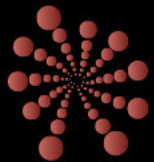

Gold White Paper #2 - The Central Bank Buy Signal



ANGEL PUBLISHING

Gold Prediction: \$16,402 an Ounce!

The Perfect Storm: Why Gold and Silver Are Poised for an Unprecedented Bull Run

Gold Prediction: \$16,402 an Ounce!

***“In a world full of promises, gold is the only one that has kept its word.”
— Brian Hicks, President and Founder of Angel Investment Research***

Preface:

When I launched Angel Investment Research in 2003, the gold bull market was already one year old.

After the terrorist attacks on September 11, 2001, the United States declared war on terror and invaded both Afghanistan and Iraq. Both of those wars were still “hot” in 2003.

The markets were still reeling from a historic mania in dot.com stocks. This prompted the Fed to start cutting rates and encouraged American citizens — along with President George W. Bush, to start spending like drunken sailors. The result was that speculative investments didn’t disappear after the dot.com bust; they simply moved to another asset class: Housing.

However, during all of this global tension and uncertainty, the Fed easing, and the out-of-control housing boom, one asset class was starting to simmer, ready to boil in a massive bullish move up few could have expected: Gold.

Gold’s move from \$278 an ounce to over \$1,900 in nine years took Wall Street by surprise.

But not us or our subscribers at Angel Investment Research. We were investing in gold and silver and junior mining stocks from 2003 to 2006.

We like to ask people this question: If, at the beginning of 2002, when gold was trading for \$278 an ounce, we told you it would rise to \$500... \$1,000 even as high as \$2,000 an ounce, would have believed us?

Most didn't. In fact, we got laughed at. Even by arguably the greatest investor in history, Warren Buffett. He's been a well-known critic of gold investing.

But in 2011, gold reached a record high of \$1,921/oz.

A similar rise in today's market puts gold at \$16,402/oz.

Let me repeat: A similar rise in today's market puts gold at \$16,402/oz.

Again, we expect the vast majority of market pundits to laugh at us, and we are okay with that.

We've become accustomed to market talking heads dismissing our predictions. They do so at their financial peril, as our predictions come true time and time again.

This white paper outlines why we think we are about to experience another precious metals bull market similar to the 2002-2011 bull market. But this time, we believe this bull market will be even bigger.

Fortunes will be made by investors following our analysis and our stock recommendations.

I hope you are one of them.

Investment Thesis

Gold and silver are no longer just safe havens in times of crisis; they are rapidly becoming essential hedges against the most profound financial risks of our generation. We stand on the precipice of a new, historic bull market in precious metals, one that may eclipse the dramatic run-up of 2002-2011, when gold went from \$278/oz to over \$1,900/oz in that period.

Consider the convergence of destabilizing factors: global geopolitical uncertainty has reached its highest level in decades, with conflicts, trade wars, and power shifts threatening economic stability. The world is grappling with an eye-watering \$315 trillion in debt — an unsustainable burden that will inevitably devalue fiat currencies. In the U.S. alone, national debt has ballooned beyond \$35 trillion, with no sign of responsible fiscal policy on the horizon.

In fact, even this dire situation might be underestimated by tens of trillions of dollars.

According to a 2021 Forbes piece:

“The U.S. national debt is rising at a pace never seen in the history of America. With a current debt exceeding \$35 trillion – an increase of nearly \$5 trillion in 14 short months, Washington is now debating an infrastructure bill with a price tag close to \$2 trillion. Even without this additional spending, the national debt will approach \$89 trillion by 2029 according to USDebtClock.org. This would put the country’s debt-to-GDP ratio at 277%, surpassing Japan’s current 272% debt-to-GDP ratio.”

The impact on the nation’s finances is draining.

Recently, the U.S. government crossed the Rubicon when it started paying \$3 billion every single day for interest on its debt.

America’s out-of-control debt train hasn’t gone unnoticed by foreign governments and investors alike.

In response, central banks around the globe are stockpiling gold at record rates. China, Russia, and BRIC nations are questioning the dominance of the U.S. dollar and are in serious discussions about creating a rival global currency — a move that would further erode the dollar’s status as the world’s reserve currency. The petrodollar, long the linchpin of global trade, is losing relevance as energy markets diversify and the U.S. loses its geopolitical leverage.

The debt binge triggered by the COVID-19 pandemic, especially in Western economies, is now an undeniable financial watershed. Investors, banks, and entire governments are struggling to absorb the aftershocks. Gold and silver, as hard, tangible assets, are reasserting their value amidst the chaos. As individuals rush to secure their wealth, precious metals stand as the ultimate hedge — an asset that has outlived empires and currencies alike.

The last gold bull market lasted nearly a decade, but today's economic environment is even more precarious. The coming years could see gold and silver shattering their previous performance, driven by this perfect storm of global instability and financial mismanagement.

In fact, our long-term price target for gold (ten years out) is \$16,402/oz and \$152/oz for silver. In this Angel Investment Research White Paper #2, we will give price targets for one year (2025), three years, five years, and ten years.

For gold, our new baseline (support level) is roughly \$2,000/oz. All future price target calculations are based on that level.

