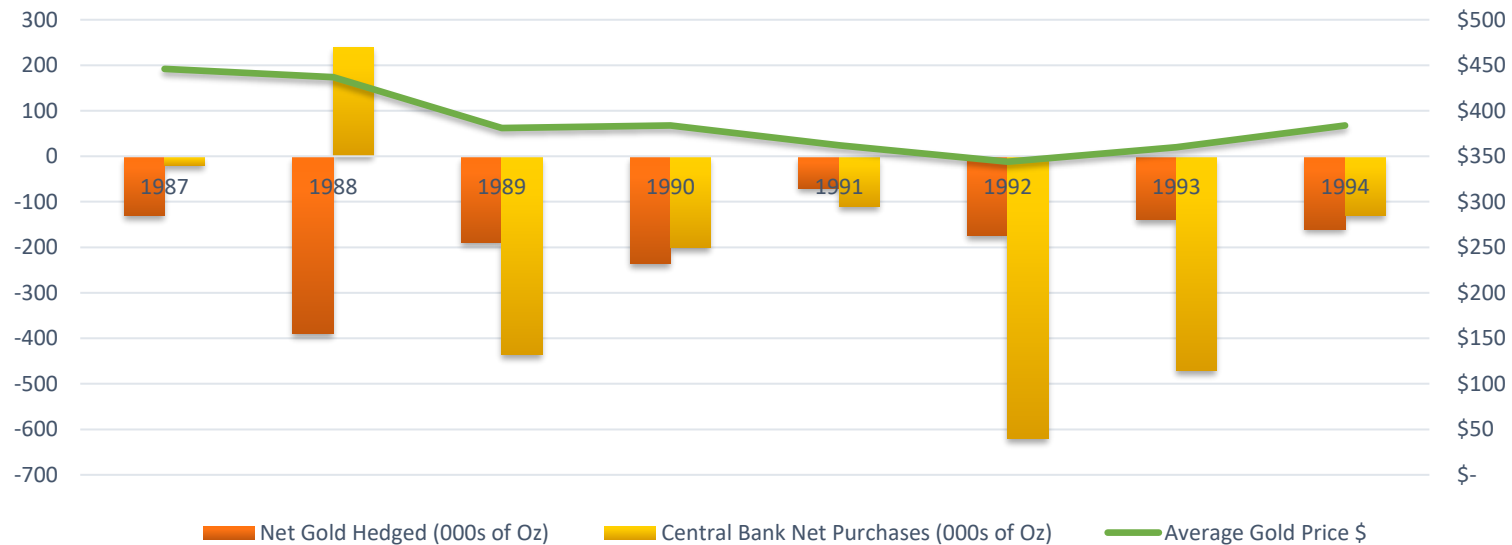
- Newmont, Barrick, Placer Dome, and Homestake were the Big 4 producers in North America. Barrick would later buy Placer and Homestake.
- Newmont was producing about 1.6 mn oz on its way to over 2mn oz. Yanacocha had just started production in 1993. The Batu Hijau project was expected to be (and became) a “go” with an expected capex of around \$1 billion making it one of the most expensive mining projects ever.
- Barrick led by CEO Peter Munk and President Bob Smith was producing 2.3 mn oz. It’s Betze-Post Mine in Nevada was humming at almost 2 mn oz. Development had begun on the UG Meikle mine.
- Barrick was just closing on it’s \$1.6bn purchase of Lac Minerals (which owned Pascua Lama).
- Placer Dome was producing about 1.7 mn oz. In Denver, it outlined plans to develop Las Cristinas, Musselwhite and Mulatos. Zaldivar was being constructed. The Cortex Pipeline project was in feasibility.
- The 100-year old Homestake mine was still producing 400k oz. First production was taking place at Homestake’s Eskay Creek mine.
- Sante Fe Pacific Gold was newly public and producing 500k oz per annum.
- Agnico Eagle was producing <200k oz from its only (Laronde) mine.
- Almost no underground gold mining in Australia.



NET GOLD HEDGED AND CENTRAL BANK NET PURCHASES

Average Gold Price \$ vs Net Hedged and Net Central Bank Buying/Selling 1987-1994

High interest rates in 1988-89 especially in Australia motivated hedging.
Belgium makes first major central bank sale in 1989.

