



Rick Rule: Oil, Uranium & Precious Metals July 31st, 2025

Erik: Joining me now is [rule investment media](#) founder, Rick Rule. Rick, it's great to get you back, it's been years since we've had you on MacroVoices. I was fascinated because I thought you were going to tell me, Hey, obviously, in the Natural Resources space that you focus on, uranium has got to be the hot story. Let's talk about that first now I'm an oil trader. Have been former member of the exchange. Everything else you told me off the air you think even more compelling than the uranium story, which we both agree is incredibly compelling, is the oil story. I'm an oil trader who didn't know that. Fill me in.

Rick: Well, Eric, as you know, I've been associated with both oil and uranium for a very long time, and uranium has been extremely good to me, and I think the structure of the uranium market is changing in ways that we'll talk about later. For most investors, however, most investors are better off, probably seeking beta than alpha, defining beta tightly as the outperformance of one sector relative to the broad market, the oil and gas business is a big business. It's a good business. It has some very good businesspeople in it. So, for people who aren't professional investors, I suspect that they're better off in the oil business than they are the uranium business. For people who are professional, for people who are willing to do the risks, who are willing to take the risk, do the work and certainly endure the volatility. I suspect that the outcome is all about uranium. An easy way to say it would be, oil is beta. Oil and gas is beta and uranium is alpha.

Erik: Well, let's just take the counter argument. Some people would say, wait a minute, even before you worry about the beta, you've got a huge amount of policy risk because President Trump seems to want lower oil prices, but he also has policies that seem to bring about higher oil prices. He's not a real easy guy to read. Seems like there's a lot of uncertainty there.

Rick: I think in the next six months. That's true. It might come as a surprise to Mr. Trump that the market is bigger than he is. The International Energy Agency would suggest that the oil industry as a whole, including parastatal firms, is now under investing in sustaining capital, never mind New Project capital, to the extent of about \$2 billion a day that has impacts in the out years, in things like years two, three and four, one could argue that as a consequence of higher capital costs, both higher debt costs and lower oil equity prices, in other words, a higher cost of capital that you have seen at least a temporary plateau in US Production, unconventional Production, certainly we can bring more oil on in the US if the prices go up, or we can bring more oil on if either the credit market, particularly the non-investment grade credit market, eases, or if the price of oil equities rise. But the circumstance that we have now with low oil equity prices, high debt capital costs, particularly non-investment grade debt capital costs for the domestic oil industry and oil prices that are hovering dangerously close to the total cost of production. And if you combine that with greatly reduced capital expenditures by parastatal oil companies, particularly PAMEX and PDVSA, I think you're due for a

surprise in the oil markets in two or three years. I also think that financial markets are echoing your suggestion that there are political headwinds around oil. The Big thinkers of the world, our former president, Biden, my favourite energy physicist, Greta Thunberg, people like that will tell you that peak oil demand will occur in 2030 or 2032 what that means is that when people do a discounted net present value analysis on an oil company, there's no tail, despite the fact that they might have a 30 year reserve life. The truth is, if I'm right, and peak oil demand occurs in 2065 or 2070 there's a very fat tail that's not priced into the market at all. So, for most investors, if I had to choose one or the other, I would choose oil. For somebody like you, Eric, who's already, you know, a sort of a rodeo veteran of financial markets and willing to do the work, willing to accept the volatility, or, in fact, willing to use the volatility, then uranium is a very different story. We can talk about that later in the interview.

Erik: I want to come back to uranium for sure but before we leave oil, something that I've noticed with great interest, and frankly, I can't explain it, is the term structure and the flat price just don't agree anymore at least, They don't relate to one another the way they used to. What we're seeing in this move, and we got that test of \$55 WTI. What was it a couple months ago? We never got anything close to contango in the market. We still had deep structural backwardation, even down at those prices. What do you make of that? It seems to suggest that something has changed about the connection between the physical and paper markets.