We will also outline why gold stocks — specifically the junior minor industry — are about to wake up from their 13-year hibernation. In the last gold and silver bull market, junior miners outperformed the underlying metal by 2, 3, and as much as 10X.

Indeed, some select gold and silver stocks have already outperformed the metals by two to three times YTD. Some of these stocks are current recommendations — and have been for some time — in Angel Investment Research portfolios.

And it's all due to the “8 emergency factors behind gold and silver's resurgence.”

The 8 Emergency Factors Behind Gold and Silver Resurgence

1. Geopolitical Uncertainty

The world is currently facing unprecedented geopolitical instability. The conflict between Russia and Ukraine has led to heightened tensions between NATO and Russia, with direct implications for energy markets, especially in Europe. According to the *Global Peace Index 2023*, the world is less peaceful now than at any time in the past 15 years, with conflict-driven economic costs exceeding \$16.5 trillion globally, representing over 10% of global GDP.

Throw in the fighting between Israel, Hamas, Lebanon, and Iran, and you see a powder keg ready to erupt in that part of the world.

In fact, as global conflicts continue to ignite, a startling new survey revealed that 80% of Americans are worried about the possibility of World War III. The study, conducted by Talker Research, paints a sobering picture of a nation on edge as international tensions rise and an uncertain election year looms.

Historically, such instability drives demand for safe-haven assets like gold and silver.

2. Global Debt (\$315 Trillion)

Global debt levels have reached a staggering \$315 trillion in 2023, according to the *Institute of International Finance (IIF)*. This figure represents more than 350% of the world's GDP. A large portion of this debt was accumulated following the 2008 financial crisis and the COVID-19 pandemic. Emerging market debt alone has hit a record \$100 trillion, further stressing the global financial system. In such a debt-heavy environment, the devaluation of fiat currencies becomes more likely, enhancing the appeal of hard assets like gold and silver.

3. Ballooning U.S. National Debt (Over \$35 Trillion)

As of October 2024, the U.S. national debt has surpassed \$35 trillion, according to *U.S. Treasury Department* data. To put this into perspective, the debt has more than doubled in the past decade, growing from \$16 trillion in 2013. The Congressional Budget Office (CBO) projects that U.S. debt could reach 150% of GDP by 2050 if current trends continue. Historically, periods of high national debt are closely linked to rising gold prices, as investors seek out stable, non-inflationary assets.

4. Central Bank Gold Purchases

In 2023, central banks purchased over 1,136 metric tons of gold — the highest annual level since records began in 1950, according to the *World Gold Council*. Countries like China, Russia, India, and Turkey have been particularly aggressive buyers. For example, the People's Bank of China added 100 tons to its gold reserves in the first quarter of 2024, bringing its total reserves to over 2,300 tons. Central banks are hedging against potential de-dollarization and inflation, further supporting the upward momentum in gold prices.

5. Individuals Hedging with Gold

In times of economic uncertainty, individual investors flock to gold and silver as hedges against currency devaluation, inflation, and market volatility. In 2023, demand for gold by retail investors rose by 18% year-on-year, according to the *World Gold Council*. The rise of online bullion trading platforms has made it easier than ever for individuals to purchase physical gold and silver. In the first quarter of 2024, gold exchange-traded funds (ETFs) experienced inflows of \$18.6 billion globally, signaling heightened interest from individual investors.

6. BRIC Nations and Currency Competition

The BRIC nations (Brazil, Russia, India, China, and South Africa) are actively exploring the creation of a new currency to challenge the dominance of the U.S. dollar. At the 2023 BRICS Summit in Johannesburg, member states announced their intention to establish a basket-backed currency, potentially supported by commodities like gold. If realized, this move could weaken the dollar's position as the world's reserve currency. Central banks in BRIC nations are already diversifying away from dollar-denominated reserves, with gold being a key beneficiary.

7. Decline of the Petrodollar

The petrodollar system, established in the 1970s when the U.S. brokered a deal with Saudi Arabia to price oil exclusively in dollars, is losing its influence. In 2023, both China and Russia began settling energy deals in their own currencies, bypassing the dollar altogether. According to the *International Energy Agency (IEA)*, more than 30% of global oil exports were traded in currencies other than the U.S. dollar in 2023. As the petrodollar weakens, the demand for alternative stores of value, such as gold and silver, grows.

8. Post-COVID Debt and Financial Watershed

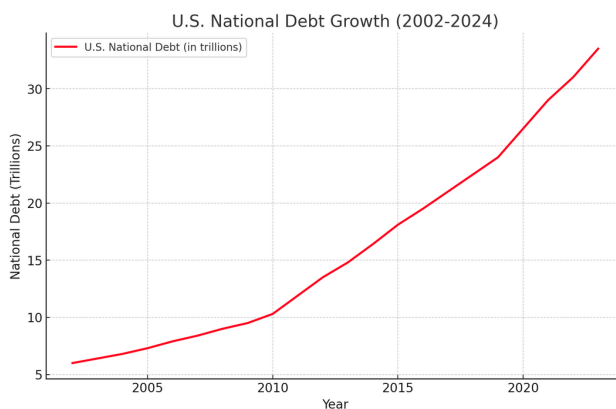
The global response to the COVID-19 pandemic has left a lasting scar on the financial system. Governments worldwide issued over \$17 trillion in new debt between 2020 and 2022 to fund pandemic relief efforts, according to *IMF data*. The U.S. alone injected over \$4 trillion into its economy through stimulus packages. This surge in debt has resulted in long-term inflationary pressures, which are now being felt across the globe. Investors are increasingly turning to gold and silver to hedge against the resulting devaluation of currencies and rising inflation.

