The Market Set to Explode with Green Energy with Marin Katusa

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[00:00:00] **Dave:** All right, folks. Welcome to Investing for Beginners podcast. Tonight, we have a special guest. We have Marin Katusa; he's a New York Times bestseller, a contrarian investor, and he specializes in gold, uranium, and rare earth metals as well as other stuff.

And he's a seriously smart guy. He's a. Gonna talk to us about some carbon credits. And he recently wrote this fantastic book that we were lucky enough to read. It's called the Rise of America, which will be available on August 7th on Amazon. I believe so, Marin; thank you very much for taking the time to join us today.

We really appreciate it. And so I thought maybe we could talk a little bit about how did you get started in rare earth metals? So commodities, I'll be honest with you as something I am not super familiar with. So maybe you could tell us a little bit about how you got it.

[00:00:43] **Marin:** Yeah, sure. So being born and raised in Vancouver, Canada, it's the epicenter for finance, and it's actually not what I went to school for.

My background is in mathematics. And basically met a president of a tungsten company who did a bunch of the math and calculation work for them thought it was an interesting perspective. And I jumped deep into tungsten. So that's the first commodity I got into. And that's what I established my name in the finance side of things from there got into the rare earth, and uranium's get to meet some really smart people.

And you just build it up from there. So it was not something I went to university for. It's not something I ever thought I would be doing. And here I am, 20 years.

[00:01:24] **Dave:** That's cool. So have you become a geologist specialist at the, do you understand all the, I took geology in college, and it fascinated me.

So is it related at all?

[00:01:34] **Marin:** I married a geologist in my day. To keep my scholarship, you would take, what we used to call birdie courses, and between my quantum mechanics and organic chem, I needed something to boost my average up. So I took geology. So I took geology throughout all the years cause it was fun, and it was easy, and I enjoyed it.

And interestingly enough, the head of the department. Geology at UBC was my profit was also my wife's prof. I convinced them to come work for me for many years. Talking about the pupil becoming the boss later on. Geology, something. I don't pride myself on my skills, but what I do is to get the best geologists for the type of project I'm looking at in the world.

So you build a network, a Rolodex of the best engineers for specific projects and the best geologists for specific projects. And I'm thinking of it as if you need heart surgery, get the best heart surgeon if you need to have a checkup on cancer, get the best cancer checkups. So that's my strategy, and my strength is on the finance side of things.

So between getting the best engineers in geos to look at a project and then when you go through permitting and the environmental ASCAP aspects, get the best lawyers to look at the things, and I'm not too bad at what I do either. So you mix them all together, and you hopefully come to a successful outcome.

[00:02:51] **Dave:** Yeah, that's amazing. So how long does a project like that generally take? It sounds like that's quite involved.

[00:02:56] **Marin:** The first copper mine that I was involved in building from start to production took five years. And now it's been producing for about a decade. To build a mine, if you can do it in five years, you're in the top 5% of builders.

Building mines generally takes anywhere between 10 and 30 years from its life cycle, from discovery to actual production. But building mine's pretty rare.

[00:03:22] **Dave:** Sounds like it. That's crazy.

[00:03:24] **Andrew:** Is that pretty consistent between all sorts of different kinds of metals, or is that specific to copper?

[00:03:31] **Marin:** Copper is probably easier. As you get more niche, I would say uranium; mine is probably the hardest mined permit. That's because of the NIMBY crowd and, it would take anywhere. I'll look at some of the most recent producers in North America. It's taken. Over 15 years to permit and build, and that costs the economics, frankly, aren't there right now for uranium to build on the gold side.

There's one that my subscribers and I had a big score on. It's going into production now, my subscribers. I've only seen the last 12 months of wins, but it was owned by a previous company when we did not recommend it. And they took ten years to permit that. So by the time it goes into production, that would be 12 years.

But I would say, on average, it takes about ten years across the commodity board,

[00:04:18] **Andrew:** I guess, as you look across the various commodities and metals today, is there one that stands out that's particularly exciting, whether for macroeconomic factors, supply, and demand, balance, anything like.

[00:04:31] **Marin:** I like cheap. I focus everything on value.

I really like gold here because the gold producers are trading at a discount to their nav at $1,500. Gold and gold are currently at 1800. So I do like the gold producers. I think carbon credits are the best commodity on the planet right now for mispricing, a model of where they're trading, and how there are just so few people it's Bitcoin in 2011 like nobody has an idea what's going on there.