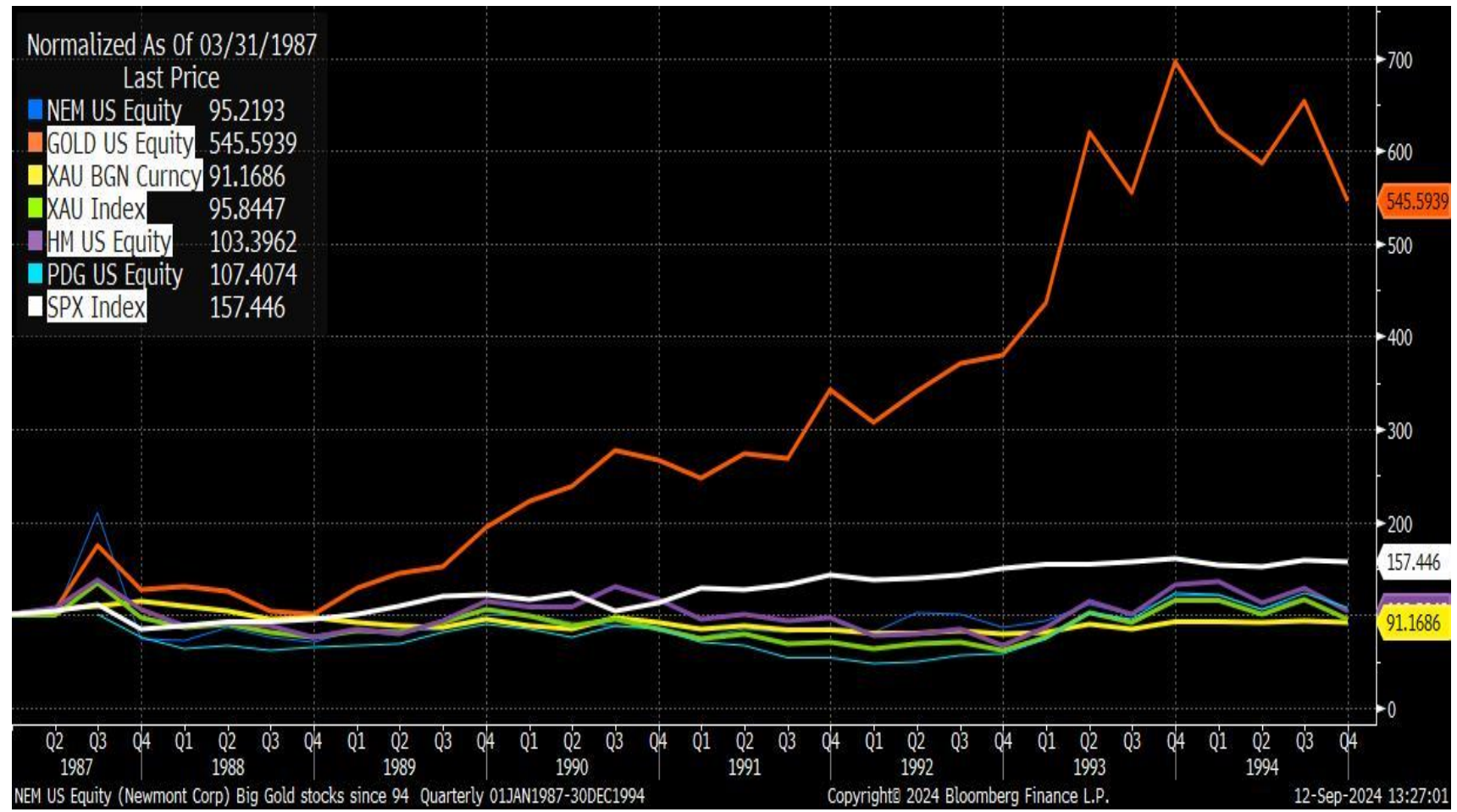


Source: World Gold Council and GFMS



BARRICK GOLD SHINES 1987-1994

Barrick (orange line) with the discovery and development of the Betze-Post and Meikle Mines was the star during the seven years before the 1994 Denver Gold Show





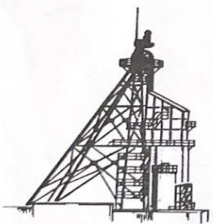
GOLD MINING INDUSTRY 1994

Gold Mining Industry 1994

October 18, 1994

Basic Industry:
Gold Mining

Daniel R. McConvey
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LEHMAN BROTHERS

GOLD MINING: IT'S A WHOLE NEW WORLD!