Here are 3 key charts to visually support our thesis:

- 1. Gold and Silver Prices (2002-2024):** These charts demonstrate the significant rise in gold and silver prices during the previous bull market and highlight how we are already seeing prices trend upward again in recent years. The trajectory suggests potential for a continuation of new highs, especially given current global uncertainties.
- 2. U.S. National Debt Growth (2002-2024):** This chart shows the relentless rise of U.S. national debt, particularly after the 2008 financial crisis and the COVID-19 pandemic. The ballooning debt is a critical factor driving demand for safe-haven assets like gold and silver.



U.S. National Debt Growth (2002-2024)



These charts help convey the macroeconomic forces driving gold and silver towards a historic bull market, possibly surpassing the 2002-2011 run.

Again let me repeat: We believe we are about to have a rerun of the 2002-2011 precious metals bull run. In our opinion, the end of 2001 is similar to the end of 2023. And both years, gold broke out from a multi-year consolidation period when we were facing a global crisis, not unlike the one we are facing now.

At the end of 2001 (after the 9/11 terrorist attacks), the price breakout occurred around \$278. In 2023, the price breakout occurred in December when it hit \$2,138, convincingly confirming that \$2k/oz was the new support level. In September 2011, the last record high for gold, it reached \$1,921/oz.

Looking back at the last bull market, we can now look forward.

Price Targets for Gold and Silver for the Next 10 Years

Here's a breakdown of how much **gold** and **silver** gained per year from 2001 to 2008 (the first leg of the last bull market):

Gold

- **2001:** +2.5% (breakout at the very end of the year)
- **2002:** +24.7%
- **2003:** +19.6%
- **2004:** +5.4%
- **2005:** +17.1%
- **2006:** +23.9%
- **2007:** +31.9%
- **2008:** +5.8%

Silver

- **2001:** -10.3%
- **2002:** -11.4%
- **2003:** +24.3%
- **2004:** +14.6%
- **2005:** +29.1%
- **2006:** +46.6%
- **2007:** +15.4%

- **2008:** -23.2%

Gold had a steady increase during this period, with 2007 being particularly strong. Silver, though more volatile, saw sharper gains in 2005 and 2006 before taking a hit during the 2008 financial crisis.

The gold bull market of the 2000s is generally considered to have officially started in **2001**. This marked the end of a two-decade-long bear market that began after gold peaked in the early 1980s.

Several factors in 2001 contributed to the shift:

1. **Economic instability:** The bursting of the dot-com bubble in 2000-2001 led to a recession, prompting investors to seek safe-haven assets like gold.
2. **Low interest rates:** In response to the recession, central banks, particularly the Federal Reserve, cut interest rates, making gold more attractive as it does not yield interest, and low rates reduce the opportunity cost of holding gold.
3. **Weakening U.S. dollar:** The U.S. dollar began to decline, adding further incentive to invest in gold as it is priced in dollars, meaning a weaker dollar often pushes gold prices higher.
4. **Terrorism:** After the terrorist attacks on September 11, 2001, the United States engaged in 2 wars in Afghanistan and Iraq, increasing geopolitical tensions. Gold became a safe haven asset with individuals. After 9/11, the Federal Reserve began a year-long campaign of cutting rates, further increasing the desire for gold as a hedge.

From a technical standpoint, gold prices began a sustained rise in 2001 after hitting a low of about **\$255 per ounce** in April. By the time it reached 2003, the gold bull market was in full swing, with gold gaining traction year after year until it surged dramatically in 2007-2008.

In 2001 and 2002, gold experienced the following returns:

****2001**:** +2.5%

- ****Gold price at the start of 2001****: around ****\$272 per ounce****.
 - ****Gold price at the end of 2001****: around ****\$278 per ounce****.
 - This modest gain marked the beginning of the gold bull market after its low in April 2001. Despite the modest return, 2001 set the stage for gold's upward trend due to rising economic uncertainty and the Fed's aggressive rate cuts.
- ### ****2002****: +24.7%
- ****Gold price at the start of 2002****: around ****\$278 per ounce****.
 - ****Gold price at the end of 2002****: around ****\$346 per ounce****.
 - This year saw a significant surge in gold prices as investors increasingly sought gold as a safe haven amid global geopolitical tensions (post-9/11, war on terror) and the continued weakening of the U.S. dollar.

Again, we believe 2023/2024 is a repeat of the start of the 2001/2002 gold and silver bull markets.

The financial and global dynamics are just too similar to ignore.

For example, from the end of 2001 to the end of 2002, gold rose 24%. From the breakout in 2023 to the end of 2024 (YTD), gold is up 28%!