Rick: I think that might be true and to be honest with you, I'm not smart enough to explain it. Part of it, I think, has to do with the fact that there may be greater economic weakness or fear of economic weakness, than we know. You know they call copper Dr copper as a consequence of its alleged ability to predict economic conditions. Oil is pretty cheap. Natural gas is cheaper. It doesn't store well, and it may be a better predictor of near-term uncertainty. I think the longer-term backwardation may have to do with the fact that people mistakenly, I think, believe that other sources of energy will substitute for fossil fuels in the short term, which I don't believe to be true, but my mind is very open on the topic.

Erik: Let's talk more about oil depletion specifically, because the way I see this lining up, I don't know for sure what's going to happen, but I do know lots of smart people have told me that the only thing that really saved the world from the energy crisis we might have had back in the earlier 2000s is the US shale miracle. You know, this fantastic explosion of production in the US made up for declining production rates around the rest of the world. What it says to me is, when the US shale plays have played out, when the western US is just drilled up like Swiss cheese. And we get to the point where it's not economic at current prices or anything close to current prices to make more shale oil, then I think there's an easy answer. Uranium just takes 20 or 30 years to make that transition that nobody planned ahead for, and I think we're screwed. Am I missing something?

Rick: Well, no, I don't think you are missing something. Depletion really is a function of price, technology and the cost of capital. At \$60 oil, I think it's fair to say that the United States has probably drilled up 85% of its grade A drilling locations, assuming that

technology doesn't improve, there's a lot of hydrocarbons left in place in those shales. And if technology improves so that we can extract more of the resource in place, then we forestall the production plateau that you're that you're talking about. If the cost of capital to the oil industry goes down, then we forestall it. If the price goes up, then we forestall it. But it's sort of trifecta, Eric, we have to have one or all of the above occurring, and at present, nothing seems to be giving its worthy to note that the United States and Canada are both well-endowed with shale reserves, and both the United States and Canada have relatively attractive regulatory regimes and great infrastructure. There are other shale horizons in the world that if the right regulatory environment occurred, or if the right energy infrastructure was in place, or the right fiscal structure was in place, could make meaningful contributions to the world's supply of oil and gas. But who knows when that regulatory reform will take place. Who knows when the work required to put those shales into production? When or if that'll take place? Right now, the world's swing producer is the United States, and to a lesser extent, Canada. And if we don't have a break from technology, from capital costs or from price. I think it's fair to say that at least US production is plateaued. There's a lot of room to increase production in Canada, but for the last 10 years, the Canadian leadership, political leadership, the federal leadership, has been anti oil and gas, and that's a really, really, truly ugly headwind. The United States, at least since the election of President Trump, has not faced that same challenge.

Erik: Now let's imagine that we use up the rest of the spare capacity that still exists in the US shale patch, so we can't expand in the US. We either use up Canada's capacity or Canada doesn't want to play ball politically one way or another. You got to look for more and you it's not like the world's out of oil at that point. You can very easily go to deep water offshore, and you can go to polar exploration in order to solve that problem. What amount of dollars per barrel are we talking about in a premium if you got to go under the North Pole instead of just out in the Gulf of Mexico to get your oil?

Rick: I need to add, that there's substantial shale capacity in Saudi Arabia that hasn't been exploited. They've just exploited their conventional capacity. And there's substantial shale capacity in Argentina, in Venezuela and in particular, in Russia. So, there's a lot of room for shale.

Erik: Okay, let me re restate the question. Then I was assuming too much. Once we've played out the western US shale play and we got to find more oil, where do we go, and how big of an increment in cost of production do we get as a result of having used up the what we already know? Have to move on to another new trick.

