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Gold

Sector Update: Citi Remains Bullish Gold; Equities Continue To Price Gold Prices Below Spot

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations

Summary

- Citi's global commodity team continues to see gold re-taking $5000/oz by YE27 (link to most recent report).
- We remain broadly positive on large cap gold equities (NEM, AEM) noting:
  - Gold equities continue to price a gold price ~$500/oz below spot levels, e.g., NEM offering >6% FCF yield at spot. This should allow equities to outperform during periods of stable prices.
  - Gold equities continue to outperform the underlying with cost inflation under control. Costs are rising but so far at a much lower magnitude than prices.
  - Capital allocation remains broadly sensible, with large caps balancing reinvestment with shareholder returns. Returning capital is critical, in our view, as yield differentiates the miners from the underlying and hedges the risk that investors will be left with nothing if prices revert (as happened in 2012-16).
  - Spot FCF yields are ~6.5% on Barrick, ~6% on Newmont and ~4.5% on Agnico Eagle.

	Unit	0-3 mth pt price	6-12 mth pt price	1Q26	2Q26	3Q26f	4Q26f	2026f	1Q27f	2Q27f	3Q27f	4Q27f	2027f
Gold NEW	$/oz	4500	5000	4865	4510	4250	4500	4530	4700	4800	4900	5000	4850
Gold (OLD)		4500	5000	4865	4500	4500	4750	4655	5000	5000	5000	5000	5000

	Scenario Weight	Unit	0-3 mth pt price	6-12 mth pt price	1Q26	2Q26	3Q26f	4Q26f	2026f	1Q27f	2Q27f	3Q27f	4Q27f	2027f
Gold (Bull)	20%	$/oz					4500	5000	4720	5250	5500	5750	6000	5625
Gold (Base)	60%	$/oz	4500	5000	4865	4510	4250	4500	4530	4700	4800	4900	5000	4850
Gold (Bear)	20%	$/oz					3600	3800	4270	4000	4000	4000	4000	4000

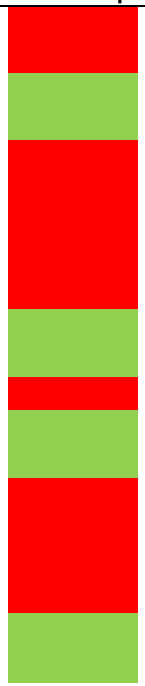
Gold Equities vs GLD

- Gold equities continue to broadly outperform the underlying gold price following outperformance in 2025.
- We expect this trend to continue with costs rising – but less than underlying gold prices – and still appearing mostly under control. One concern would be US operations which face above-industry cost pressure exacerbated by tariffs.

ANNUAL RETURNS: GOLD EQUITIES VS. GOLD PRICE

Year	Equities - GDX	Commodity - XAU
2007	17%	32%
2008	-31%	3%
2009	46%	27%
2010	28%	25%
2011	-14%	13%
2012	-13%	6%
2013	-53%	-27%
2014	-14%	-1%
2015	-22%	-10%
2016	36%	5%
2017	18%	12%
2018	-10%	1%
2019	40%	18%
2020	25%	25%
2021	-13%	-4%
2022	-8%	-1%
2023	9%	14%
2024	10%	28%
2025	163%	73%
2026 - YTD	9%	-2%