Imagine if Bitcoin in 2011, but you expect that ten times the amount of money to go into Bitcoin. That's where we're going with the carbon credits. So I love gold. I love carbon credits. I like things that you don't have a lot of competition, so you can buy things cheaply.

[00:05:22] **Dave:** Nice. So how do you invest in something like uranium and gold?

[00:05:27] **Marin:** So very differently between the different commodities. I don't like taking exploration risks. Now, just think of this, if you look at a one in 3000 exploration project ever becomes a viable economic deposit, but even if you get that one to 3000 odds, do you get a permit? And what timeframe or window do you get it permitted?

Is it during a time of high commodity prices or weak commodity prices? And what is your cost of capital to build that? So there are all these factors that come in, even if you are successful. So for gold, I like to buy. Undervalued existing producers in safe jurisdictions. I got this whole positive swap line, negative swap line concept.

I just won't go to negative swap lines for gold or copper, uranium. And then, for the uranium side, I don't want to be going to risky jurisdictions with no infrastructure that needs $80 uranium. I think North America, specifically the Athabaska basin, which isn't Saskatchewan and Canada and Texas and Wyoming, are the places to be in the US and what we did in uranium a few years ago with our subscribers is very simple.

It's exactly what I'm doing in gold right now by built permits. Assets that are trading at a discount to nav, and we got four or 500% gains doing that you sell and take a free ride and let the rest ride. So am I super bullish on uranium? Ah, it's all free for me now, so I don't really care. And for my subscribers, I like free.

I like cheap. That's the way you build real wealth. Am I going to go fund geologists with a box of crayons, with an idea in the middle of the Nigeria bays in Nigeria and the Arlet, Bazan? Not a chance.

[00:07:16] **Dave:** So it sounds like you're a Warren buffet guy, but in commodities, would that, or wear metal?

[00:07:21] **Marin:** Yeah, I, rare some haven't done anything in a few years at one point a friend and I, we own the largest actual physical holdings of two different physicals, rare metals made a lot of money sold it. So right now, I don't hold anything in rare-earth.

[00:07:39] **Dave:** Interesting. So how do retail investors take advantage of some of these ideas of gold or uranium or anything like that?

[00:07:47] **Marin:** I guess a retail guy, it's never been easier than it is now. You can go on the internet and Google people. YouTube. When I started out, there was no YouTube. There was no; you had to actually go to these conferences and meet people. Everything's now online, ironically, because it's never been easier.

Maybe it's more difficult because there's maybe an overabundance of information at the fingertips. I'm not sure. I guess it's hard for me to answer that question because I know the CEOs of these big companies. I just phoned them up, meet with them and, do my thing. Like for example, tomorrow I'm flying to go check out a project underground.

I have been to before. So I'll be the first outside of the company to check out the underground veins and see what's going on. From a retail perspective, if I was a teacher or a businessman, and I was trying to get an ex, I would start with the low-hanging fruit, look at management's cost basis.

Suppose they're in at $5 and the stocks trading at $20. Oh, their cost of capital's four times lower than yours. Suppose you're going to buy in the market at 20. If management's cost base is a five-box and they own 20% of the company, and you could buy it at the same price, that sounds like a pretty interesting start.

Then you start looking at where the assets are, and it is a development? Is it exploration? Is it production? There's no one answer to all of that. What's more, what is your risk tolerance? What is your timeframe? There is this misconception, though, that I've been writing about, and I talk about it in my book that you need to take big risks.

It used to be by a junior that is going to look for gold. And when they find the gold, you're going to make a lot of money. If you look at the math on that, the actual data says that's not true. You can make way more money with it. It is producing de-risk assets. That's trading at a discount to nav than you can on some little junior; it's about the flow of capital because 30 years ago, when that concept was true, start early-stage high risk for high reward.

You had a lot of money flowing into those juniors, but now with the passive managements and ETFs, they don't buy those juniors anymore. They're like the capital's flowing too. Deep value, discounted cash flow production.

[00:09:59] **Andrew:** Do you have any thoughts on why the, I guess we could start with the gold, but the gold miners they're trading at a discount to nav at, you said like gold at 1500.

Do you think there are reasons why? And are there times where you see a commodity, a discount to nav and maybe? Like a company associated with a commodity, and maybe there are times where they should trade to a discount because of some sort of secular factor.

[00:10:21] **Marin:** Let's take gold.