Rick: I don't know the answer to that, but I would it wouldn't surprise me if that answer had a, three handle on it. Plus, the beauty that the shale production has is it's extremely predictable. You can model returns on capital employed fairly well, and despite the fact that, as an example, during the Biden years, you had a hostile federal administration with regards to shale, at least you had consistency and regulation in the rule of law, if you add back exploration risk, which the industry hasn't had to deal with, at least onshore for a very long time, the uncertainty of outcome and the capital cost associated with as an example, moving deep water, conventional crude or Arctic crude to market,

you're talking about uncertain outcomes with regards to time and return on capital employed. I suspect if you combine that with what I see as the continued deterioration in the purchasing power of the US dollar, you're talking about an incentive price that is at or above \$100.

Erik: Well Rick, we couldn't agree more on where this is headed, and that takes us on to our next topic, which is uranium. Let's talk about that. We've got, clearly, from a policy standpoint, a very clear message from the White House, from Secretary Wright, the nuclear renaissance is on, and it's on in earnest. Okay, great, but the lead times in the nuclear business are extremely long. And as you know, commodity markets have to balance right now or right in the here and now. They're not forward-looking like equity markets. So, I want to believe that all we're seeing so far is just a little bit of excitement we haven't even gotten, I think, to the big event yet in the uranium market. But other people might say, hey, it's doubled in the last few months. You know, maybe it's time to short it. I think we're just getting started. Where are we in this story? How long of a story is it?

Rick: I think it's a very long story. Erik, I don't mind saying in the very near term, like weeks, but it may be over bought. My former employer, Sprott, raised \$200 million in the physical uranium trust, and there's been a big buyer Sprott in the market. When that money runs out, remember, this is a very thin market. It wouldn't surprise me to see the market soften up, but that doesn't reflect the real market. The real market is in structural deficit. And it's important to remember that Sprott itself now has bought over 60 million pounds of uranium in the Sprott physical uranium trust, and that supply has gone to supply heaven, something that I don't think markets have noticed, looking longer term, the point you make is correct. The lead times involved in putting a uranium project in production are measured in decades, not in months. Even in the United States, where you have a change in the federal regulatory attitude, remember that you still need to appease state and local interests. Mercifully for the United States, most of our recoverable uranium exists in Texas and Wyoming and at the state level, both of those jurisdictions seem to be favourable for uranium development. But as you say, these things take a very, very, very long time. While all of this is playing out, we're using substantially more uranium than we're producing, and in other parts of the world, they're building nuclear power plants like mad. What's happening domestically is interesting too, which is to say plants that were scheduled for shutdown, plants where the decline in consumption was modelled into everybody's supply and demand forecasts are being extended. These aren't plants that need to be built. These are plants that were scheduled for shutdown that aren't going to get shut down. This is actually demand that, in effect, has come from nowhere. Biggest swing, of course, has been the pace of Japanese restarts. You'll recall that post Fukushima, the second biggest uranium consumer in the world, went away. 40 million pounds of annual uranium consumption went away. The political winds in Japan have changed, and both the people and the government are pro uranium. Thus far, they have reopened 14 of 40 plants, but their intention is to reopen the balance of their shutdown plants. That's the most important near term demand consideration, because the lead times that you mentioned don't apply really, to restarting what's called a hot shot or properly maintained plant, very important to know. The second thing about uranium, Erik, that's

much more fascinating to me, is that the structure of the market is changing entirely in every commodity market, as you well know, as a trader, there's no price certainty in the future. The price is the bid from day to day to day. Something very different is happening in the uranium business because of the extraordinary capital cost of building these nuclear power plants, a term market in uranium is developing where producers and consumers agree to prices and volume within a reference of five years or 10 years or 15 years or 20 years. What that means is that uranium producers can have a contract with a credit grade counterparty Southern Company, Duke Power, Tokyo Electric Power, China, general nuclear that guarantees them both price and volume for a long period of time. Unlike the oil business as an example, where there's no price certainty, or at least very little price certainty, outside the futures markets, in the uranium market. Increasingly, the spot market is a reference point, and prices will be set and are being set in the term market. What that means is that there is revenue certainty for uranium producers, which lowers their cost of debt capital. And I would suspect, given the earnings visibility in the out years and the certainty with which lazy securities analysts like Rick Rule can forecast cash flows that it should lower their equity cost of capital as well. This is an extremely, extremely important circumstance that virtually nobody's paying attention to.