COVERAGE INITIATED

- In this report, we give our perspective of trends in the gold mining industry and initiate coverage on **Newmont Gold** (NGC-41 1/8; 1-H), **Newmont Mining** (NEM-42 7/8; 1-H), **Placer Dome Gold** (PDG-23 1/2; 2-H), **Battle Mountain Gold** (BMG-12 3/8; 2-H), **Amex Gold** (AU-7 1/2; 3-S), **Echo Bay Mines** (ECO-13 1/8; 3-H), **Homestake Mining** (HM-20 3/8; 3-H), and **Pegasus Gold** (PGU-15 3/8; 3-H).
- The world of gold mining opportunity today is 3 times bigger than it was five years ago. Third World and former communist states are competing for mining investments. The mineral prospects in many of these countries have never been subject to modern exploration or mining technologies. This situation is unprecedented. It offers North American gold producers enormous opportunities to enter a new phase of growth.
- Our view of gold bullion price trends by gold bullion market expert, **George Milling-Stanley**. Expect continued gold price resistance at the \$400 level and support at the \$370 level. However, current medium-term nervousness about inflation is positive for gold.
- Sorry gold bugs. U.S. inflation may rise, but not for long.
- Share price aside, who are the best companies? We take a look.
- Gold shares trade on asset value. Our Premium Ratio Valuation Model values companies based on the quality of their reserves and resources (published and unpublished) and the related extraction costs. On this basis, we look at which are the most attractive equities.
- Yes, there is some predictability in gold share market movements! We look at the full cycle share price effect of a new mining project.
- **Also in this issue:**
 - The estimation of ore reserves and the role of geostatistics.
 - U.S. Mining Law Reform: The questions. The answers.
 - The valuation of a gold asset from an industry perspective.
 - Gold mining stocks are a greater percentage of the S&P than you think.

In October 1994, we published our Initiation of Coverage with the theme “Gold Mining: It’s a Whole New World.” With the Cold War over, the areas of the world to explore and invest in grew hugely.

Lehman Brothers Premium Ratio Valuation (estimating profit on recoverable reserves) is 1.63.

Over \$1 billion of write offs in the previous four years. We thought the industry had learned.

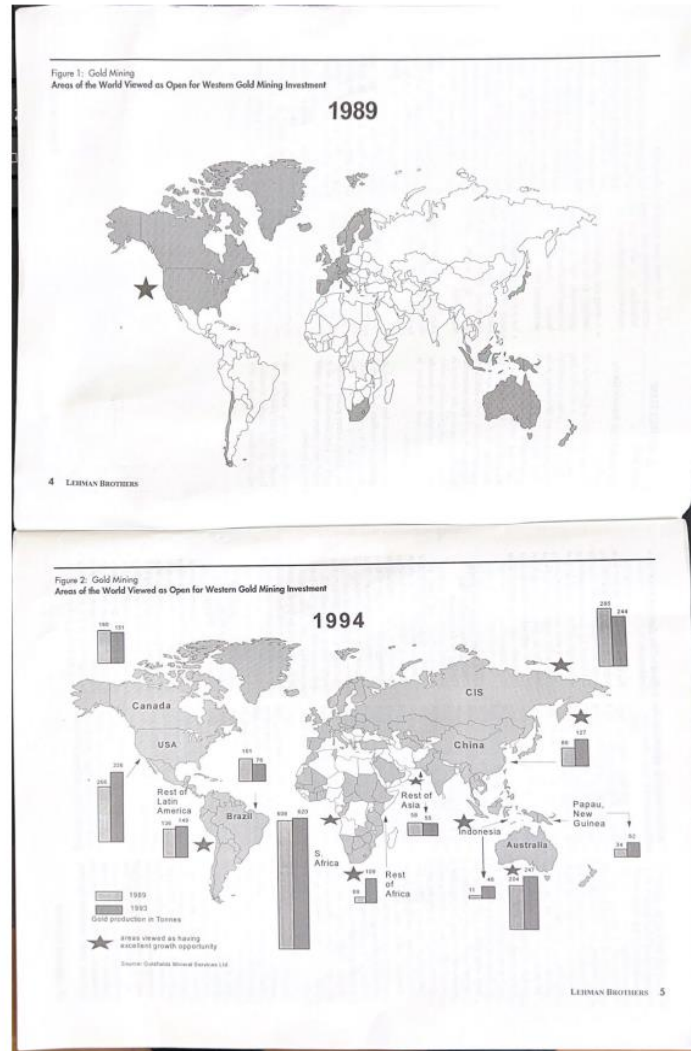
Average forecast 1995 P/E at \$390 gold = 33.



1989 to 1994 MINING WORLD

Gold Mining Industry 1994 Continued

Investable mining world



With the fall of the Berlin Wall and the end of the cold war, the parts of the world open for exploration multiplied between 1989 and 1994.

Now in the 2020's the opposite is occurring.