Green = Equities Outperformed
Red = Gold Outperformed

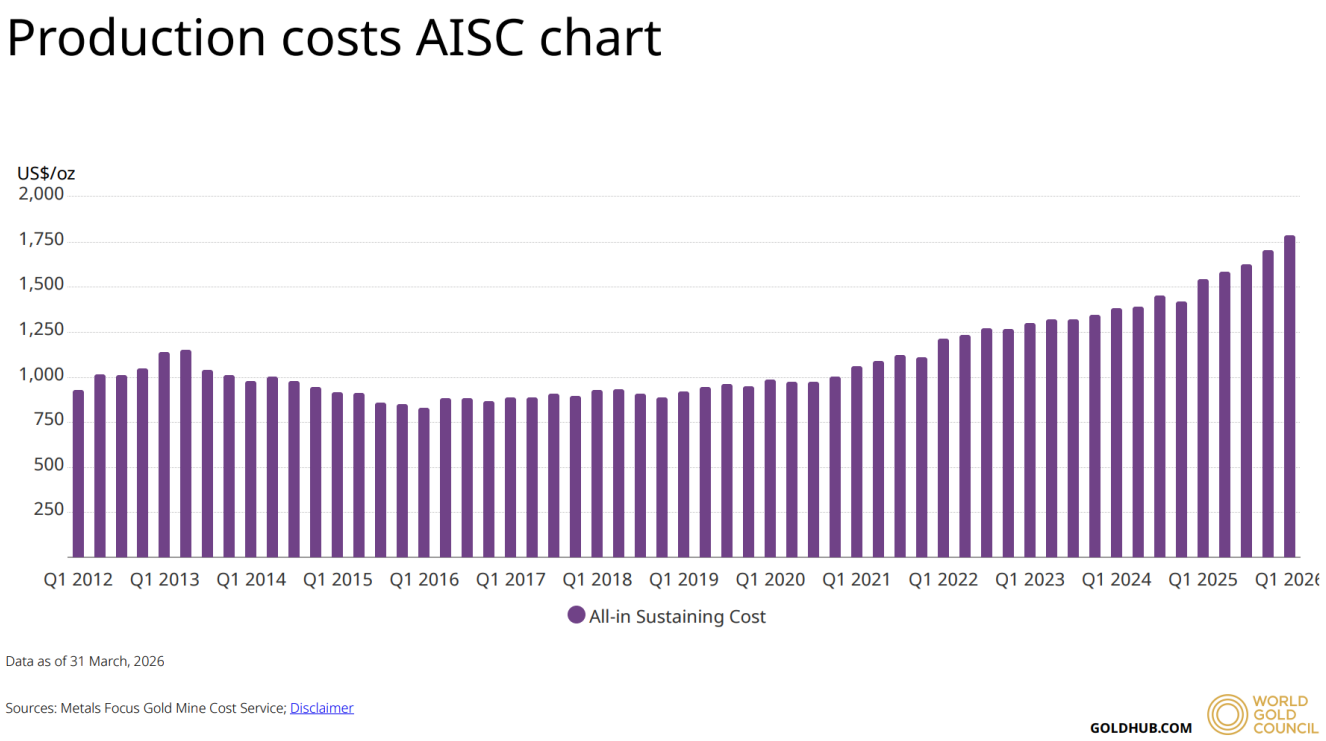


2011-2015: The "Great Gold Stock De-Rating" Driven By GLD, Costs and Capital Allocation

Sources: Citi Research; Bloomberg

Production Cost Curve

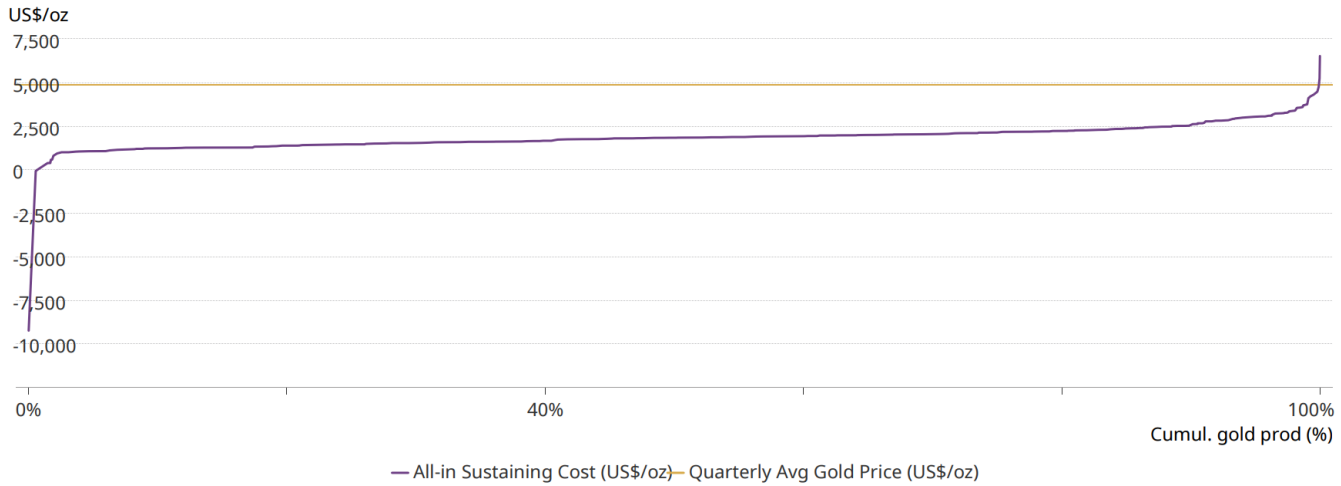
- Costs are increasing — but at a far lower magnitude than prices.