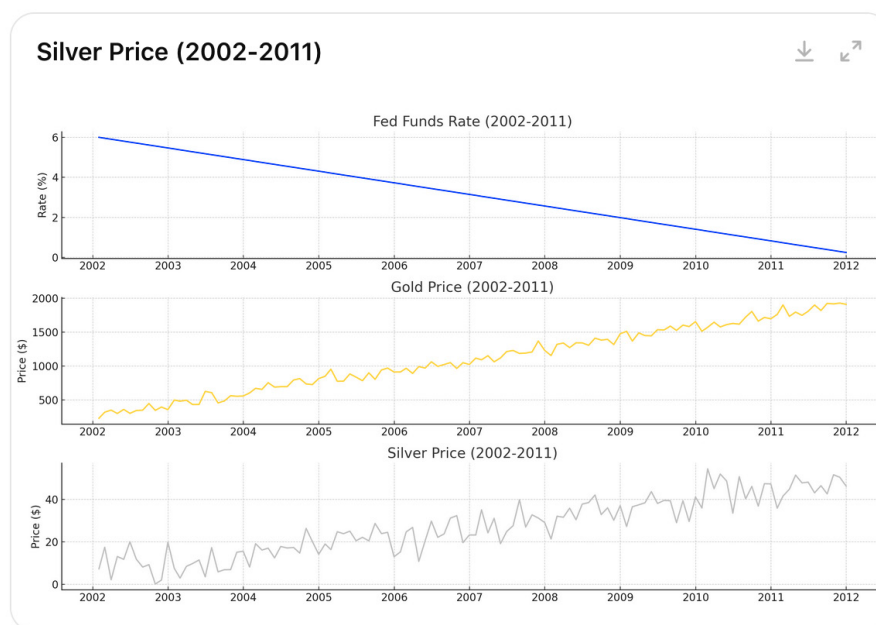
Here's another reason, and maybe the best spark of why gold is ready to rise...

Don't Fight the Fed:

Rate Cuts and Exploding National Debt is a Recipe for Strong Gold and Silver Prices

The investment strategy known as “Don’t fight the Fed” is rooted in the concept that investors should align their strategies with the Federal Reserve’s monetary policies rather than attempting to bet against them.

Regardless of your opinion about how the Fed manipulates the markets, the idea (or just plain fact) is that the Fed’s actions, particularly regarding interest rates and liquidity in the financial system, have a powerful influence on markets.



Therefore, aligning with the direction of Fed policy is more likely to yield success than opposing it.

Think of it as positioning your sails together to capture the most amount of wind.

Allow us to explain this in more detail.

Don't Fight the Fed: A Plenary Thesis for Profit:

“Don't fight the Fed” encapsulates a strategic approach to investing that emphasizes the importance of aligning investment decisions with the Federal Reserve's monetary stance. This strategy suggests that, because the Fed's monetary policies drive liquidity, borrowing costs, and broader financial conditions, investors should adjust their portfolio allocations to follow the direction of Fed policy rather than attempting to counteract it. By adhering to this principle, investors can enhance returns and mitigate risks during different monetary cycles.

Historical Examples:

- 1. Dot-Com Bubble and Fed Tightening (Late 1990s – Early 2000s):** In the late 1990s, the Fed, led by Alan Greenspan, raised interest rates to combat inflationary pressures and cool the overheating economy. This tightening of monetary policy, combined with speculative excess in the tech sector, contributed to the bursting of the dot-com bubble. Investors who bet on the continued rise of tech stocks during this period, ignoring the Fed's tightening cycle, saw their portfolios decimated. Those who aligned with the Fed's more cautious stance, shifting to safer assets, fared better.
- 2. 2008 Financial Crisis and Fed Easing:** Following the 2008 financial crisis, the Fed slashed interest rates to near-zero levels and embarked on quantitative easing (QE) to stabilize the economy. Investors who fought the Fed by remaining overly bearish or betting against the recovery missed out on one of the most significant bull markets in history. By following the Fed's aggressive easing policies, investors who moved into equities and riskier assets benefited from a massive rally that persisted for years.
- 3. 2020 COVID-19 Pandemic and Unprecedented Fed Stimulus:** During the COVID-19 pandemic, the Fed again cut interest rates to near zero and initiated unprecedented levels of quantitative easing to flood the economy with liquidity. Investors who followed the Fed's actions by embracing risk assets, including stocks, real estate, and even cryptocurrencies, saw massive gains as the markets surged. Those who “fought the Fed” by staying in cash or betting on a prolonged market downturn largely missed the rapid recovery in asset prices.

4. **2022-2023 Fed Tightening and Rising Interest Rates:** In response to surging inflation, the Fed embarked on one of the fastest rate-hiking cycles in decades, raising rates from near zero to levels not seen since the early 2000s. Investors who ignored these signals, remaining heavily invested in growth stocks and highly leveraged assets, faced steep losses, particularly in sectors sensitive to rising interest rates like technology and real estate. Those who aligned with the Fed's tightening cycle, reallocating to more defensive sectors such as energy, consumer staples, and short-duration bonds, saw less volatility and protected their capital.

Key Takeaways:

- **When the Fed is tightening** (raising interest rates and reducing liquidity), it generally signals that risky assets like growth stocks, real estate, and highly leveraged sectors may underperform. Defensive strategies, including allocations to bonds, value stocks, and cash, tend to fare better.
- **When the Fed is easing** (lowering interest rates and increasing liquidity), risk-on assets such as equities, real estate, and commodities often benefit. Investors who increase their exposure to these asset classes during easing cycles generally outperform.