QUICK REVIEW OF THE GOLD BULLION MARKET 1933-1986

Review of Gold Bullion 1933 to 1986



A PERFECT STORM FOR GOLD 1994-2002

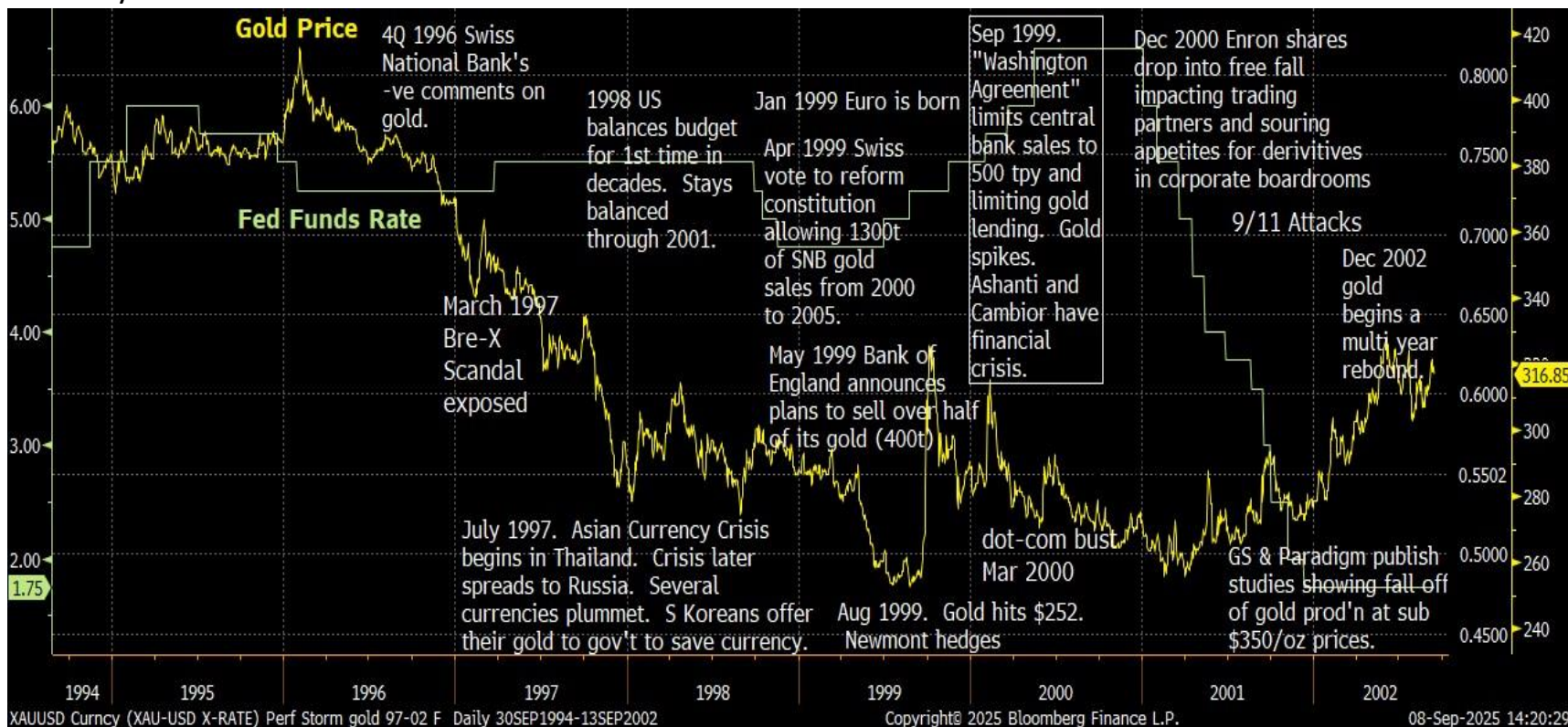


A Perfect Storm for Gold, Gold, XAU, and Fed Funds Rate 1994-2002

Gold prices fall as central banks and producers rush to sell into a western world more united, more confident with its monetary system, and more trustful of its institutions. Meanwhile, the Asian Currency Crisis (“ACC”) exports deflation from Asia and the CIS. One UK analyst called the central bank situation right until 1999.

Why is this relevant today? Because so much of the opposite is true.

The “Washington Agreement”, the dot.com bust, Enron, and the ebbing of the ACC were early seeds for the recovery.



BEARISH GOLDMAN RESEARCH LAUNCH IN 1997



Goldman Sachs
Precious Metals

U.S. Research

Market Underweight

Gold Stock Basics

August 11, 1997

Analysts: Daniel R. McConvey (daniel.mcconvey@gs.com, (212) 902-2360) and Christy S. Ahn (christy.ahn@gs.com, (212) 902-9939)

S&P 500 Weighting: 0.63%

- Suggested Market Underweighting in North American Gold Equities
- Anticipate Gold Price Average of \$330 in Second-Half 1997, \$340 in 1998 and \$350 in 1999
- Fundamentally, Low Profit Margins and Reserve Replacement Challenges Not Fully Reflected in Share Prices
- Market Performers: Barrick Gold, Newmont Mining, Newmont Gold, Placer Dome, Homestake, and Battle Mountain Gold Shares
- Market Underperformers: Echo Bay Mines, Amax Gold, and Pegasus Gold Shares
- Co-Coverage of Freeport McMoRan Copper & Gold with Amy P. Gassman; Continued Coverage of Ashanti Gold Fields and Lihir Gold by Amy P. Gassman; All Rated Market Performers

Important disclosures appear on the back cover of this publication.