AISC Cost Curve

- The industry is generating a lot of cash. >90% of gold mines sit below $2,500/oz of AISC.

Q1'26 AISC curve



Data as of 31 March, 2026

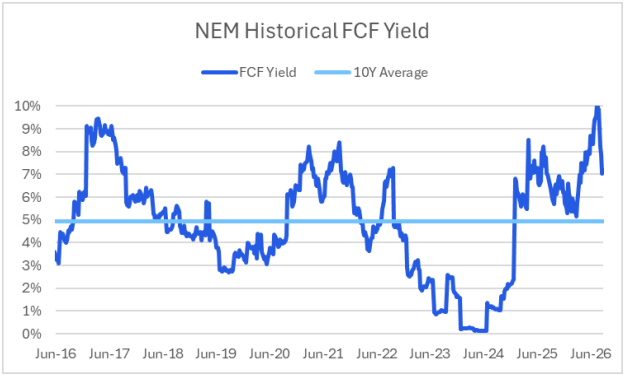
Sources: Metals Focus Gold Mine Cost Service; Disclaimer

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Newmont Mining (NEM)

- Newmont's 10Y historical FCF yield is 4.9%—this is equivalent to ~$3,900/oz in our model.
- This has been a consistent pattern with NEM (& peers) discounting a gold price ~$400-800/oz below spot since prices first started rallying in 2018 and then again in 2023. In theory this means that the stock can re-rate higher against a backdrop of stable prices.
- Fundamentally we see NEM well positioned with NGM resolved, operations mostly on track and 6moz of production in reach. The main challenges appear exogenous – Ghana regulations and Cadia seismicity.
- (Note: We view NEM as ex-growth—100% of capex is effectively used to main existing output levels—and therefore FCF yield as the most appropriate valuation metric. P/NAV analysis shows similar results—although a P/NAV model is typically far more subjective.)

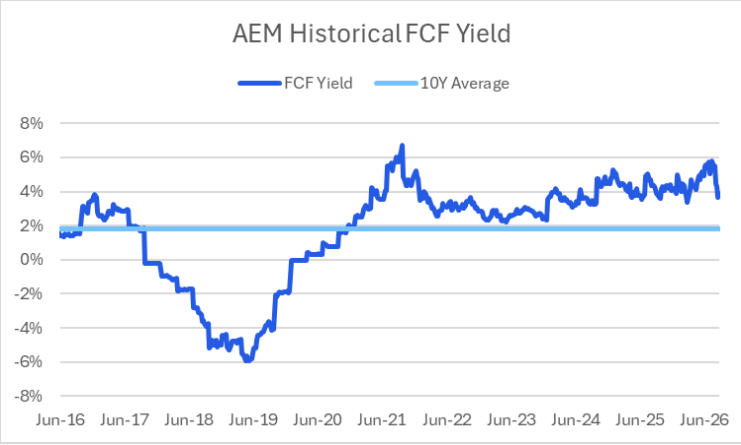
NEM Sensitivities						
				Gold Price		
	2026E	2027E	Spot	3000	4000	5000
Gold Price - Realized ($/oz)	$ 4,504	$ 4,850	$ 4,350	$ 3,000	$ 4,000	$ 5,000
EBITDA ($m)	16,504	18,141	15,460	8,221	13,583	18,946
EV/EBITDA (x)	7.9	7.1	8.4	15.8	9.5	6.8
FCF ($m)	9,097	9,130	7,558	3,187	6,425	9,663
FCF Yield (%)	7%	7%	6.0%	2.7%	5.2%	7.6%



Agnico Eagle (AEM)

- Agnico's 10Y historical FCF yield is 1.8%—this is equivalent to <$3,000/oz in our model.
- That said, AEM's historically low FCF yield was due to reinvestment in growth with the company able to generate growth CAGR (unlike NEM and many peers). Looking ahead we expect the market to demand a higher FCF yield given that AEM is far larger today & therefore challenged to generate the same CAGR.
- Fundamentally we see AEM well positioned with relatively younger mines in Tier 1 jurisdictions, organic growth potential (Detour Lake, Hope Bay and others) and one of the best 20-year track records in the global mining industry.