The “Don’t fight the Fed” mantra underscores the reality that the Fed’s influence on the market is massive. Betting against their policies can result in substantial losses while aligning with their direction can improve investment returns, no matter the phase of the monetary cycle.

Let’s take a look at the 2001-2002 “Don’t fight the Fed” period:

This two-year period marked the real turnaround in gold’s performance, with 2002 being a breakout year after the groundwork had been laid in 2001.

During the early 2000s, the Federal Reserve (Fed) made several interest rate cuts, particularly in response to the burst of the dot-com bubble, the 9/11 attacks, and the early 2000s recession. Here’s a timeline of key rate cuts during that period:

2001

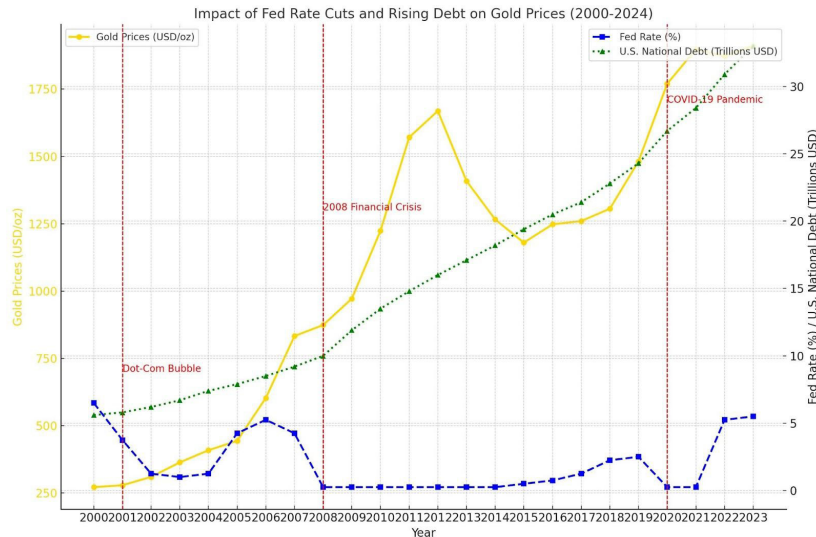
- **January 3, 2001:** The Fed cut the federal funds rate by **50 basis points**, from **6.50% to 6.00%**. This marked the first cut of the year, as the economy showed signs of slowing.
- **January 31, 2001:** Another **50 basis point cut**, lowering rates to **5.50%**.
- **March 20, 2001:** A smaller cut of **50 basis points**, bringing the rate to **5.00%**.
- **April 18, 2001:** In an emergency move, the Fed slashed rates by **50 basis points to 4.50%**.
- **May 15, 2001:** The rate was cut again, by **50 basis points to 4.00%**.
- **June 27, 2001:** The Fed cut rates by **25 basis points**, lowering it to **3.75%**.
- **August 21, 2001:** Another **25 basis point cut**, bringing the rate to **3.50%**.
- **September 17, 2001 (after the 9/11 attacks):** The Fed cut rates by **50 basis points**, lowering it to **3.00%**.
- **October 2, 2001:** Another **50 basis point cut**, dropping the rate to **2.50%**.
- **November 6, 2001:** A **50 basis point cut**, bringing the rate to **2.00%**.
- **December 11, 2001:** A final **25 basis point cut** of the year, bringing the rate down to **1.75%**.

2002–2003

- **November 6, 2002:** The Fed cut rates again, this time by **50 basis points**, reducing the federal funds rate to **1.25%**.
- **June 25, 2003:** A final cut during this period, reducing the rate to **1.00%**, which remained until 2004.

Impact on Gold:

These aggressive rate cuts, especially in 2001, significantly boosted gold prices, as lower interest rates reduced the opportunity cost of holding non-yielding assets like gold.



Additionally, the weakening U.S. dollar, which coincided with these rate cuts, helped spur the gold bull market that began in 2001 and continued through the 2000s.

In 2001 and 2002, gold experienced the following returns:

2001: +2.5%

- **Gold price at the start of 2001: around \$272 per ounce.**
- **Gold price at the end of 2001: around \$278 per ounce.**
- This modest gain marked the beginning of the gold bull market after its low in April 2001. Despite the modest return, 2001 set the stage for gold's upward trend due to rising economic uncertainty and the Fed's aggressive rate cuts.

2002: +24.7%

- **Gold price at the start of 2002: around \$278 per ounce.**
- **Gold price at the end of 2002: around \$346 per ounce.**

- This year saw a significant surge in gold prices as investors increasingly sought gold as a safe haven amid global geopolitical tensions (post-9/11, war on terror) and the continued weakening of the U.S. dollar.

This two-year period marked the real turnaround in gold's performance, with 2002 being a breakout year after the groundwork had been laid in 2001.

To estimate future price targets for gold over the next 3, 5, and 10 years based on its performance from 2002 to 2011, we can apply the same rate of return that gold experienced during that period. Here's a breakdown of the process and estimates:

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Gold's Performance from 2002 to 2011:

- **Starting Price (2002):** \$278/oz
- **Peak Price (2011):** \$1,921/oz
- **Time Period:** 9 years

Using this annual growth rate, we can project potential future prices over the next 3, 5, and 10 years from a base price of \$2,000/oz.