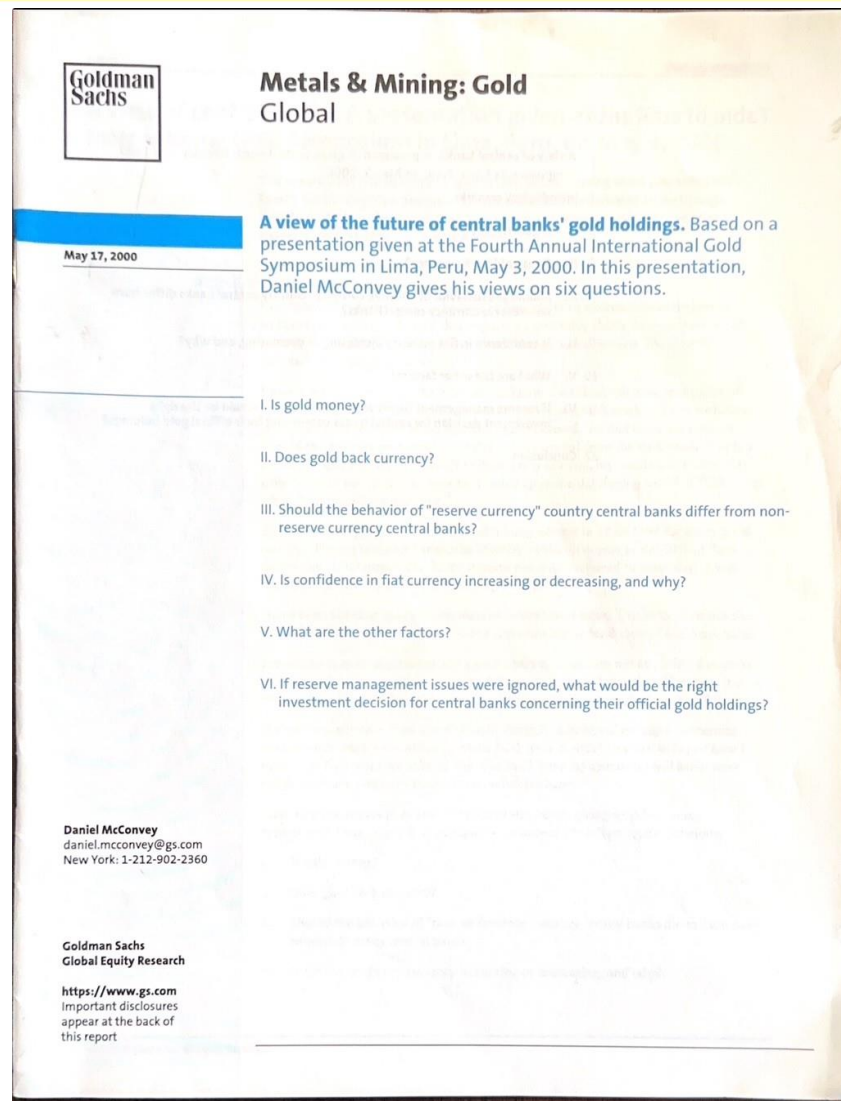
Our August 1997, Goldman initiation report “Gold Stock Basics” came out a month after the Asian Currency Crisis started. We were bearish. Gold was at \$330 and the XAU at 102 (vs. today 250). Even at \$350 gold miners were at break even. Things got worse.

We introduced NPV analysis. Our price to NPV multiple at \$350 and \$400 gold was 3.7 and 2.7, respectively.

“We believe the industry is operating at break-even. We estimate the total future cash outlays of recovering gold, including general and administrative (G&A) costs and future capital expenditures, at an average of \$300 per ounce. Based on this figure and current spot gold prices, current unit cash margins will be less than \$25, or 10% of revenue. However, this does not include exploration and financing costs, which currently run \$30-plus per ounce. Given exploration and debt-servicing needs, we believe that the gold industry requires a 33% operating margin (which would currently require a gold price of about \$400 per ounce) in order to be attractive. Currently, only Barrick achieves this margin, mainly due to its hedge position.”

“ROE in the gold industry appears to be in a period of secular decline”.

CENTRAL BANK GOLD SPEECH IN THE BEARISH MARKET OF 2000



A view of the future of central bank gold holdings.

Speech in Lima May 2000. Gold \$278

"Rightly or wrongly, the world is growing more confident with fiat currency. Whether next year, or 100 years from now, something major will happen that will shake that confidence. At that time, we would not be shocked to see central banks become net buyers of gold as they were in the early 1980s."