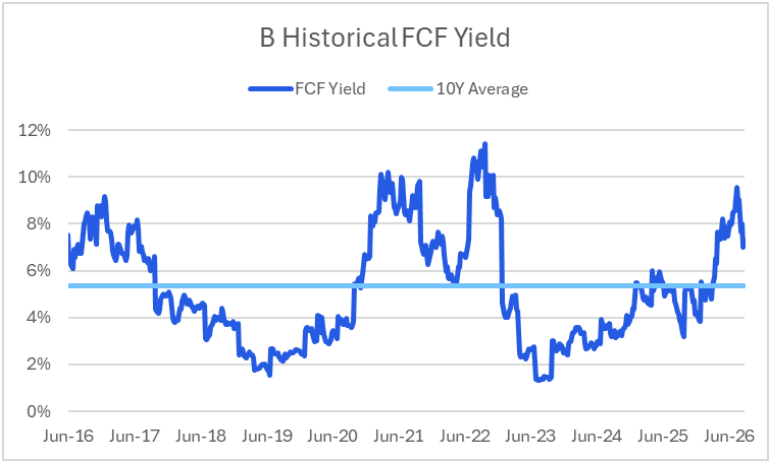
AEM Sensitivities							
				Gold Price			
	2026E	2027E		Spot	3000	4000	5000
Gold Price - Realized ($/oz)	$ 4,513	$ 4,850		$ 4,350	$ 3,000	$ 4,000	$ 5,000
EBITDA ($m)	10,805	11,412		9,985	6,132	8,986	11,840
EV/EBITDA (x)	9.0	8.5		9.7	15.8	10.8	8.2
FCF ($m)	4,638	5,301		4,446	2,132	3,846	5,561
FCF Yield (%)	5%	5%		4.5%	2.1%	3.9%	5.6%



Barrick Mining (B)

- Barrick's 10Y historical FCF yield is 5.3%—this is equivalent to ~$3,600/oz in our model. Although we note that our FCF yield is attributable (given material minority interest) and the historical average is based on Bloomberg as reported.
- Barrick has the highest spot FCF amongst the large-cap golds and remains a self-help story following a period of underperformance & management turnover.

B Sensitivities							
				Gold Price			
	2026E	2027E		Spot	3000	4000	5000
Gold Price - Realized ($/oz)	$ 4,504	$ 4,850		$ 4,350	$ 3,000	$ 4,000	$ 5,000
EBITDA - attributable ($m)	10,517	12,675		11,021	6,556	9,864	13,171
EV/EBITDA (x)	7.8	6.4		7.4	12.5	8.3	6.2
FCF - attributable($m)	2,708	5,675		4,792	2,302	4,147	5,991
FCF Yield (%)	4%	8%		6.5%	3.1%	5.7%	8.2%



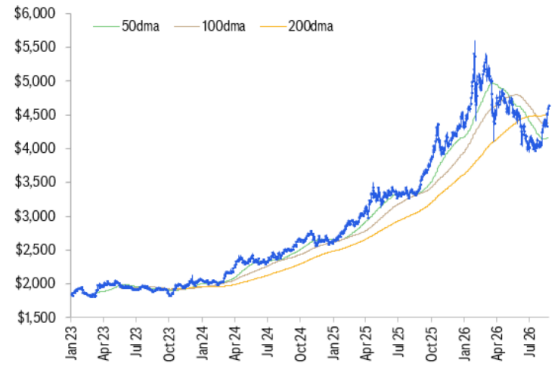
Sources: Citi Research, Bloomberg

Gold Price Commentary

Citi commodity team views (link to report):

- Gold prices received a boost from weaker dollar and lower rates following the US Treasury announcement to increase long-end buybacks. Gold prices had found a solid bottom at ~$4k/oz from late June through July, then rebounded in August and consolidated around the 100dMA of ~$4,380/oz before the latest breakout. Gold cleared key moving average resistance levels (see Figure 1) and technical indicators (e.g. MACD and DMI) remain positive. Contrarian signals such as RSI (~72) indicate stretched but not yet extreme levels, in line with CFTC data, which show managed money net length close to YTD highs but still off the 2024-25 highs (see Figure 2).
- The recent rally has been largely driven by spec flows so far, in particular futures inflows. Physical demand will need to catch up, in our view, for the rally to sustain. The time zone breakdown of intraday gold price moves indicates that the vast bulk of the recent price advance happened during US trading hours, while gold prices were actually flat to lower during Asia and Europe hours. In China, retail demand remained weak despite more active SHFE trading and ETF buying. India physical demand also remains weak as onshore premium (ex-duty) stays negative.