You mentioned it as an example. So this time, last year and all September of last year, so 11 months ago, I put a free ride. It's called the Katusa free ride on our gold positions because they were trading 1.2, 1.3 times NAV, and I said, look, it's these companies are being priced in as 20% growth. Because if something's 1.0, it's being valued at NAV and net asset value. And I said, look, it's trading between 1.2, 1.3. Some of the bigger companies are trading at two-point times nav. And I said you know what? I'm going to take all my money off the table here and get all your principal back a year later—last month. So now, ten months from that point, I put on alert going, Hey, I'm loading up now because the same stocks which are advanced are trading at 0.5 nav at 1500, even though Golds at 1800.

So resources are very cyclical. And it's not a secular thing. It's just with the interest rates, the bond market, it's a risk off-market, and the gold sold off. And I don't know if it'll be a year or two years or three. It will come back. It always does. And when the money flows in when it starts getting back to 1.2 times, now you sell, and you do it again.

And I've done this for two decades now,

[00:11:40] **Andrew:** I guess there's a kind of big narrative that Bitcoin is the. Hedge for currency devaluation. And so the reason why it's up is that the currency is being devalued, but you mentioned risk on risk-off. Is it probably seems like maybe the reason gold hasn't followed Bitcoin is that it's not really a currency devaluation play as it is maybe like a risk-on versus risk-off?

And it's high risk because, as you said, interest rates are lower.

[00:12:12] **Marin:** Gold is a store of value. When you talk about the interest rates, it's about. Most who hold physical gold have to pay a storage fee. So it's about that, that is between what is the real rate versus your storage rate.

And whereas with crypto, you don't pay storage fees. So that's the one advantage crypto has over—the gold market. I have money for both. I have a lot more money in the gold. I think gold has a 3000-year track record. Bitcoin has a decade. And I think there are many more evolutions and ups and downs in the crypto market.

A lot of the people in the crypto market believe in this S two FX model. I've proven that that math cause my background; I go, that Model is mathematically wrong. I think a lot of people will figure out things in the cryptos. A lot of people haven't paid tax in their crypto market. That's going to have to come hit, leverage all sorts of things, but there's also going to be more adoption.

So there's a give and take in the growth in the market. I think when you look at gold. From a gold supply and demand market, the low-hanging fruit in the gold market it's already happened. You look. For a hundred years, there's been about a 2% growth rate in the gold, but at that same time, the cost to extract that the high-grade shallow mines have been all produced.

So they're going deeper, and they're going into areas with a much riskier political, yeah. On top of that, you're going to see more nationalization because gold is money from a government perspective. If you're somewhere and, let's use Turkey as an example of gold you can sell in an international standard to backstop your government finances.

It has been financed and developed by the foreign company even better. It's easier to nationalize it. So it's going to be harder and harder to produce gold, and it costs more money. The grades are decreasing, and they're not finding the big top posts anymore. I think it's a great place to be. But am I going to go build a mine in the middle of, say, Bolivia?

No. Am I going to go to certain parts of South America or Africa? Not a chance because the infrastructure, the permitting process is just not there, but will I go to certain parts of the US where assets are trading at 0.5 damn nav rights. I am.

[00:14:38] **Dave:** So you'd mentioned something a bit ago, and you talked about this in the book as well.

Swap lines. Could you give a brief explanation or just an explanation of what that is to people?

[00:14:49] **Marin:** Sure. So a swap line is a direct line. From the US fed to the central bank of their true allies. For example, Japan has a swap blank. Canada has a swap line. Australia has a swap line. Brazil has a swap line.

The EU has a swap line, and these are other countries that need US dollars in their system. And then the government of Canada that Mexico has a swap light than the US. Or the fed, sorry, charges different interest rates, whether it's seven days or the other timeframes three months, 90 days. Sorry.

And the rate they charged Japan would be different than the rate they charge Mexico. And it shows their purpose is to help their true allies. To alleviate their dollar shortages and in 2000 and in March of 2020, we saw the swap line drawdowns explode, and that's only going to continue whenever there is.

Market chaos. Like what we saw in, in early 2020, then there's the negative swap line. Those are countries that don't have access to us dollars from the fed. Think of it as a line of credit from the government, a country like India. Prime minister Modi openly stated he's got swapped line envy.

I think India is probably the next country to get a swap line but to do that; you have gotta be a true ally of the government of the US; you're not going to get a swap line without being an ally. Do I see Iran or China getting swap lines anytime soon? Not a chance. Russia, no Turkey. No. So the point I'm making with the swap lines is, would a government.