Erik: Rick I've never understood this market even going a step back from what you were talking about, which is certainty of revenue and so forth. Let's just talk about the structure of the market. Who's selling what to who? Now, if I drive an automobile, nobody expects me to go buy my own crude oil and then hire somebody to refine it and hire somebody else to deliver it. I just go to a filling station. There's an industry that exists to sell me fuel. Why do utilities buy any natural uranium? U 308, at all. Why don't we just have an industry where all the utilities say this is my reactor specifications, sell me EUP finished reactor fuel. And companies that are in the in the oil business, the guys that are in the oil business are in the oil business. The people that consume the oil are in the construction business, or whatever business they're in. They don't try to be in the oil business. Why do these utilities try to be in the uranium business? I don't get it.

Rick: Often the fuel processors, particularly Russian fuel processors, have been under capitalized, and one response to that has been that the utility will buy the raw material and pay the Russian's a fee to process it. Remember that over 50% of the enrichment capacity and the original fuel rod fabrication capacity in the world was Russian, and the Russian fabrication industry was historically undercapitalized. That's the primary reason, I think that you see new nuclear utilities in the raw fuel business much more commonly now the utilities are going to refer their purchase orders to traders or to fabricators, or to integrated companies like Cameco/ Westinghouse, which plans to be all things to all people. The odd market that you describe, I guess you described it correctly, as an odd market the user of the fuel was, in many senses, forced to finance the refiner.

Erik: I mean, it seems to me we just have a very, very broken market where people like Grant Isaac, who's the CFO at Cameco, who's clearly on top of this, agrees with the view that I've heard from quite a few people in the uranium business, which is, we got a major problem, which is the real market is the term market. The spot market is not the real

market, but the spot market is the only market that is visible. There is no public term market. The data for the term market is private, and it only gets published once a month. And I hear Grant complain about that and describe the problem very accurately. But at the same time, I can't help but wonder, Grant, aren't you in a position to solve that problem yourself?

Rick: Even Grant himself believes that Cameco's term contracts are proprietary. He's a very, very bright guy as I'm sure you've come to learn. But he believes that, given that Cameco is the most important uranium producer in the world, if not the biggest, that his own intentions with regards to the uranium market are proprietary information, I believe Erik over five years. Note that I said over five years that uranium producers who are less opaque with their term contracts will enjoy a lower cost of capital. Because I believe furnishing that information to the market will generate greater certainty with regards to future profitability and will lead to higher share prices and lower cost of capital, but we haven't come there yet. This has always been a highly, highly secretive industry, and those of us as an example, who follow Cameco are often forced to look at the trailing quarter in terms of pounds produced average selling price per pound, juxtapose that with the spot market and try to figure out the status of Cameco term book. It would be a lot more efficient if, as you suggest, they become more forthcoming. I think over the next five years, they will become more forthcoming, because I think that capital markets will reward those producers who are forthcoming and penalize those who don't, just for fun let's look at a non-investment grade, small non-investment grade producer who requires, let's say, \$500 million or \$600 million to put in mine in production, and currently has a \$250 million market cap. That's an interesting challenge. If they were producing any commodity except for uranium, it might be an insurmountable challenge, given that a lender who would be asked to put up 60 or 70% of the capital would have no sense what the selling price of the commodity that was going to be produced was going to be, and what the payback term of the loan was going to be. That same Junior, if they, as an example, got a fixed price contract to build the mine from Westinghouse and then pre sold 60 or 70% of the production over 10 or 12 years to an investment grade counterparty could take those contracts to the bank, and the bank would be much more certain because the producer had already fixed the price of building the plant and had already fixed the price for which they sold the material. Yes, it would take some of the optionality out of the shares, but it would take away almost all of the uncertainty, almost all of the downside. That's why I say that the big shock for capital markets will be continued lower cost of capital for the uranium industry than the uranium industry has experienced for many, many years.

