THE FIVE FORCES DRIVING THE GOLD GAP

FORCE 3

Depletion Clock

Why Newmont added zero ounces from discovery in 2025

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> *This brief draws on Signal 3 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.*

Gold producers are mining their reserves faster than they can replace them. The world's largest gold miner — Newmont — added zero ounces through new discovery in 2025. Every ounce booked as a reserve addition came from reclassifying existing material already on the company's geological database. This force is the demand-side mirror of the discovery drought: when producers cannot find ounces, they must buy them.

0.28×	0.0 Moz	−15.9 Moz
NEWMONT 2025 REPLACEMENT	OUNCES FROM DISCOVERY	NET RESERVE DECLINE

3.1 THE HEADLINE NUMBER

Newmont — the world's largest gold producer — published its 2025 mineral reserves report on February 19, 2026. The headline: gold reserves declined from 134.1 million ounces to 118.2 million ounces. A 15.9 million ounce drop in a single year.

That is roughly twice what the company mined. The replacement ratio — additions divided by depletion from mining — was 0.28×. For every ounce mined, Newmont added 0.28 ounces back. But the framing of those additions matters more than the ratio itself.

3.2 THE FRAMING THAT MATTERS

Newmont's 2.0 million ounces of additions in 2025 did not come from new discoveries. They came from resource-to-reserve conversion — reclassifying material already booked as Measured & Indicated resources into the Proven & Probable reserves category. The two largest contributors disclosed: Brucejack (+0.7 Moz from M&I conversion) and Lihir (+0.5 Moz from M&I conversion), with the remaining +0.8 Moz coming from smaller reclassifications across other operations.

These are real ounces. They are bookable reserves. But they are not new ounces. They were already on Newmont's geological database. The drill bit added zero new ounces against 7.2 million ounces of mining depletion.

> **WHY THIS MATTERS:** If Newmont were truly replacing 0.28× through exploration, the depletion picture would be "weak but functional." Once you understand that the additions were paperwork rather than discovery, the ratio supports the opposite conclusion — Newmont is exhausting its base and has no organic replacement engine running.

3.3 FULL RECONCILIATION — WHAT MOVED THE NUMBER

Newmont's reserves change reconciles across six buckets. Each tells a different story about the producer's strategic position:

MOVEMENT	OUNCES	DRIVER
Starting reserves (year-end 2024)	134.1 Moz	—
Mining depletion	−7.2 Moz	*Ounces extracted in 2025*
Divestments	−8.6 Moz	*Asset sales removed from reserves*
Negative revisions	−5.6 Moz	*Yanacocha Sulfides reclass to resource*
Cost escalation	−3.1 Moz	*Higher costs reduced reserve cutoffs*
Price revisions	+6.6 Moz	*Higher gold price expanded cutoffs*
Conversion additions	+2.0 Moz	*M&I to P&P reclassification*
Discovery additions	0.0 Moz	*No new ounces found by drilling*
Ending reserves (year-end 2025)	**118.2 Moz**	**Net change: −15.9 Moz**

Note the second-to-last line. There is no "Discovery additions" entry on Newmont's balance sheet because there was no contribution from discovery. The line is included here for clarity. In the producer's own reconciliation, it simply does not exist.

3.4 INDUSTRY CONTEXT

Newmont is not an outlier. It is the visible face of an industry-wide pattern. Tracking the top 20 gold producers from 2012–2017, McKinsey found combined reserves declined 26%. The industry-wide replacement ratio has been below 1.0× for over a decade. Producers are mining more than they replace, year after year. Barrick is the meaningful exception, having reported replacing more than 180% of depleted reserves over a four-year period (2021–2024) — partly through Reko Diq, a single asset of generational scale rather than a normalized exploration outcome. Strip out Reko Diq, and Barrick reverts toward the industry mean.

3.5 WHY THE CLOCK FORCES ACQUISITION

A producer with a 0.28× replacement ratio has a countdown running. Every quarter, the reserve base shrinks. The board has two options:

- Accept the depletion and let the company shrink. Investors penalize this with a lower multiple — the company is now in run-off mode.
- Acquire ounces from someone else. M&A becomes the only viable path to replace what the drill bit cannot.

Exploration cannot solve this in time. The average timeline from greenfield discovery to first production is 16 years (S&P Global). Even if a Tier-1 deposit were drilled tomorrow, it would not produce gold until the 2040s. That is too late for any current management team's reserve replacement obligation. That leaves acquisition. And when multiple producers are on the same clock — competing for the same shrinking pool of quality targets — deal prices move higher.

WHY THIS MATTERS FOR PHYSICAL GOLD: Above-ground gold is the only category that does not face supply pressure. Physical bars and coins are not subject to mining depletion, reserve write-downs, or operational risk. Below-ground gold is being depleted by mining at a rate the industry has been unable to offset for over a decade — the world's largest producer just disclosed zero discovery additions in 2025 despite operating in dozens of jurisdictions with full geological staffs. The supply of below-ground gold is contracting; the demand for those ounces is increasing. Physical gold sits outside the clock entirely.

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.

3.6 SOURCES & METHODOLOGY

All figures USD-denominated unless otherwise noted. Replacement ratio is calculated as ounces added through any source ÷ ounces depleted through mining. This brief distinguishes additions from exploration/discovery (drill-bit-driven, new ounces) from additions through resource-to-reserve conversion (reclassification of M&I to P&P). All Newmont reconciliation values are sourced verbatim from the company's February 19, 2026 reserves release: 134.1 − 7.2 − 8.6 − 5.6 − 3.1 + 6.6 + 2.0 = 118.2.

Sources:

1. Newmont Corporation, 2025 Mineral Reserves Release, February 19, 2026.

2. Newmont Corporation, 2024 Mineral Reserves Release, February 2025.

3. Barrick Gold Corporation, 2024 Annual Report Mineral Reserves Statement, SEC Form 40-F.

4. McKinsey & Company, Top 20 Gold Producer Reserves 2012–2017 study.

5. S&P Global Market Intelligence, World Exploration Trends 2024 — average discovery-to-production timeline.

6. Gilbert Analytics, MTH022 Current Parameters v1.4 — gold price, AISC, gross margin, benchmark, and Core Median definitions.

7. Originally published as Signal 3 of The Last Stage — "The Depletion Clock" — The Gold Grid, April 2026 — gilbertanalytics.substack.com.