Summary of Price Targets:

- **3-Year Target:** \$3,678/oz
- **5-Year Target:** \$5,668/oz
- **10-Year Target:** \$16,402/oz

- **Total Gain:** $\frac{1920-278}{278} \times 100 \approx 590\%$
- **Annualized Growth Rate (CAGR):** We use the compound annual growth rate (CAGR) formula:

$$\text{CAGR} = \left(\frac{1920}{278} \right)^{\frac{1}{9}} - 1 \approx 0.235 \text{ or } 23.5\% \text{ per year}$$

Using this annual growth rate, we can project potential future prices over the next 3, 5, and 10 years from a base price of \$2,000/oz.

Future Gold Price Projections:

1. 3-Year Target:

$$\text{Price in 3 years} = 2000 \times (1 + 0.235)^3 \approx 2000 \times 1.839 = 3,678$$

2. 5-Year Target:

$$\text{Price in 5 years} = 2000 \times (1 + 0.235)^5 \approx 2000 \times 2.834 = 5,668$$

Estimated Price: \$5,668/oz

3. 10-Year Target:

$$\text{Price in 10 years} = 2000 \times (1 + 0.235)^{10} \approx 2000 \times 8.201 = 16,402$$

Estimated Price: \$16,402/oz

Summary of Price Targets:

- **3-Year Target:** \$3,678/oz
- **5-Year Target:** \$5,668/oz
- **10-Year Target:** \$16,402/oz



These targets are based on the same compound growth rate that gold experienced during the 2002-2011 bull market.

Let's apply the same method to estimate future silver prices over the next 3, 5, and 10 years based on silver's performance from 2002 to 2011.

Silver's Performance from 2002 to 2011:

- **Starting Price (2002):** \$4.50/oz
- **Peak Price (2011):** \$49.82/oz
- **Time Period:** 9 years

Silver's Performance from 2002 to 2011:

- **Starting Price (2002):** \$4.50/oz
- **Peak Price (2011):** \$49.82/oz
- **Time Period:** 9 years
- **Total Gain:** $\frac{49.82-4.50}{4.50} \times 100 \approx 1,007\%$
- **Annualized Growth Rate (CAGR):** We use the compound annual growth rate (CAGR) formula:

$$\text{CAGR} = \left(\frac{49.82}{4.50} \right)^{\frac{1}{9}} - 1 \approx 0.308 \text{ or } 30.8\% \text{ per year}$$

Using this 30.8% annual growth rate, we can project silver prices for the next 3, 5, and 10 years from a base price. Let's assume a base price of **\$25/oz** for silver, given that silver has been hovering around this level recently.

Future Silver Price Projections:

1. 3-Year Target:

$$\text{Price in 3 years} = 25 \times (1 + 0.308)^3 \approx 25 \times 2.264 = 56.6$$

Estimated Price: \$56.6/oz

2. 5-Year Target:

$$\text{Price in 5 years} = 25 \times (1 + 0.308)^5 \approx 25 \times 3.872 = 96.8$$

Estimated Price: \$96.8/oz

3. 10-Year Target:

$$\text{Price in 10 years} = 25 \times (1 + 0.308)^{10} \approx 25 \times 15.13 = 378.25$$

Estimated Price: \$378.25/oz

Summary of Price Targets for Silver:

- **3-Year Target:** \$56.6/oz
- **5-Year Target:** \$96.8/oz
- **10-Year Target:** \$378.25/oz

These projections are based on silver's performance from 2002 to 2011, using an annual growth rate of 30.8%.

Now, these price projections are based on the annual growth rates during the bull market of 2002-2011.

We've decided to discount this model, using a straight percentage performance for that period. Gold rose from \$278/oz in 2002 to \$1,921 in 2011. That's a gain of 590%. On a current breakout level of \$2,000/oz, a 590% gain from that level puts gold at \$16,402/oz.

A similar calculation puts silver at \$152/oz.

These are 10-year price targets.

What's the Play in this Environment? Junior Mining Stocks

Junior miners in the gold and silver sectors have historically shown strong performance during precious metals bull markets, often outperforming the underlying metals themselves. This outperformance can be attributed to their higher leverage to rising metal prices and their potential for significant earnings growth as operational costs are typically fixed, meaning any increase in metal prices disproportionately boosts their profitability.

For example, during the gold bull markets in the 1970s, early 2000s, and 2010-2011, junior gold mining stocks delivered much higher returns than both the senior miners and the physical metal. Specifically, the period from 2001 to 2008 saw junior gold miners outpace the growth of gold prices by a wide margin, with the MVIS Junior Gold Miners Index often outperforming by 200% to 500%, depending on the time frame. This was also true during the 2008-2011 gold rally.

One reason for this is the operating leverage that junior miners possess. When gold and silver prices rise, the revenue of junior miners can increase dramatically, leading to higher margins and returns for investors. In contrast, physical gold and silver offer price appreciation but no operational upside.

However, it's important to note that junior miners are also more volatile and can experience sharper downturns during bear markets or periods of price stagnation. The high-risk, high-reward nature of these stocks makes them attractive during bullish phases, but they require careful timing.