Erik: Rick, I want to pass a prediction by you that I'd really love your feedback on. I think we're headed toward a meeting of minds here between the tech industry and the nuclear industry, where basically the AI data centre guys recognize, as they already have, we got lots of money. We need lots of energy. The world doesn't have lots of energy. We better start spending our money now, before the world figures out how tight the energy is, so we can lock up as much of it as we possibly can for ourselves. And I think the things we've already seen very clearly evidence that where you've had tech companies with data centre interests literally paying more than current market rates to lock up the next 20 years in order to get a nuclear plant restarted. They've already done

the deals and all the nuclear plants that can be restarted. So, you know that capacity is going to be taken up. I predict that we're headed toward a societal conflict where everybody gets pissed off and says, hey, wait a minute, when we weren't looking big tech bought up all the energy capacity. We're pissed off about it. And, you know, let's go have a riot over that. We It's been too long since George Floyd, let's make up the next issue to throw a riot about. I think it could be an energy crisis where people are pissed off that that the capacity got bought out by high tech, and it puts nuclear energy in big contention. Do you think that's realistic? And if so, what does it mean?

Rick: I hadn't thought about it, to be honest, but it makes absolute sense to me. Big Tech was relatively early to the party, because they had the technological sophistication to understand how nuclear power worked. And I think at least among the younger people in Silicon Valley, they had a real fear about carbon generation, and so they were inclined to nuclear before the broad population was I hadn't thought frankly about the societal impact of the fact that big tech is effectively locking up all of the cheap, non Gen, non-carbon generating base load power available in the country. But now that you mention it

Erik: Not just the country!

Rick: Fair enough. I you know, I think what you're talking about is, is precisely the reason that Cameco bought Westinghouse. I think that they see the need for newer types of reactor fabrication and newer types of, you know, fuel enrichment. And I believe that, as you suggest, any spare capacity that this country is going to need, and electrical demand in the United States is apparently going to double by 2050 that tells you that big tech was prescient. And I hadn't thought about the fact that people would be envious over the fact that big tech was prescient, but it makes absolute sense, given the voters track record over time.

Erik: I'll make another prediction. Big tech aren't stupid, and I think, unlike other people that have looked at light water reactors and the other options that have been available for more than half of a century, big tech is more likely than other users to say, wait a minute, the design of these Westinghouse reactors is retarded. This is not the right way to build a reactor. We've known since 1958 that water was a stupid coolant for nuclear reactors. We ought to start using the ones that we've known since then are better ones. I think it's potentially a really big positive for the generation four reactor companies and a negative for the generation three. That's maybe that's wishful thinking on my part. So, I was just curious if you had a reaction.

Rick: I think it might be 10 year forward thinking. I remember participating in a discussion myself, making the mistake talking about the potential proliferation of small modular reactors, and I talked about it as a commercially unproven technology, and one of the technical technology people on the panel said, Rick, have you ever heard of the US Navy? They've been employing SMRs on submarines for a very long time. There's nothing about this technology that's particularly unproven. And the circumstance that you talk about, which is to say, the re-engineering of a nuclear power plant, I think, is absolutely positively inevitable. There is an awful lot of inertia built into existing

technologies. There's something like \$250 billion of construction underway or permitted and financed that involve around existing technologies, looking out 10 years, looking at what the world needs, and looking at the fact that the money is all of a sudden available to nuclear power, where it's been denied to nuclear power since 1982 you can virtually count on the industry being able to take advantage of all of the technological advances that have happened since Three Mile Island. One of the reasons I would suggest for the technical backwardness of the nuclear power industry is because it literally has been deprived of favour and capital since Three Mile Island, and that's coming to a screeching halt. I look at the political reality in the United States, where five or six years ago, as a uranium speculator, I was vilified now in the Inflation Reduction Act, they want to subsidize me instead. This is sort of a sea change in attitude, and I think it brings about the type of technological evolution that you're describing.