Bite the hand that feeds it. For example, let's say nationalize, a gold mine, or a copper miner, or buy a big American company that is also getting swap line support or us dollar Ruby relief from the US fed. No, they're not going to do that, but would someone like Russia or Turkey or a non-swap line do it?

It's going to be a hell of a lot easier for them to do it because they're not biting the hand that feeds them because the hand doesn't.

[00:16:58] **Dave:** Yeah, that makes sense. So I guess how does that play into the, in the book, you are extremely bullish on the United States, and you talk a lot about how you think the golden age is still to come...

Can you talk through that a little bit?

[00:17:12] **Marin:** Sure. Like in the book I talk about, let's look at the demographics. Why did China go from the one-child policy now to three? Because their demographics are awful. Okay. They're coming. The population issue is not looking good for them. They're looking at what Japan is going through now.

Number one, number two, where so let's just step, take a step back. Where do the rich of the world send their kids to school or the Americans or the rich Americans sending their kids to Beijing university, or the rich Chinese sending their kids here? Here, let's take Elon Musk as an example. He fleetingly had a public dispute with the SEC.

And in most interpretations of what he did, you would think that he would have some serious repercussions. Now compare that to what Jack ma did and ask yourself who had the worst outcome on that? Within 12 months of Elon Musk had his little spits bat, he became one of the world's richest people, Jack ma.

How's he doing right now? Number three, you look at the technology and innovation people forget where so much innovation when the engineers of the Soviet Union, the best and brightest of the Soviet Union. When the Soviet Union collapsed, they either went to America or Israel that the number of technology companies coming out of Israel, they're not feeding into Beijing or Japan, or back to Russia.

They're going into the U S. So there you got that whole over 40% of all the value of the stock market is in America. So it's sucking up the value of the global economy. From the valuation standpoint, you look at the bond market, the same thing, it's sucking up the value and, more important.

If you look at the GDP of the US from a debt standpoint, compared to Japan or the EU or Canada, as bad as the debt in the US looks, it's much better than the other nations. Now let's pretend America was a company. All the companies in America are just assets within the company called the USA. And let's pretend we listed the company USA as a company in the stock market.

The incredible value in IP. But also from a military standpoint, from an infrastructure standpoint, from in-ground resources, you think about how hard it would be to conquer America from a military standpoint; it's almost perfectly designed. If God wanted to create a country, that would be very difficult to conquer.

It would be America. From a geographical standpoint, you look at the oceans around it. You look at the Mississippi; you look at the Rocky mountains. It is an incredibly well-situated country. And then, at the end of the day, Everything goes back to Pareto's law. Yes. On average, I would totally agree that on average that Chinese school systems are totally rocking the north American or even the west, but it's not about, on average, who you look at, the Elon Musk, it's the parade, a law, the best and brightest.

Are they going to go to India or China, or are they going to go to America, where the Capitol will fund these innovations? And these incredible opportunities at the end of the day, the American dream is still alive as screwed up as America is, it's less screwed up than the rest of the world and take it from a guy who spent 20 years traveling around the world, doing business around the world.

America is a pretty amazing place.

[00:20:54] **Dave:** Yeah, I would agree with that. So how do investors capitalize on that? How do we position ourselves to take advantage of the golden.

[00:21:02] **Marin:** I think they already are; look at the incredible technology companies and on the markets. I personally would avoid the meme stocks because those are trends and momentum.

I look at value. I would look at assets that are in the US; there are some incredible companies, you want to talk about rare errors. She's one of the best rare deposits. Or in the US, and it's a publicly listed company. We wrote it up at ten bucks. It's trading at, I dunno when it is as high as 65 bucks; I think it's about 40 bucks now.

I think it's a little bit ahead of itself right now, but its mountain pass is a great deposit. So that's one way of doing it. If you want rare earth, when you look at copper, there's Freeports and amazing copper company, I do believe copper's trading. If you had to pick between copper and gold, copper's really getting that electrification premium to it.

And, China, Japan, Korea, everyone realizes that they're not building enough copper mines and you need copper of Freeports, a great company. There's tech is another good company, but gold today is cheap. And

there are some great American gold companies that are all listed on the New York stock exchange producers that are trading half NAV.