Thus, while junior miners can offer outsized gains in bull markets, they also carry significant risks, making diversification and timing crucial strategies for investors interested in this sector.

Between 2002 and 2007, the junior mining sector experienced a remarkable bull run, particularly in gold and silver stocks, as commodity prices surged. Here are some of the best-performing junior mining stocks from that period:

1. Silver Wheaton (Now Wheaton Precious Metals)

- **Performance:** During this period, Silver Wheaton was a standout performer, driven by the company's innovative streaming business model, which allowed it to buy silver production at a fixed cost from other mining companies.
- **Catalysts:** The silver price boom, rising from around \$4/oz in 2002 to over \$14/oz in 2007, significantly boosted the stock.

2. Agnico Eagle Mines



- **Performance:** Though not a pure junior at the time, Agnico Eagle Mines had explosive growth in production and resource expansion that made it a top performer.
- **Catalysts:** The company's growth was driven by successful mine expansions in Quebec, high-grade reserves, and rising gold prices, with gold moving from under \$300/oz in 2002 to over \$700/oz in 2007.

3. Eldorado Gold



- **Performance:** Eldorado Gold's share price multiplied during this period as it developed new gold projects and benefited from rising gold prices.
- **Catalysts:** The company's success in expanding its gold projects in Turkey and China contributed significantly to its stock's meteoric rise.

4. First Majestic Silver

- **Performance:** First Majestic Silver started small but rapidly grew into one of the top silver producers by 2007, with shares skyrocketing.
- **Catalysts:** Focused on aggressive growth in Mexico, where it acquired and developed silver mines, benefiting from the silver price boom.

5. Yamana Gold

- **Performance:** Yamana Gold emerged as one of the top-performing juniors, primarily through acquisitions and discovery success.
- **Catalysts:** The company's focus on growth through acquisitions in South America, particularly in Brazil and Argentina, during the commodity boom, fueled a dramatic rise in share value.

6. Goldcorp (Before Merging with Newmont)

- **Performance:** Goldcorp saw significant stock price appreciation as it expanded its gold operations in North and South America.
- **Catalysts:** The company's low-cost production in mines like Red Lake, combined with its strategic acquisitions, made it a top-performing junior gold company during this period.

7. NovaGold Resources



- **Performance:** NovaGold saw exponential growth due to its major gold and copper discoveries in Alaska and British Columbia.
- **Catalysts:** The company's development of the Donlin Gold and Galore Creek projects during a period of high demand for precious metals attracted significant investor interest.

8. Kinross Gold

- **Performance:** While not a pure junior by the end of this period, Kinross' aggressive growth strategy through mergers and acquisitions, especially the acquisition of mines in Russia and South America, made it a standout.
- **Catalysts:** Strong exploration results, strategic acquisitions, and a favorable gold price environment drove significant gains in the company's share price.

9. Hecla Mining

- **Performance:** Hecla was primarily known for its silver production, and its stock surged along with the silver price.
- **Catalysts:** Its long-standing mines in the U.S. and Mexico benefited from rising silver demand and production expansions during this period.

10. Iamgold



- **Performance:** Iamgold saw major gains as it expanded operations and resources, benefiting from the rise in gold prices.
- **Catalysts:** Iamgold's strategy of acquiring and developing projects in Africa, especially in Mali and Ghana, paid off as gold prices rose steadily.

Factors Contributing to the Bull Run (2002-2007):

- **Rising Commodity Prices:** Gold rose from around \$275/oz in 2002 to over \$700/oz in 2007, while silver followed suit, rising from around \$4/oz to over \$14/oz during the same period.
- **Increased Investor Interest:** The era marked a renewed interest in hard assets due to geopolitical tensions, inflationary concerns, and the declining value of the U.S. dollar.
- **Discovery Successes:** Several junior miners experienced significant stock price appreciation by making new gold and silver discoveries or advancing existing projects.

These companies capitalized on the strong gold and silver markets, with many transforming into larger producers or merging with bigger players by the end of the commodity supercycle.

Indeed, a select few gold and silver mining stocks have started making their bull moves in this new, but very young, bull market.

Here are a few stock charts of mining companies we actively follow and recommend:



In the coming weeks, we will be releasing another paper with a list of junior mining stocks to buy right now.

But we also want to tell you about a new, exciting stock we are researching right now for coverage.

In fact, we think it's one of the most exciting juniors on the market right now. It's inexpensive, trading for a market cap of just \$600 million, and it'll be producing a mineral so needed by the U.S. military, that the Pentagon has joined forces with them.

And the stock has gone gangbusters.

Check this out.

The junior miner has outperformed the combined gains of the Dow, the S&P 500, and the NASDAQ by 300%!

It has out-gained bitcoin this year by the same margin.

It has even done better than red-hot NVIDIA's 180% gain for the year.

The company's stock trades for just \$9 a share. But we think it's headed for over \$100 a share within the next 12 months.

Here's why...

The company is preparing for production in the remote mountains of central Idaho. It's an emerging opportunity that could reshape America's strategic mineral landscape forever.