Erik: I definitely think that we're headed towards some interesting times, and I'm hopeful that the big tech guys are going to help the nuclear industry get its act together, because we need to change the way that we build nuclear energy. That's for sure. I know, though, that I am under personal serious risk running out of time on this interview, Rick, and if I don't talk to you about precious metals, my listeners will absolutely lynch me. So, let's move on to gold and silver, and what's going on there, particularly the ratio between gold and silver. How's the market and as much as I feel, and I'm going to go out in a limb here and say, I know you're going to agree with me that the fundamentals are really strong. Wait a minute, the price of gold has doubled in the last few years. Last big cycle we went through, it was about a doubling from just below 1000 to 1900 you know, on a measured move basis, we kind of already got it. So Are we late in this cycle, or are we early in this cycle?

Rick: I don't know if you remember the last time we talked Erik, but I remember saying that when people ask me when gold's going to move, I say the year 2000 you know, it's had a pretty good move over 25 years, 9% compounded.

Erik: And Better than the S&P500 for the full 21st Century I think

Rick: The more recent move has been more dramatic. And I think for traders, if you are somebody who bought gold the last time you and I talked, simply because it was hated or because people were bored with it, if that was your motivation, you might consider being a seller. It's not hated anymore. It's not loved, but it's not hated. In my experience, and given my own read of history, I would suggest to your listeners that gold does well during periods of time when investors and savers are concerned about the maintenance of their purchasing power in fiat currency denominated savings products. And I would suggest that those fears today are very real. A lot of is made of this, but the math around the US dollar is flat, lousy. I mean in an absolute sense, not in a relative sense. I think the US dollar likely does relatively well against other currencies, but in an absolute sense, for US dollar savers, the math is horrible. The on-balance sheet liabilities of the US government are \$37 trillion or about 30 trillion net of the Fed's balance sheet. Now, to put that in perspective, in 1982 our national debt was about 32% of GDP. Now it's something like 120% of GDP. But more concerning to me, Erik, is that the off-balance sheet liabilities of the US government, the net present value of unfunded entitlement

liabilities, Medicare, Medicaid, Social Security, federal pensions, military pensions. That number, according to the Congressional Budget Office, exceeds \$100 trillion to put that number in reference, the gross federal revenue is \$5 trillion so think about on balance sheet and off balance sheet liabilities of the US government exceeding 130 trillion with a gross federal budget of \$5 trillion now factor in the growth in the on balance sheet deficit of \$2 trillion a year, and the Congressional Budget Office cast of the growth in off balance sheet liabilities of another \$2 trillion a year. These are bad numbers. The on or off-balance sheet, deficit increases by \$4 trillion a year against a gross federal budget of \$5 trillion a year. I don't want to be alarmist, Erik, but it sort of reminds me of the Hemingway quote about how he went broke. He said, slowly at first, and then all of a sudden, I think that we need to come to grips with this. I don't think that Congress or the voters is in the mood to stop spending. And I don't think that we're going to have an honest default. I don't think that the voters are going to say to an old guy like me, yeah, right, you paid into Social Security for 60 years. Too bad. So sad. No money strongly or to follow. I think we have a dishonest default, and there's precedent for this. In the decade of the 1970s according to the Office of Management and Budget, the spending power of the US dollar declined by 75% in 10 years. Not coincidentally, the gold price went up 30-fold. I don't think that the gold price goes up 30-fold from here, but I suspect that the only way that we service or pretend to service our debt is by inflating away the net present value of the liability, by reducing the spending power of the US dollar while not fully indexing taxes to inflation. My suspicion is that, if I am correct, that if we deal with \$130 trillion in debt by devaluing the obligation, that the purchasing power of the US dollar, again in real terms, declines four-fold. And it wouldn't surprise me to see the increase in the gold price approximately reflect the deterioration the purchasing power of the US dollar, if you believe like that, it's very difficult not to see strong gold prices, likely stronger silver prices, and likely very strong gold equities prices. I'm not talking about the three-month timeframe or the six-month timeframe, but I'm certainly of the belief that over a decade, the US dollar loses 75% of its purchasing power.