That's Warren buffet, style of investing. You just gotta do a little bit of work, and again, when I compare it to my days when I was first starting out, there were no such things as podcasts. There's no such thing as I can get all of that with a click of the mouse; you can get all the information. It's never been easier than it is now to go through the financial reports and use Google finance or Yahoo finance if you don't have better filters to look at some valuation metrics.

[00:22:37] **Dave:** Yeah, I would agree with that. So I guess a question I have about some of the things you're talking about, one of the things that I've been interested in is some of the green energy opportunities. And particularly, I looked hard at lithium.

And so what are your thoughts on batteries, lithium technology and that, that kind of area?

[00:22:58] **Marin:** Yeah, look When the catalytic converter was a big issue in the early two-thousands. When I was a young buck in the game, platinum and palladium were interchangeable, and when the price of platinum went up to high palladium, Ford would shift their catalytic converters to palladium.

I think in the race for batteries, we're going to get utility-scale battery storage. It's the next evolution of green energy, but I don't think the chemistry is yet there. So whether the big winner is nickel cobalt or what it is, the problem is it's very interchangeable. Lithium, there's absolutely no shortage of lithium on the planet.

I wish more people would take lithium. I think the world would be a better place, but the point I'm trying to make. Be careful; is this an expiration? And, go back to the Mark Twain saying, a miner standing beside a hole is a liar. And so many guys talk about building things.

Lithium world, there are three producers that produce what, 85, 90% of the world's lithium, and they're publicly listed companies. So you can go that route. I'm not a lithium guy cause I just. I think there are better ways to play the market easier ways to make money. Green energy is economical.

It's only going to get cheaper. It's only going to get better, and it's going to continue to evolve. And the game-changer is when you get to utility-scale battery storage, we're not there yet, but when it does, let's say within a decade or two, the only source of power that could compete is existing nuclear reactors, or if the small or what I call pebble bed reactors like micro nuclear reactors, the one, 200-megawatt blocks can meet cost-efficient.

They're decades away from being that cheap but green energy; I'm telling you it's been a great place to be for myself and my subscribers. Who's made a ton of money.

[00:24:53] **Dave:** Yeah, I think it's a fascinating area. And I, without getting into all the political part of it, it seems like that's really where the country is going.

And as companies continue to embrace it and as it becomes more economically viable for them, I can't see any reason why they wouldn't continue that for that

[00:25:09] **Marin:** market. Make the decision at the end, the government can push it, but if it's not economical, the people aren't going to push. If the innovations don't happen, the free market will say it didn't work.

The free market is telling you that it's incredible; I think the cost of solar panels is decreased by about 90% in the last 15 years. That's incredible, and it's going to continue to decrease you. Look at windmills; they're getting way more efficient. They're getting way bigger for the cost, right?

So your cost of capital for output and what a lot of people don't realize is these polluters, you take 30 of the world's come. So 31 third. So 33% of all global greenhouse emissions are emitted by 30 companies in the world. They haven't had to pay for that pollution. When you have garbage, you have to pay to get it taken away, right?

That's no different. And those companies are going to pay. So everyone who says, ah, green energy is it doesn't work. It's not economical. Those guys are not up to pace on the actual economics. Number two, when you apply the actual cost of the full cycle economics. The fossil fuel industry really starts pushing you towards the green energy sector.

[00:26:31] **Andrew:** I was just curious. So I guess that kind of fits into the reason why you're bullish on carbon credits and everything there. Can you explain that to somebody who's not familiar with them?

[00:26:40] **Marin:** Sure. So if you take the 30 largest emitters of pollution, Almost 20 of them.

14, 20, 1 of them are publicly listed companies, meaning they have shareholders like you and me; those shareholders have already spoken in the vote. Fifty years ago, nobody really knew what was going on today. The shareholders have stated we want a reduction, and we want ESG. Now how they voted cost the capital.

There are trillions of dollars in the green bond market that will only invest in projects that meet the ESG category, environmental, social, and governance ESG. Now, Those companies are going to have to make a move in it. So let's just say of the 30 largest ten are state-owned. So let's just pretend those ten just now we don't, we're not going to do anything even though they will, but let's just pretend they don't do anything on the graph.

Commissions companies like Shell and Exxon, which are on the list. They are now forced legally to reduce their carbon emissions. Now let's just say 50% of those companies. Make a move to reduce their carbon emissions by 50%. So we started with 20, let's go to 10, and now only the reduced by 50% that increases the demand for carbon credits by over 20 fold.