This opportunity revolves around a metal that many people have never heard of — **Element 51**. At first glance, this might not seem like the kind of story to spark investor excitement, but as geopolitical tensions mount, the stakes for Element 51's strategic value are rising. For this company and its investors, this rare and critical material is at the heart of a modern industrial arms race.

Here's why it presents an investment opportunity with enormous upside, rooted in a unique partnership with the Pentagon and underpinned by significant U.S. government support.

The Element 51 Crisis: America's Achilles' Heel

Element 51 is essential to modern defense systems. It's used in everything from **armor-piercing bullets to night vision goggles**, flame retardants, and even **semiconductors**. The problem? The U.S. imports over **60%** of its Element 51 supply from China and Russia, two nations that are increasingly hostile toward U.S. interests.

This reliance on foreign adversaries for such a critical material places the U.S. in a precarious position. In the event of a geopolitical conflict, these supply chains could be cut off — leaving American military and industrial systems vulnerable. The U.S. government knows this, and it's taking action.

Enter Element 51 Gold Project

This \$9 company is uniquely positioned to solve this problem. The company owns the **Element 51 Gold Project** in Idaho, a site that not only contains a rich deposit of gold but also **one of the largest Element 51 reserves** in the United States. This Element 51 mine could become a lifeline for the U.S. defense industry and its supply of Element 51.

The Element 51 mine has a fascinating history. It was one of the key suppliers of Element 51 during World War II, helping fuel the Allied war effort. However, after the war, the mine fell into disuse, and for decades, the U.S. relied on cheaper imports from overseas. Now, with tensions between the U.S. and China, this abandoned mine is getting a second life.

The Pentagon's Involvement: Securing America's Future

In a move that underscores how critical this resource is, **the U.S. Department of Defense has partnered with this \$9 company**, providing critical funding to accelerate the development of the Element 51 Gold Project. This is more than just a financial relationship—it's a strategic alliance aimed at ensuring the U.S. has a secure, domestic supply of Element 51 for decades to come.

The company has received significant attention from the Pentagon due to Element 51's importance in defense applications. In July 2022, the U.S. government awarded it a contract for **\$24.8 million**, part of which was earmarked for advancing its Element 51 production. The Pentagon has made it clear: it needs a domestic, reliable source of Element 51 to reduce dependence on foreign powers and shore up national security.

U.S. Government Support: A Critical Loan

The Pentagon's backing isn't the only sign of growing U.S. government support. The company is also poised to benefit from **federal loans** aimed at bolstering critical mineral production. As part of the **Biden Administration's strategy** to secure supply chains for essential materials, This \$9 company is in line to receive additional financial backing through loans from the **U.S. Department of Energy** and other government agencies. These funds will be used to finance infrastructure, environmental mitigation, and fast-track the mine's development.

This governmental support isn't just a financial lifeline — it's a green light from Washington that this Element 51 mine is considered a matter of national security. It signals a rare investment alignment between defense, economic, and environmental priorities.

The Market Opportunity for Investors

For investors, this ground-floor opportunity presents a rare convergence of factors that could drive significant returns:

1. **Government Backing:** The Pentagon's direct involvement and U.S. federal loans provide it with financial stability and a clear path to production.

2. **Strategic Importance:** With the U.S. actively working to reduce its reliance on foreign powers for critical materials, its Element 51 will be in high demand across multiple industries, from defense to energy.
3. **Undervalued Asset:** Despite its strategic importance, the groundfloor \$9 company remains relatively under the radar of mainstream investors. However, as the U.S. government continues to ramp up funding and attention, the stock is poised for significant growth.
4. **Diversification with Gold:** In addition to Element 51, the Project is rich in gold deposits. This dual focus makes it an even more attractive investment — giving exposure to a precious metal that often serves as a hedge in times of global uncertainty.

Historical Precedent: The World War II Resource Boom

To understand the potential magnitude of this opportunity, consider the history of resource booms during global conflicts. During World War II, industries critical to the war effort — such as steel, rubber, and oil — skyrocketed in value. Companies that produced or facilitated these resources were showered with government contracts and became essential cogs in the wartime economy. The companies that dominated the market, like Standard Oil and U.S. Steel, created immense wealth for shareholders.

Element 51 was one of those critical resources back then, and the Element 51 mine played a crucial role in supporting America's war effort. History may be about to repeat itself, and investors who position themselves now could capture significant upside as this \$9 miner ramps up its operations.

Conclusion: A Strategic Bet on the Future

This is more than just a mining company — it's a key player in America's strategy to secure its industrial future. The combination of a strategic partnership with the Pentagon, government financial support, and the unique importance of Element 51 makes it an undervalued stock with tremendous growth potential.

For investors seeking exposure to critical materials essential to U.S. defense and infrastructure, this \$9 junior miner offers a compelling narrative: a story of rediscovered potential, government backing, and a chance to profit from one of the most important materials of the next decade.

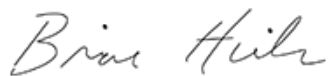
As geopolitical tensions continue to rise, the demand for domestic Element 51 production will only grow stronger, positioning the stock and its shareholders for explosive returns.

Now is the time to get ahead of the curve and invest in the future of American industrial security.

We will soon have a full write up on this company and its investment opportunity.

Be on the lookout for it.

Regards,



Brian Hicks
President and Founder of Angel Investment Research