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PRECIOUS METALS · MONETARY HISTORY · NUCLEAR PHYSICS

Lab Gold Is Coming (This Is the Real Trap)

Should we be worried about gold? The arithmetic, the diamond parallel, and what the people who print the money are actually doing.

A company claimed this week that it can produce gold from mercury via nuclear fusion. The physics is real, but the economics are a fantasy: enriched mercury costs more than 100,000 times the value of the gold it could produce, no commercial fusion reactor exists, and any output would be radioactive for 14 to 18 years. Meanwhile, the people who actually print the world's money are buying gold at a record pace. This report walks through the maths, dismantles the diamond comparison, and examines what the central banks are actually doing with their own reserves.

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mercury cost vs gold value ratio

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The physics is real

A company announced this week that it can take enriched mercury-198 and, using a fusion reaction, transmute it into gold. Nuclear transmutation is genuine physics. Scientists have been turning one element into another since Ernest Rutherford first did it in 1919. The modern version uses a neutron source or a particle accelerator to knock a proton off the mercury nucleus, converting it to gold. The physics works. Nobody serious disputes that.

The question is not whether it can be done. The question is whether it can be done at a scale and a cost that would matter to the gold market. And when you run the numbers, the answer is unambiguous.

The supply arithmetic

In the company's own best-case projection, a single fusion plant might produce between 2 and 5 tonnes of gold per year. The world already mines between 3,500 and 4,000 tonnes of gold out of the ground every single year, and has done consistently for decades. One plant running flawlessly would add roughly a tenth of one percent to the global supply. In commodity markets, a tenth of a percent is not a disruption. It is a rounding error.

> one fusion plant at full capacity adds 0.05 to 0.13 percent to global annual gold supply.

No plant exists

The number of commercial fusion power plants operating anywhere on Earth today is zero. Not a small number. Not an early prototype. Zero. The factory that is supposedly going to flood the world with gold has not been built. No country has a working commercial fusion reactor of any kind producing electricity for the grid. The technology remains, by any honest assessment, decades away from commercial viability.

The cost of the ingredients

The enriched mercury-198 required for this process costs approximately $15,000 per milligram. A milligram of gold, at current prices, is worth about 14 cents. The raw material going into the machine costs more than 100,000 times what the gold coming out of it is worth.

To put that in plain English: it is like burning down a house in order to toast a single slice of bread. The arithmetic does not merely fail to work. It fails on a scale that borders on the absurd.

Radioactive storage

By the company's own admission, the gold produced by this process is slightly radioactive and must be stored for 14 to 18 years before it can legally be sold. A bar produced today, assuming the plant existed, would not reach the market until some time in the 2040s.

This is not a gold rush. It is a science experiment with a very good public relations team attached to it.

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The long, slow war

Almost everything in your financial life comes down to a war between two kinds of things. Things that can be created at will, and things that cannot.

The money in your bank account can be created at will. A government that owes far too much can conjure new money into existence with nothing more than a keystroke, and it does, and it will keep doing it. The total amount of money in the system is growing at its fastest pace in years. Every major rich country is running some version of the same play, because their debts have grown too large to ever be paid back honestly.

They are not going to suddenly announce that they cannot pay. They are going to pay you back in money that is worth less and less each year, slowly, while you are distracted by headlines about trade wars and elections and robots.

The one real enemy

When you can print the money itself, you have only one real enemy. Something you cannot print. For 5,000 years, that something has been gold. Not because it is shiny, not because of tradition, but because it is genuinely, physically, stubbornly hard to get. It takes real energy, real machinery, real risk, and real years to pull a single ounce of it out of the earth. That difficulty is not a bug. It is the entire point.

> the cleverest people with the deepest pockets are now willing to spend a fortune attempting to manufacture a tiny speck of gold. Nobody builds a machine to counterfeit something worthless. Nobody forges a three dollar note. The very existence of the attempt is the loudest confirmation of what real gold is truly worth.

They are not ringing gold's death bell. They are accidentally ringing the dinner bell.

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Diamonds were never rare

In the 1930s, De Beers came to control around 85 percent of the world's supply of rough diamonds. They held most of it in vaults, releasing only a trickle, to maintain an artificial scarcity. In 1947 they ran one of the most effective advertising campaigns in the history of business: "a diamond is forever." They convinced the entire Western world that a common lump of carbon was priceless, and more or less invented the idea that you must spend two months of your salary on a ring to prove you love someone.

The scarcity was manufactured. Start to finish, it was a story, propped up by a near monopoly and a genius marketing budget.

What happened when the story broke

The moment somebody worked out how to grow chemically identical diamonds in a factory for a fraction of the cost, the story broke. The wholesale price of lab-grown diamonds has fallen by 90 to 95 percent since 2015. The parent company behind De Beers has written down close to 7 billion dollars. A cheap fake-scarcity product shattered the original, because the scarcity was fake the entire time.