Think about that per year. Wow. There ain't no sector that I see right now that is going to increase by even 200%, never mind. 2000%. And that's just the beginning. Remember that that that shows one-third of the market. Then you've got the other two-thirds you think about; for example, let's say you're a copper company there.

Isn't. So I talked about this a year ago, but quickly to explain it, when you do an NPB of a company, or you want to do a cash flow model or how you calculate your nav, not a single brokerage firm investment firm research firm included their cost of carbon emissions in their financial Model. Now, I don't know if you had a private business, and let's just say it was whatever you produce, whatever.

You at the end of the month, you have all these odds and ends, and you got to get rid of it. Wouldn't that count as a cost of your capital? Of course, it does. But in the resource industry, the oil producers, the miners, the coal guys, the coal utilities, they've been getting away with this for 50 years.

They're not going to get away with it anymore. So if you include the cost, if you included that cost of carbon, the greenhouse gas emissions in your financial life, Model, you would find that there's a totally different

cashflow model than the others. Now, how can a company do while the government's already stated that there's the compliant market and then there's the voluntary market.

You will see within a decade that companies are going to make a move to reduce their carbon footprint. Now, why should they do that? Because they believe they want a better future for their kids. I don't think that's going to be the reason they do it because it comes down to the balance sheet.

The reason that the executives will decide to do this is that it reduces their cost account. For example, if you guys mentioned copper before, let's say mid-tier copper producers, about a hundred million pounds of copper, it costs you a billion dollars to build that interest rate for a mid-tier copper producer for one asset; mine would be about 10%.

That's a junk bond, but if they went ESG and went net zero, they could tap into that green bond. And they could reduce their interest rate from 10 to 5% now, even using $4 copper that a hundred million pound producer, they probably only make 50 million in free cash flow at the end of the year after all their costs, but we just reduced their cost of capital by 50 million in a year in interest.

You just doubled your free cash flow by a hundred percent just by doing something that makes sense, and you make the world a better place for your grandkids. So that's why you're going to see thousands of companies move this way. That adds to the demand, and carbon credits are essentially a Giffen good. A Giffen good means as the price goes up; the demand goes up.

Its people don't learn this in economics because that's not what any commodity is. It's the only commodity Bitcoin is not a gift, and good gold is not a gift, and good oil is not a Giffen good carbon credit.

[00:31:14] **Andrew:** So you're saying basically the more that this philosophy of, or I guess understanding that there's a cost to carbon, the more that people start to realize it, then the more valuable it becomes. Correct. That makes a lot of sense. So I guess as to the play, then moving towards companies that are leading, maybe they're ahead of the curve when it comes to being net-zero, or is there some other way to play it?

[00:31:39] **Marin:** They always say this is bigger than any industry. It's not me saying this. This is like the world's largest commodities trading firm. For example, the CEO of Trafigura, which I think is the second-largest trading arm and commodities in the world, came out and said, Carbon credits are a commodity, and they're going to be bigger.

He said it's going to be ten times the oil market; just so you understand, the oil market makes up about two and a half percent of the globally. Oh, bye. You want to be involved in companies that can produce carbon credits because the price is going to go up multifold.

[00:32:21] **Dave:** Wow.

[00:32:23] **Andrew:** Are we talking like literal credits where it's you? Let's say you're a company and you're able to reduce carbon emissions.

So do you get a literal unit of value that says this is two carbon credits on their work? $20 or whatever that is. Is that what you mean? Or is this more of an abstract concept?

[00:32:41] **Marin:** No, no. It's very advanced. So it's already 20 years old this sector. And it's just getting the momentum now because of the technologies at the point.

So, for example, let's say you're a utility and you used to be coal. You had a coal thousand megawatts of coal, a thousand megawatts of natural gas. And now you want to do a fuel switch, and a fuel switch means you're going from fossil fuels to green energy. You're going to get credits for that switch.

Right? Another way you can get credits is, for example, a blue carbon is probably going to be one of the most. Those are how do you a school and an eight. Ocean in certain areas take, for example, a mangrove forest and the ocean that absorbs ten times the carbon emissions from the atmosphere.

Then the same plot on land and in the forest. And then you get all these nets benefits. For example, the coral, the growth you about the whales, the dolphins, the turtle's sharks that my biodiversity. You get all those net benefits, and you can track that now with the science. So that's why those are the most valuable credits on the planet.

