

## THE FIVE FORCES DRIVING THE GOLD GAP

## FORCE 2

## Discovery Drought

*Why \$6 billion in 2025 exploration produced zero major discoveries*

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*This brief draws on Signal 2 of The Last Stage series, published on The Gold Grid — gilbertanalytics.substack.com. It is a focused brief for advisors who want the analytical backing without the noise.*

In 2025, the global mining industry spent approximately \$6.2 billion USD on gold exploration. It found zero major new gold deposits. The discovery drought is now the longest in the modern record — three consecutive years without a Tier-1 gold discovery anywhere on the planet. This is the demand-side mirror of margin expansion: when producers cannot find ounces, they must buy them.

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MAJOR DISCOVERIES 2023–2025

**\$6.2B**

2025 GOLD EXPLORATION USD

**21%**

GRASSROOTS SHARE OF BUDGETS

**2.1 THE HEADLINE EVERYONE MISREAD**

S&P Global publishes an annual gold discovery analysis. The 2025 edition reported three new major gold discoveries added to the global inventory in 2024, bringing the global total to 353 deposits containing nearly 3 billion ounces. Three discoveries sounded like progress. It wasn't.

Almost all the deposits that crossed S&P's 2-million-ounce threshold in 2024 were discovered decades ago. They didn't suddenly appear. They were old projects that had been drilled enough, over enough years, to finally cross an administrative reporting line. S&P's own report made this clear: the additions represent classification upgrades, not geological breakthroughs.

The actual discovery of genuinely new, previously unknown gold deposits at the 2-million-ounce threshold in 2023, 2024, and 2025: zero. That is the first three-year window in the modern record without a single Tier-1 gold discovery. The drought is not a delay. It is structural.

**2.2 MORE MONEY, FEWER FINDS**

In March 2026, S&P Global's World Exploration Trends report confirmed the paradox at the heart of the drought. Gold exploration budgets surged 11% in 2025 to \$6.2 billion USD, capturing 50% of all global non-ferrous exploration spending. Gold is getting more exploration money than any other metal, by a wide margin.

But look at where that money is going. Near-mine drilling — the low-risk work of expanding known deposits a few hundred meters in each direction — hit a record high of 45% of total exploration spending. Companies are drilling the edges of mines they already own. Adding years to existing operations. This is maintenance, not exploration.

Grassroots exploration — the high-risk, early-stage work that actually finds new deposits — collapsed to an all-time low. Down from roughly 50% of total budgets in the mid-1990s to 21% in 2025. The industry is spending more on gold exploration than ever, and allocating less to actually finding gold than at any point in history.

### 2.3 WHY DISCOVERIES STOPPED

It is not for lack of trying. It is geology. The easy deposits have been found. The ones at surface, in accessible locations, with obvious geological signatures — those were discovered in the 1970s, 1980s, and 1990s. What remains is deeper, more remote, under more cover, and harder to detect.

MinEx Consulting, the leading independent tracker of global discovery economics, has quantified the decline. The cost to discover an ounce of gold rose from \$15 USD in the 1980s to over \$60 USD in the 2010s, with current estimates closer to \$70 USD per ounce. The cost per discovery — the total spend required to find a single deposit — rose from \$41 million USD in the 1980s to \$142 million USD in the last measured decade. Meters of drilling required per discovery rose from 336,000 in the 1990s to 551,000 in the 2010s.

Every new deposit takes more money, more drilling, and more time to find. The deposits being found are smaller. The average size of gold discoveries from 2020–2024 was 4.4 million ounces, down from 7.7 million ounces in the prior decade. Not a single discovery in the past ten years ranks among the thirty largest in history. The supergiant era — deposits of 50 million ounces or more — is over.

### 2.4 WHY THE DROUGHT COMPRESSES THE GOLD GAP

The discovery drought is the demand driver behind the Gold Gap. The chain of logic is direct:

- › Producers are depleting reserves faster than they can replace them. The top 20 gold producers saw combined reserves decline 26% over a five-year span (McKinsey, 2012–2017). Newmont — the world's largest gold producer — reported 2025 reserves of 118.2 million ounces, down from 134.1 million the prior year, with no contribution from new discovery.
- › Exploration cannot close the gap. The average timeline from discovery to first gold production is 16 years (S&P Global). Many complex projects take 20 or more. Even a Tier-1 deposit drilled tomorrow would not produce gold until the 2040s. The industry cannot drill its way out of a depletion problem that is already here.
- › Acquisition becomes the only short-term solution. In 2025, 32 gold M&A transactions were completed, involving 162.1 million ounces of resources and reserves. Despite a 26% decline in deal count, total deal value grew 10%. Acquirers are paying more, not less, because the supply of quality targets is shrinking.
- › The target universe is small and getting smaller. Every acquisition removes one more company from the pool. Every failed exploration program means one fewer prospect becomes a deposit. The Gold Gap measures what acquirers pay for the ounces that remain — currently \$93 USD per ounce Core Median against a \$729 USD per ounce margin-implied benchmark. That is 87.2% compression.

**WHY THIS MATTERS FOR PHYSICAL GOLD:** The drought is the supply-side argument for above-ground gold. Below-ground reserves are finite, depleting, and increasingly difficult to replace. Above-ground gold — physical bars, coins, allocated holdings — sits outside the depletion clock entirely. As the industry fails to find new ounces and competes harder for the ones that already exist, the structural premium on existing supply moves higher, regardless of which form an investor holds.

**THE GRID:** Gilbert Analytics scores junior gold explorers across these forces using a 100-point system. Active Coverage and Catalyst Watch tiers are available to subscribers. The paid tier launches August 3, 2026 — gilbertanalytics.substack.com.

## 2.5 SOURCES & METHODOLOGY

All figures USD-denominated. “Major discovery” follows S&P Global’s threshold of 2 million ounces or more in a single deposit. The grassroots exploration share is calculated as a percentage of total non-ferrous exploration budgets and is reported by S&P Global on a calendar-year basis. Gross operating margin definitions follow the World Gold Council standard — gold price minus AISC, with below-AISC frictions addressed downstream in company-level scoring.

### Sources:

1. S&P Global Market Intelligence, World Exploration Trends 2026 (March 2026); Corporate Exploration Strategies 2024 (February 2025).
2. MinEx Consulting (Richard Schodde), Gold Discovery Trends — multiple editions, 2010–2021. Source for cost-per-discovery and meters-per-discovery time series.
3. Newmont Corporation, 2025 Mineral Reserves Release (February 19, 2026).
4. McKinsey & Company, Top 20 Gold Producer Reserve Analysis, 2012–2017 study period.
5. S&P Global Market Intelligence, Mining M&A in 2025 (March 2026).
6. Gilbert Analytics, MTH022 Current Parameters v1.4 — gold price, AISC, gross margin, benchmark, and Core Median definitions; M&A Database v8.9.
7. Originally published as Signal 2 of The Last Stage — “The Discovery Collapse” — The Gold Grid, April 2026 — [gilbertanalytics.substack.com](https://gilbertanalytics.substack.com).