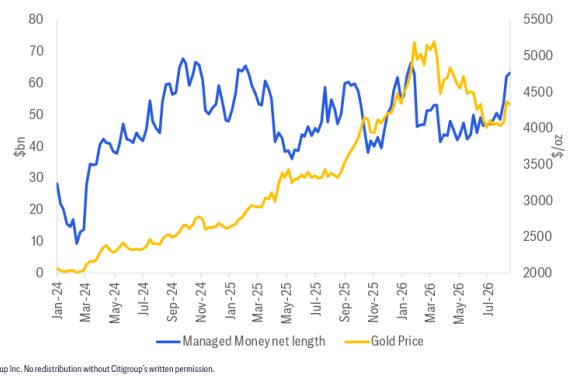
Figure 1. Gold price resumed uptrend and broke key moving average resistance levels



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Source: Citi Research, Bloomberg

Figure 2. CFTC data show managed money positioning stretched but not yet extreme, still off the 2024-25 highs



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Source: Citi Research, Bloomberg, CFTC

Companies Mentioned

Agnico Eagle Mines Ltd
(AEM.N; US$196.66; 1; 02 Sep 26; 16:00)

Valuation
Our $200/sh target price is based on a 1.6x P/NAV multiple reflecting higher spot gold prices on a long-term gold price assumption of $3,500/oz.

Risks
Key risks to our investment thesis include commodity exposure, political risk (although most of AEM's operations are in areas with low political risk and a history of mining), and operating risk.

Metal Pricing Volatility — Gold pricing is driven by a number of market factors including mining output, scrap availability, central bank sales, and US inflation rates. A significant decline in the price of gold due to any combination of these factors could reduce AEM's realized pricing and sales volumes. However, an increase in the gold price would be a benefit. AEM is also exposed to volatility in silver, copper, and zinc pricing.

Mining Operations — The company's mining operations are subject to variability in ore quality and structural issues that could decrease production volumes and increase unit costs.

If the impact from these risks turns out to be greater/less than estimated, the shares could fail to achieve/outperform our target price.

Barrick Mining Corp
(B.N; US$44.13; 2; 02 Sep 26; 16:00)

Valuation
Our $45 target price for Barrick Mining Corp. is based on a 1.3x P/NAV multiple on our NAV using $3,500/oz long-term gold and ~5% WACC.

Risks
The keys risks to our investment thesis on B include commodity exposure, political risk (particularly with its Africa operations) & operating risk. If the impact from the risks outlined turns out to be greater/less than estimated, the shares could fail to reach/exceed our target price.

Metals Pricing Volatility – Gold pricing is driven by a number of market factors, including mining output, scrap availability, central bank sales, and US inflation rates. A significant decline in the price of gold due to any combination of these factors could reduce B's realized pricing and sales volumes. However, an increase in the gold price would be a benefit. B is also exposed to volatility in copper and silver pricing.

Mining Operations – The company's mining operations are subject to variability in ore quality and structural issues which could potentially decrease production volumes and increase unit costs. However, better ore quality and structural efficiency would be a positive and constitutes an upside risk.

Projects – Barrick has projects in the pipeline that have execution risks. The process to bring a development project to production has many hurdles including project financing, permitting, regulatory compliance, staffing and construction. Any unexpected issues or delays could affect project delivery, increase project development and operating costs, and reduce the NPV of projects.

Companies Mentioned (cont.)

Newmont Corporation
(NEM.N; US$125.16; 1; 02 Sep 26; 16:00)

Valuation
Our $125/sh target price for Newmont Mining is based on a 1.5x P/NAV multiple. We assume a WACC of ~5.0% and a LT gold price of $3,500/oz.

Risks
The keys risks to our investment thesis and valuation on NEM include commodity exposure, political risk (particularly with its Africa operations), and operating risk. If the impact from the risks outlined turns out to be greater/less than estimated, the shares could fail to reach/exceed our target price.

Metals Pricing Volatility – Gold pricing is driven by a number of market factors including mining output, scrap availability, central bank sales, and US inflation rates. A significant decline in the price of gold due to any combination of these factors could reduce NEM's realized pricing and sales volumes. However, an increase in the gold price would be a benefit. NEM is also exposed to volatility in copper and silver pricing.

Mining Operations – The company's mining operations are subject to variability in ore quality and structural issues, which could potentially decrease production volumes and increase unit costs. However, better ore quality and structural efficiency would be a positive and constitutes an upside risk.

Projects – Newmont has projects in the pipeline that have execution risks. The process to bring a development project to production has many hurdles including project financing, permitting, regulatory compliance, staffing, and construction. Any unexpected issues or delays could affect project delivery, increase project development and operating costs, and reduce the NPV of projects.

Synergies from Newcrest merger – If synergies from the Newcrest merger turn out to be more or less favorable than we expect, the shares could perform better or worse than we expect.

