



GOLD – THE MONETARY, INVESTMENT, AND TECHNOLOGY METAL

*Policies that Promote Domestic Gold Exploration and Development are
Important to our Economic Recovery*

Gold and the Central Banks

Gold is a monetary asset held by the world's central banks where it plays a prominent role in reserve asset management because it is one of the few assets universally permitted by the central banks' investment guidelines. Gold investments help reserve managers fulfill their obligations to preserve their countries' reserves, which may be needed during a severe financial crisis like the current Covid-19 pandemic. Gold's universal acceptance is due in part to its liquidity and its history of being a safe investment with a track record of providing a good return on investment compared to other financial assets. Since 1971, gold has had an average annual return of nearly 10% in U.S. dollars. The United States' gold reserves are physically stored at facilities run by the U.S. Mint and the Federal Reserve Bank of New York.

Globally, central banks and supranational organizations like the International Monetary Fund (IMF) currently hold almost 34,000 tonnes of gold as reserve assets, representing 17% of the above-ground stocks of gold. (A tonne, also called a metric ton, weighs 1,000 kilograms or 2,204.6 pounds.) The World Gold Council's April 2020 World Official Gold Holdings compilation of International Financial Statistics shows the U.S. holds nearly 2.5 times more gold, (8,133.5 tonnes) than any other country, with Germany holding the second highest amount (3,366.5 tonnes), and the IMF in third place with 2,814 tonnes.

Gold holdings represent 78.2% of the United States' foreign exchange reserves. These reserves are primarily available to balance international payments, influence the foreign exchange rate for the U.S. dollar, and to maintain confidence in the U.S. financial markets. Since 2010, central banks have been net buyers of gold on an annual basis.

Sources: World Gold Council, March 2020 Gold Market Primer: Central Banks, Enhancing the Wealth of Nations: Gold and sovereign wealth funds, Gold and central bank reserve management during the Covid-19 pandemic, www.gold.org, Goldhub.com

Gold is especially important right now as levels of debt are increasing in the U.S. due to the Covid-19 pandemic and the Federal Reserve's actions to keep interest rates very low.

Gold will help the Federal Reserve and U.S. Treasury maintain the stability of the financial system as the government prints new money and lends unprecedented amounts to create liquidity in response to the economic crisis precipitated by the Covid-19 shutdown.

Gold Investment Facts

Unlike other financial assets that mainly depend on investment to drive demand, the gold market is highly diversified and includes a wide range of buyers and sellers who buy gold for different reasons in response to

different economic conditions. The 10-year average gold demand by sector has been: jewelry manufacturing, 51%; investment use, 29%; the central banks and other financial institutions, 11%; and technology applications, 8%. This diversity of gold users and buyers is one of the reasons gold is seen as a good investment. Gold’s scarcity is another reason gold is desirable as an investment. Because gold deposits are rare and very difficult to find, the world’s gold supply grows slowly and is not readily expandable – in marked contrast to paper currencies that are subject to management and manipulation by the central banks.

Gold investments are especially attractive during times of stress because gold’s historically low correlation with the equity market and most other financial assets provides additional protection. The World Gold Council’s research shows that as a high-quality and liquid asset, gold performs especially well during times of systemic crisis because it helps investors preserve capital, diversify their assets, reduce risk and volatility, and provides an effective hedge against falling equity and commodity prices. Investing in relatively safe assets takes on heightened importance during uncertain financial environments, like that we are currently experiencing due to the Covid-19 pandemic. In contrast to sovereign or other debt investments, physical gold investments have no credit or default risk because gold is not an obligation of a government or an issuer.

Source: World Gold Council, Gold: Valuable reserve amid unprecedented policy environment; Gold Market Primer: Central Banks, www.gold.org, Goldhub.com

Gold Technology Facts

The table below shows that gold is indispensable to modern technology and health care.

Gold Technology Uses	Example Applications
Nanoparticle medical technology	Early cancer detection and other rapid diagnostic tests, targeting and delivering anti-cancer drugs directly into tumors, gold-based drugs to treat rheumatoid arthritis, and hospital monitors
Circuit boards in electronics and electrical equipment to transmit digital information	Gold is one of the 40 minerals used to make smartphones and is also used in tablets, computers, smart TVs, etc.
Public and private transportation vehicles	Vehicular GPS and electronic systems
Dentistry	Dentists worldwide used almost 17 tonnes of gold in 2017 for crowns and bridges
Engineering and Aerospace	NASA’s James Webb Space Telescope (to be launched in 2021), astronauts’ visors, radiation reflectors
Energy efficiency and conservation	Solar cell and fuel cell efficiencies, gold-plated window films to reflect heat radiation to reduce heating and cooling energy consumption
Environmental applications	Catalytic converters, treating contaminated groundwater

Source: 30 Things, Mining Association of Canada; New Uses for Gold, World Gold Council

The U.S. Gold Mining Industry

The U.S. has a thriving gold mining industry, making the U.S. a net exporter of gold, which distinguishes gold from many other essential minerals that we currently import from foreign countries. The U.S. Geological Survey’s most recent mineral statistics show that in 2019, U.S. gold mines produced roughly 200 tons of gold, with an estimated

value of about \$9 billion. Mines in 12 states produced gold, with Nevada being the largest gold-producing state and one of the largest gold-producing regions globally. According to the Nevada Division of Minerals, if Nevada were a country, it would be the 5th largest gold-producing country after China, Russia, Australia, and Canada.

There are over 40 U.S. surface and underground gold mines, several large gold placer mines in Alaska, and numerous smaller Alaskan placer mines. Other gold-producing states besides Nevada and Alaska include Arizona, California, Colorado, Idaho, Montana, New Mexico, South Carolina, South Dakota, and Utah. In addition to the gold extracted from the nation's gold mines, gold is also produced as a byproduct from large U.S. copper mines in Arizona, Nevada, New Mexico, and Utah.