GOLD BULL WORLD 2003-2025 WITH ONE BIG DIP

The Post 9/11 Gold Bull World XAU, All Known ETFs, & Fed Funds, 2003-2025

Hedge books are eliminated, Central banks start buying, and new gold ETF's take off.

The Global Financial Crisis, Covid and other crisis help erode trust in institutions.

Then President Trump was re-elected.



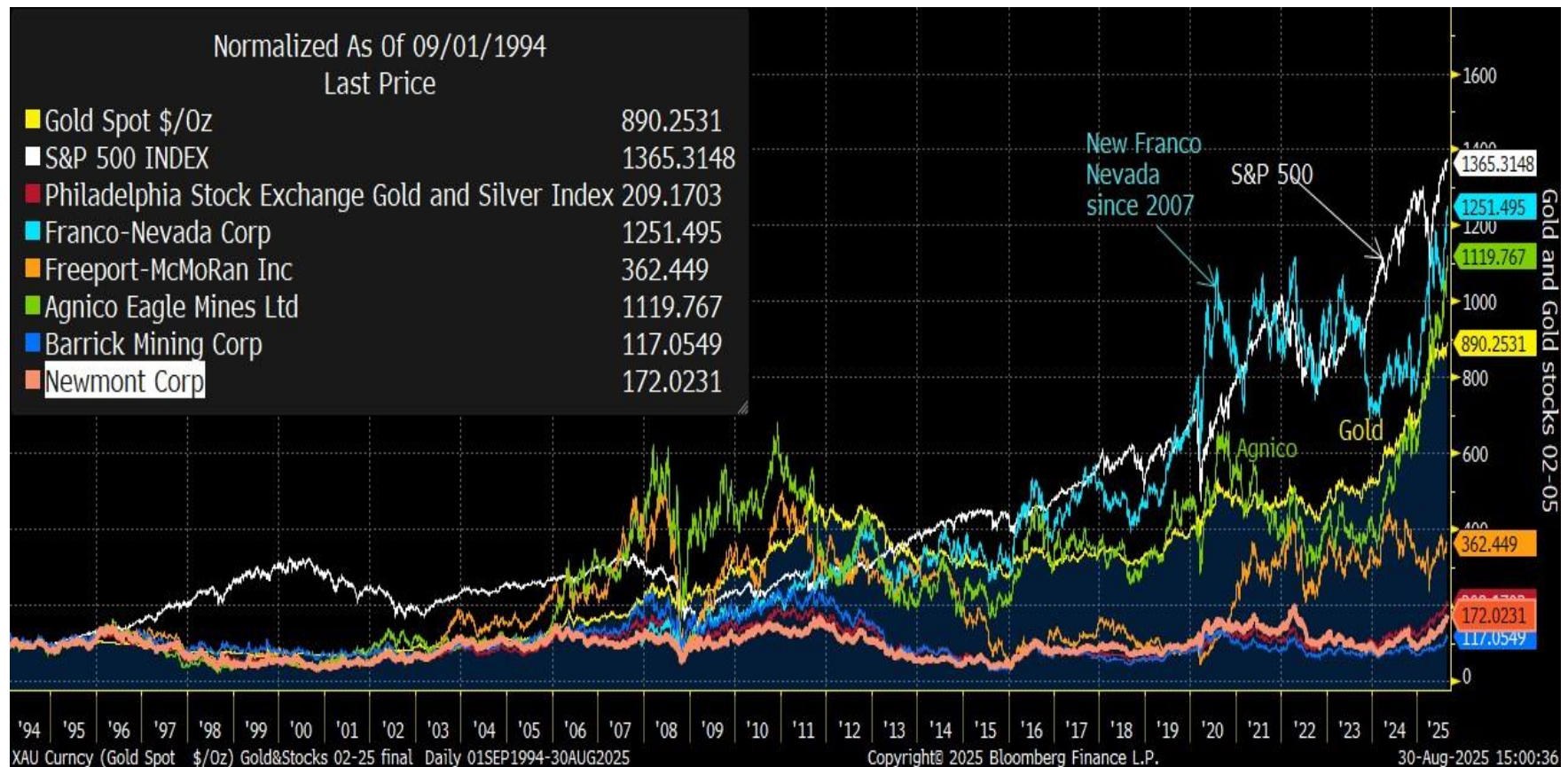
Source: Bloomberg and Rossport Investments

THE WANTING PERFORMANCE OF GOLD PRODUCERS SINCE THE 1994 DENVER GOLD SHOW



S&P, Gold and Selected Gold Stocks Since September 1994

Gold producers that were around in 1994, as best measured by the XAU index, have done poorly since then with the exception of Agnico Eagle and Newcrest (bought by Newmont in 2023). This graph excludes the value of dividends. The second incarnation of Franco Nevada is up 12X since its 2007 IPO. Not shown on this graph is Australia's Northern Star which is up an incredible 170X since 2007!