Erik: Let's talk a little bit more about gold versus silver, versus gold and silver mining equities because, boy, Rick, a lot of people are saying Gold Silver ratio is out of whack. You're much, much better off buying silver here. But hang on, it feels to me like a lot of this is really being driven by Central Bank purchases. They're buying gold, not silver. So, I could make an argument for if that's the cause, it's going to continue to be Gold, not silver, that outperforms. A lot of people are saying that the Gold Silver ratio is out of whack. The silver is the thing to buy. Is that the case? Or is it more the case that, because this is being driven by central banks, that we're going to do what the central banks are doing, which is buy gold. That's what's going to outperform.

Rick: To the latter question, I think you've made a great point. Silver speculators and gold stock investors have been concerned over the fact that while gold is performed, the other asset classes haven't, and you put your thumb on the cause of that, the buyer has been central banks, and they don't buy gold stocks. They don't buy silver, they buy gold. An asset class that had a buyer did well. An asset class that didn't have a buyer didn't do as well. Typical precious metals bull markets are led by the commodity buy gold. When the gold price increases faster than the cost to produce gold, the margins of the biggest and best mining companies begin to do well. And we've certainly seen that over the last

18 months with Agnico Eagle well, with the whole complex they've done extremely well in traditional bull markets, the bull market goes from what I would call the best of the best to the rest. There begin to be valuation anomalies between the very high-quality companies and lower quality companies. Either value arbitrates, take that out of the market, or else the big companies take over the little companies. In my experience, Erik, when the generalist investor comes down into the precious metal space, when the narrative is established by gold and by the gold stocks, silver begins to outperform gold. I'm not sure why, to be honest with you, perhaps it's because the lower unit price, perhaps because of the reputation for volatility. But in my experience, in the three precious metals bull markets that I've lived through, when the generalist investor comes into the space, silver begins to outperform gold. Now, as to the Gold Silver ratio, I've never been a believer in it. I sort of believe it's a factoid. The fact that silver is 16 times more prevalent in the earth's surface suggests that the Gold Silver ratio should be 16 to one. But that argument doesn't go to utility, and it doesn't go to the fact that most of the silver produced in the world is produced as a byproduct of mining other materials, which means that the production cost for 78% of the new mine supply deals only with the cost of extracting it from already mined and processed rock. So I think that there is a disconnect between the supposed importance of the Gold Silver ratio and gold silver markets. I'm not sure as to how one would model that as a trader. I'm not a trader, so I don't do it, but I will observe that the markets the last three markets that I've been involved in once the precious metals narrative has been established by gold and the generalist investor comes down into the space that the generalist investor takes up the silver prices faster than the gold prices.

Erik: Rick let's move on to gold equities. The old wisdom used to be, look, you buy the gold equities because it's leverage to the gold price. Well, guess what? That has not worked for the last five years. My brokerage statement is proof of that. What broke down? Why did that stop working? And most importantly, how do we read it now? Because, you know, one argument is okay, that doesn't work anymore. So, buying gold equities is dumb. The other argument would be gold equities have underperformed for a long time. They've got a lot of catching up to do. They're really, really ripe for a big move. Which is it?