Comprehensive and stringent federal and state environmental protection and worker health and safety laws and regulations govern the nation's gold mines. Before mining can start, mining companies must provide financial assurance to state and federal regulatory agencies to guarantee that mine sites will be reclaimed when mining is completed. In Nevada alone, federal and state agencies co-manage over \$3.15 billion in reclamation bonds.

Gold Mining is Critical to a Strong U.S. Economy

Although the U.S. is a significant gold producer, serious obstacles chill investment in domestic mineral exploration for gold and other minerals and impede development of the nation's mineral resources. One of the most serious impediments is the multi-year and overly complex federal permitting process compared to other countries like Canada and Australia that have environmental protection requirements similar to ours. Secondly, many areas in the U.S. with attractive mineral potential are off-limits to mining.

Unfortunately, Congress is currently considering three bills: **H.R. 2579** (Grijalva), **S. 1386** (Udall/Heinrich), and **H.R. 5598** (McCollum), that would thwart future development of the nation's gold and other mineral resources, increase our reliance on foreign minerals, and exacerbate our mineral supply chain vulnerabilities. These bills would put important mineral resources completely off-limits to development. Both H.R. 2579 and S. 1386 also create numerous obstacles that would make mine permitting even more costly, time-consuming, and difficult. These ill-considered policies would decrease the country's mineral production and diminish the important role that U.S.-produced gold plays in the global economy. Even worse, reduced domestic gold production would enhance China's and Russia's leverage as the world's top gold producers and make the U.S. more reliant on these countries for our supply of gold. These bills would also forfeit much-needed and well-paying mining jobs.

Congress should reject H.R. 2579, S. 1386, and H.R. 5598. These bills would put more lands off-limits to mining and make mines more difficult to develop.

About WMC

WMC is a grassroots organization with over 200 members nationwide. Our members work in all sectors of the mining industry including hardrock and industrial minerals, coal, energy generation, manufacturing, transportation, and service industries. We hold annual Washington, D.C. Fly-Ins to meet with members of Congress and their staff, and federal land management and regulatory agencies to discuss issues of importance to both the hardrock and coal mining sectors. For more information about WMC, please contact Emily Arthun at emily.arthun@gmail.com or visit our website at: www.wmc-usa.org

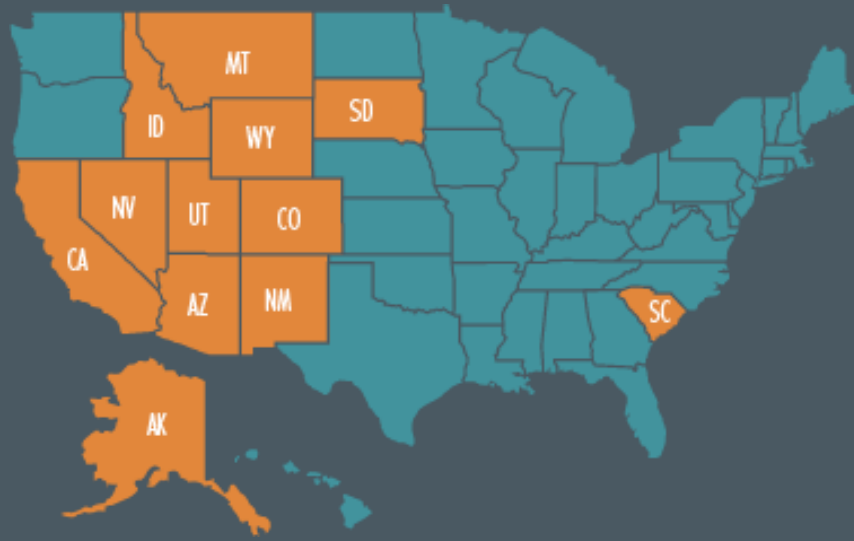


GOLD

The Monetary, Investment, and Technology Metal

Gold is prized globally for its many uses, giving the metal its high value. From healthcare to electronics, gold is an element with unlimited potential but limited supply.

The U.S. is the fifth largest gold producer after China, Russia, Australia and Canada. China is the world's leading gold producer, producing more than twice as much gold as the U.S. Russia is the second largest gold producer. These top gold producers are countries with unstable trade relationships with the U.S. Both China and Russia are steadily increasing their gold holdings in order to dominate world gold production and to strengthen their currencies against the U.S. dollar.



- MOST MALLEABLE METAL
- DOES NOT CORRODE
- SUPERIOR ELECTRICITY CONDUCTOR
- REFLECTS INFRARED RADIATION

51%

Jewelry
Manufacturing

29%

Investment
Use

11%

Central Banks &
Other Financial
Institutions

8%

Technology
Applications

THE U.S. GOLD MINING INDUSTRY



U.S. is a net exporter of gold, distinguishing gold from other essential minerals that we currently import from foreign countries.



Latest U.S.G.S. mineral statistics show that in 2019, U.S. gold mines produced ~200 tons of gold, with an estimated value of \$9 billion.



Mines in 12 states produce gold.

GOLD'S MANY USES:

- Electrocardiograms
- Heart Stents
- Cat Scans
- Pacemakers
- Low Voltage Electronics
- Cell Phone Conductors
- Jewelry
- Calculators
- GPS Systems
- Memory Chips
- Dental Crowns
- Coinage
- Cancer Treatments
- Satellite Components
- Telescope Mirrors
- Bullion
- Rheumatoid Arthritis Treatment
- Radiation Shielding
- Lubricants for Space Hardware
- Edge Connectors
- Solid State Hard Drives