Gold is the precise opposite

No company on Earth controls gold. No advertising campaign ever invented its value. Its scarcity was not a decision taken in a boardroom. It is a law of physics and geology. You cannot vote it away. You cannot advertise more of it into existence. And you cannot yet build it in a machine for anything less than a fortune.

> they are comparing a thing that was always fake-rare with a thing that is genuinely rare. That is the entire trick. And now you can see straight through it.

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Central banks are buying, not selling

The world's central banks have been buying gold at a record pace, year after year. These are the institutions that create the money out of thin air. They are the ultimate insiders on the true value of their own product. And they are deliberately choosing to swap some of their own currency for a metal they cannot create.

When the counterfeiter himself starts hoarding the real thing and locking it away, you have learned something that no television segment is going to tell you plainly.

The official story vs the real measure

The official inflation figure gets adjusted and fiddled with until it tells whatever story is convenient that year. At The Prehn Institute, we measure prices not in money, but in time. How many hours does an ordinary person have to work to afford the things they are trying to save up for?

Your hours cannot be faked, re-jigged, or spun.

Measured that way, the ordinary things people save for — a house, a decent car, a little put by for later — that would have cost you about 100 hours of your working life at the turn of the century, cost you well over 300 hours today. The things you work and save for have more than tripled in the price of your own life, in just a generation.

> that is what they actually mean when they tell you inflation is under control. Under control for whom, exactly? Not for you.

The whole picture, as one thing

Debts far too large to ever repay. Money being printed to escape them. The very people doing the printing hoarding real, un-printable assets for themselves. And at that exact moment, out of nowhere, a story appears telling ordinary savers that real assets are about to become worthless, so they had better hurry up and sell.

You do not need to believe in a secret cabal in a dark room. You only need to understand who stands on each side of that trade, and to make very sure that the person handing over their gold for pennies at the bottom is not you.

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The pullback

Gold and silver and the mining shares have had an enormous run. Gold is north of 4,000 dollars an ounce. Silver more than doubled inside a year. And when anything runs that hard, it eventually pulls back to catch its breath. A great many of the mining shares are down 20, 30, even 40 percent from their recent highs.

This is not the fusion story doing the damage. It is simply a very popular trade catching its breath, which is exactly what happened before every major run higher in the historical record.

Historical precedent

In the 1970s, gold went flat and then fell hard in the middle of its greatest bull run. The people who panicked and sold missed the enormous move that followed. In 2008 it dropped about 30 percent in the crash before it tripled. The dip is not the metal failing you. The dip is the metal being used as an emergency cash machine by panicking funds, which is precisely what good money is for.

The heartbeat pattern

The pattern I watch for is something I call the heartbeat. A share stops moving, trades sideways in a tight, narrow range for weeks while everybody loses interest. The trading volume dries right up, and the whole thing coils like a spring before it moves.

After this pullback, the shares that are coiling in the tightest, calmest ranges are the big, well-financed gold producers and the royalty companies — the ones that collect a slice of every ounce pulled out of the ground without running the mine themselves.

The silver miners and the rare earth names are a very different story. They have fallen much harder, 50 or 60 percent, and they are not in that tight, calm coil at all yet. They are still bleeding.

> these lists shift from week to week as prices move. Do not take a shape mentioned today as a decision for next month. Do your own work. The shapes are perishable.

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Three rules

- ✓ **Do not sell something genuinely good because a frightening headline told you to.** The fusion story is real physics wrapped in fantasy economics. The headline is designed to move you, not inform you.
- ✓ **If a 30 percent move in anything you own would cost you a night of sleep, bring the amount down.** The person who can sleep is the person who does not sell at the very bottom. You survive volatility by not needing to react to it.
- ✓ **Ask one question of everything you own: is this thing genuinely scarce, or is its value just a story that somebody is able to break?** That one question will protect your money more than any hot tip.

Two kinds of people

There have only ever been two kinds of people who walk out of a moment like this one. The ones who understood what they owned and held on, and the ones who sold the real thing in a fright to the very people who print the fake thing. One group gets richer in every cycle. The other gets poorer. It is not luck. It is the plain historical record, without a single exception.

Which of the two you end up being is genuinely a choice, and it is a choice you make in the next few weeks, not the next few years.

The Prehn Institute

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7. Mercury-198 enriched cost: nuclear materials suppliers, academic literature; approximately $15,000 per milligram
8. Gold price: approximately $135 per gram ($0.135/mg) at time of writing, $4,000+ per troy ounce
9. Radioactive storage period: 14–18 years per Marathon Fusion disclosures

Disclosures

Felix Nikolas Prehn is the founder of The Prehn Institute and Winston Daily. He holds positions in gold-related assets. This report is for educational purposes only. It does not constitute financial advice and is not a recommendation to buy or sell any security. All investments involve risk, including the loss of principal. Past performance is not indicative of future results.

The heartbeat scanner patterns described in this report are perishable and shift from week to week. They are described for educational purposes only. Any names mentioned are examples of a shape, not recommendations. Always do your own research.

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