VALUATIONS

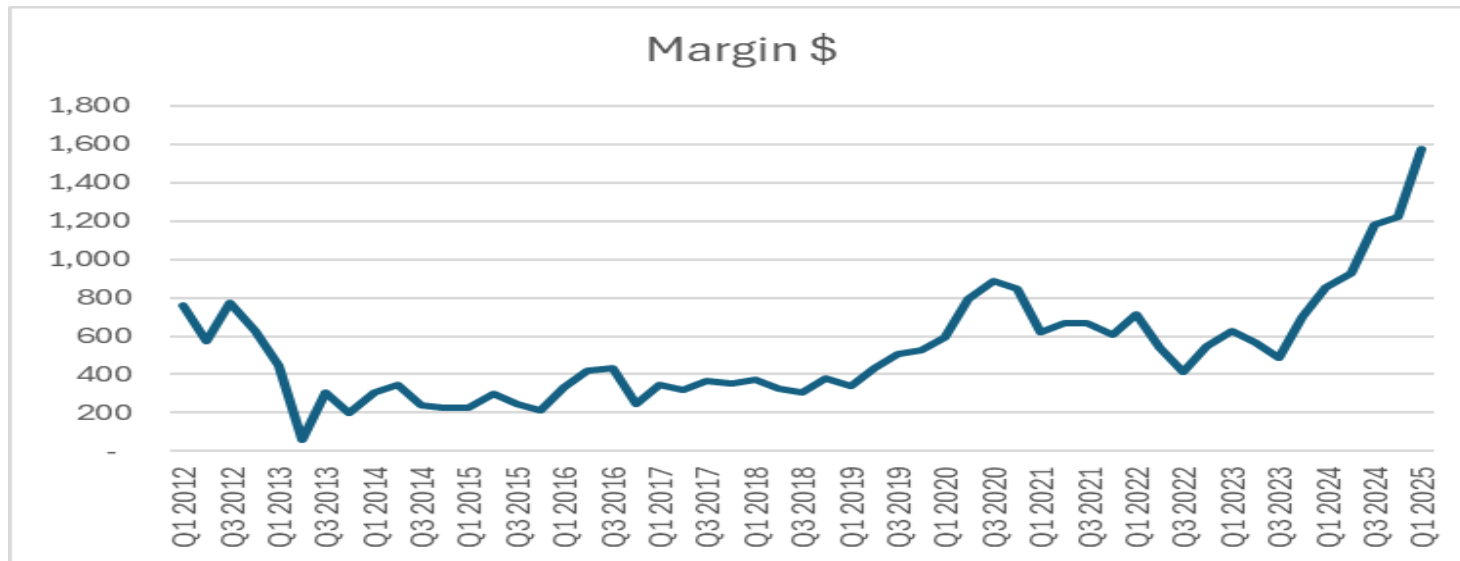
One reason for the underperformance of gold stocks in the last 30 years is the high valuations that existed in the 1980's, 1990's and beyond. Due to a number of factors including ETF's those high valuations have been eroded.

The 2X NPV valuations of yesteryear motivated some bad decisions in our view.

5% Price/NAV now per BMO at spot is 0.8 for senior producers and around 0.5 for medium producers vs. over 3.0 in my 1997 valuation. Margins are now at records well above \$1500.

If gold companies can generate good returns, investors and liquidity are likely to come back.

Gold Producer Margins (gold price – AISC) are now well over \$1500 per ounce



Source: World Gold Council and Rosspport Estimates

- We hope the industry does not back off with the easing of investor ESG scrutiny.
- We think some of the NGO scrutiny has value. For example, we think the Church of England has done a lot of good work on tailings dams and in hindsight wish they would have included heap leach facilities in its scrutiny.
- The environmentalist in me watches mine footprints.
- Company environmental studies should be consistently held to a high standard no-matter where the mine is or how diligent the local authorities are.
- Estimated reclamation costs should be bonded or financed in my view.
- We in the industry help communities especially in the developing world which is close to our heart. We need to keep that help going as long as we can at each project and mine site. We are making a difference.



Final Thoughts

Impressions, Suggestions, Wonders, and DNA

Some extra things we like to see in mining companies:

- A long-term view.
- Focus on sustainability versus size.
- Focus on how the mine footprint will look in 100 years.
- An avoidance of falling to pressure from investors when you know what is the right course.
- Speaking positively about competitors.

Companies that have made an impression on me with their DNA over the last 30 years...