Rick: I think the truth is somewhere in the middle, I remember very well the gold bull market, between 2000, 2010. In that market, the gold price did extremely well, almost up seven-fold, and the free cash flow per share among the gold producers fell. It took particular skill for the industry to take a seven-fold increase in the selling price of their commodity and turn it into reduced free cash flow per share. So, the expectation around the gold producers was very low this time. The second thing was that the buyer that came into this market, that moved the gold price up, as you suggest was central banks, and central banks don't buy gold shares. Now this bull market has followed a predictable pattern. It has been led by the commodity. In the beginning in 2023 in particular, not only was the absence of a buyer, which is to say the central bank, an important tenant, but also the cost of producing gold increased as fast as the gold price. So, the increasing gold prices didn't expand. Producer margins that turned around in 2024 and the producers that generated good margins, particularly the companies that generated good margins, that were large enough to attract some institutional capital,

have done very well, ones like Franklin Nevada, ones like Wheaton ones like Agnico Eagle, the very high-quality companies are uniformly doubled over the last 18 months. So, the market has noticed, but there's no broad participation in the gold market yet, I believe that the momentum established by the senior golds and the free cash flow that's now being generated by the tier two producers and the less efficient majors, as was evidenced as an example by the Newmont release earlier this week. These are truly spectacular cash flow numbers. And I think we're really truly in now a gold equities bull market. I believe that the market will come to understand that the management teams that were responsible for the capital misallocation in the market 2000 to 2010 have been thanked and excused, and at least for the time being, perhaps until the bull market gets underway in earnest that there will be intelligent capital application in the gold mining industry. I think the next two years, two and a half years will be extremely good for the gold stocks if the valuation discrepancies that exist between the very large index worthy companies that get a lot of passive buying and the rest of the gold market doesn't disappear. That is if value arbitrageurs don't begin to redeploy from the best of the best to the rest, then what will happen is that the large companies with very low cost of capital will take over the smaller companies, and the arbitrage will go away in that fashion at any rate, I suspect now that we are really, truly in a gold and gold equities bull market.

Erik: Well, Rick, I can't thank you enough for another terrific interview. We got to get you back on the show more often than it's been. But before I let you go; I want to talk a little bit more about what you're doing with your new company. Well, I say it's a new company. It's been probably a couple of years now, which is [Rule Investment Media](#). A lot of people used to know you as the guy who organized most of the private placements in the gold and silver mining industry. You sold that business to Sprott. You ended up retiring from that and launching this new venture. Tell us about it. What does it do and what's going on?

Rick: Erik, I was part of building two very large consumer franchises, Sprott, which was 275,000 retail precious metals investors and institutional investors, and of course, EverBank. Another 250,000, 275,000 savers. I'm less act less eager at age 72 to be in regulated businesses. When directors' meetings at Sprott became more than 50% involved with policy and procedure and DEI stuff like that, that's all important, but I didn't have much to contribute, so I had to go away, but I wanted to stay in touch with my market. I wanted to stay in touch with my customers, and so I set about building a business to educate investment professionals and high net worth retail investors about how to invest in natural resources, precious metals, people like Wiley have been after me to write a book for about 30 years, and I don't want to write a book. So, the Rule classroom and Rule I investment media is the way that I impart the lessons I've learned over 50 years to people who are just coming into precious metals and natural resources. Most of the services of rural investment media and the rural classroom are free, a very, very good price. Four times a year, we put on boot camps, which are deep dives into various topics. We've done uranium, we've done silver, we've done the capital stack of mining companies. We've done oil and gas. And once a year we put on a great big symposium. We just got done doing that this year in Boca Raton delighted to say, between live and live stream, we had 2400 attendees, I think, wonderful conference.

And so that's what's really keeping me involved. Your listeners who want like what I have to say about natural resources can personalize it if they go to my website [Rule Investment Media](#) and they list the natural resource stocks that they own in their portfolio. I will, for free, rank them one to 10, one being best, 10 being worst, and I'll comment on individual issues if I think my comments might have value. This is free. There's no obligation. You need to be patient. I'm about 250 rankings behind. But once again, [Rule Investment Media](#) list your natural resource stocks, please. No crypto, no tech stocks, no pot stocks leave an old man to do what he does best.

Erik: Again, that's Rule Investment Media. Patrick Ceresna and I will be back as MacroVoices continues right here at [Macrovoices.com](#)