- Bema/B2 Gold
- Lundin Group
- G Mining Group
- Agnico Eagle



Final thoughts continued

Impression, Suggestions, Wonders and DNA continued

Suggestions for new investors to the space:

- Know a sell side analyst's bias and history.
- Be wary of investing in a big mining project in a country with little mining experience, a small GDP, and/or a sensitive environment. This is especially true if the mine footprint is large.
- Be careful with US permitting stories outside of Nevada.
- Copper gold porphyry mines tend to have the longest lives and tend to be the most economic over the cycle.
- Read the history of the company and talk to the previous owners of acquired properties.
- Bump up sustaining capex for outer years in your model.
- Be wary of small and development companies relying on new processes or technologies.
- **Look for management teams that have done it before. e.g. The story of Harry Michael and Equinox Minerals.**

If you have any questions or comments please e-mail me at daniel.mcconvey@rossport.com.

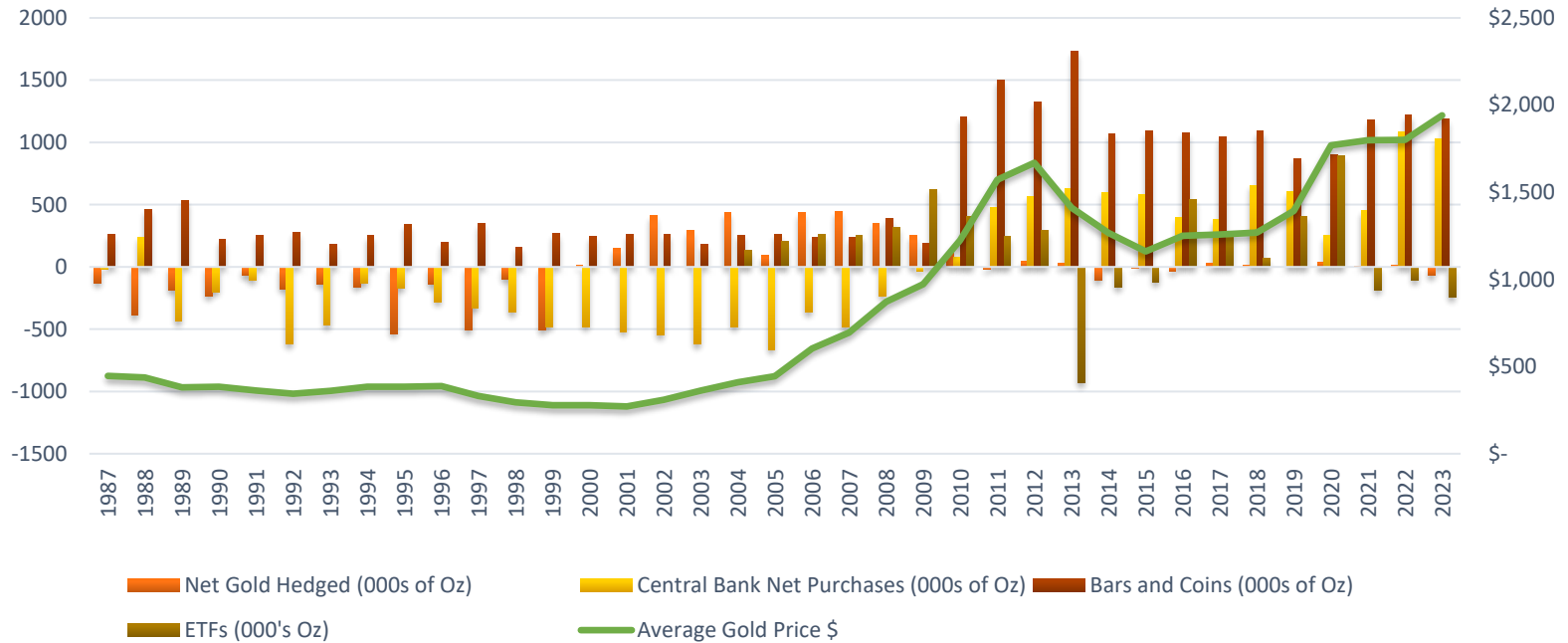


Final Thoughts Continued

My Key Take Aways from 30 Years in the Industry

- The 1990's High Trust in Western World Institutions is being Decimated.
- The "Whole New World" of the mid-1990's is Shrinking with a New Cold War.
- Look for the companies and leaders with a Long-Term View. It is a long game.
- The Australians have impressed me.
- Look for the Harry Michaels.
- It's a privilege to be in the mining industry. Among other things we get to improve people's lives.

Average Gold Price \$ vs Net Gold Hedged, Net Central Bank Buying/Selling, ETFs and Bars and Coins



Source: World Gold Council and GFMS



DISCLOSURES

Past Performance is Not Necessarily Indicative of Future Results

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