In other areas, if you go, for example, in the reforestation and forest fire areas, you can put money towards technologies that not just reforest, but you can track the growth of the caribou and prevent forest fires because the technology, this is now an asset. Not just a park; some idiot throws a cigarette or lights a fire and forgets to put it out.

Now it's an asset, and using technology with the satellites, you can actually track, wait a second. There's a fire there. Let's get on that right away. The government doesn't have that. So these are all value adds to the carbon market. It's going to help the diet, the Marine biodiversity, the terrestrial biodiversity.

And it's gonna rather than going and building a giant open pit with a tailings pond on top of the hill of a village; you're going and investing in the environment to absorb the greenhouse gas emissions. And then you get the third party certified by. Barrow or the gold standard as think of it as if you're a company, you go to an accountant like Ernst and young or PWC to certify your audited financial statements, you get audited on your project.

And then this third party recognized firm. You have a million credits a year for 20 years, but we'll come back next year to make sure that the credits are still there. There's actual science to this. And then they certify those credits. They go into an exchange with someone like Exxon or Shell or Apple, Google they'll buy those credits, and it's happening right now around them.

Look, if I was if let's just say, I had a little brother starting out in the business and he was a go-getter, or if I was me and I could tell me today what industry to go to, I would not even hesitate, become obsessed with this sector. And you will become worth hundreds of millions of dollars.

I think the first trillionaire in the world is the guy that figures out this problem or a girl. And it's going to happen in America.

[00:35:50] **Andrew:** How how would you lookup? Let's say I want to see how many carbon credits target bought last year? Is that public information? Is that something we can do?

[00:35:56] **Marin:** Yeah. Oh yeah. Yeah. That's total; there are exchanges. That's all public information. So last year, there were 220 million carbon credits created that were certified in the voluntary market. To put

that into perspective, if just Exxon. Enough credits for them to go net zero. They would have to buy all of those credits last year and then another 200 million credits to cover them.

That's scope three. If they want it to just cover their scope, one, they'd probably buy up two-thirds of the voluntary market of all credits produced last year. Add in shell scope. One that's just direct emissions involved in their direct production scope just shell and Exxon to the biggest oil producers in the world would buy up every single carbon credit produced last year.

And they'd still be short to cover their scope ones. That's two companies, guys. Wow.

[00:36:59] **Dave:** That's crazy. That's crazy. So does that mean that oil companies are screwed?

[00:37:05] **Marin:** No. It means that there's a new cost that you have to calculate into their production. Oil's not going anywhere, but the game is changing in real-time.

And the people who are fighting, this is dinosaurs, they're walking zombies, and they just don't know it. They're infected with stupidity. So you have to decide how you're going to play them.

[00:37:24] **Dave:** So how does a retail investor take advantage of this by buying the companies that are buying those credits?

[00:37:29] **Marin:** No, you want to be involved in the companies that produce these credits that other guys have to pay for it at a premium, okay.

[00:37:36] **Dave:** Okay.

[00:37:38] **Andrew:** And of course, there's going to be all the fallout, all the demand that's driven from the value chain that flows down from all of those producers as well. For

[00:37:47] **Marin:** For example, imagine a world where imagine if Amazon allowed you to, you have your profile. Here's my address. Here's my credit card number.

Oh. And by the way, I want to buy net-zero goods or as close to the net-zero as possible. Now you're not just doing it—price comparison. You're making global comparisons because that's going to change the game for production between America and China. I get into the book about the cost of capital. America has that.

Now America used to have expensive electricity. Now, for example, Texas is the Saudi Arabia of wind energy. A lot of people are surprised to hear that electricity in Texas is about 2 cents per kilowatt-hour. So you look at that, and now you have the manufacturing, the robotics America can compete with China.

Perry pursues on the goods made, but here's the thing. A lot of the projects in China companies are government subsidies and, cheap labor, and all that. The game is changing. Now, if you just put the cost of pollution onto those goods, there ain't no way China competes. And that's a big part of what I get into at the end of the book of the future, the next industrial revolution and.

I think most people are the number one customer of China, America. Who's the number two, the European Union. And if all these Amazon's PR and mention going when you buy a bag of chips from the grocery store, it says, there's this much fat. And you're like, ah, there's this much calories.

And you have these feel guilty. Eating that bag of chips, you're going on, man. I shouldn't have done that. I know at least how much sugar I'm having, blah, blah, blah. Now imagine if they start the technology's there that every product sold on Amazon, they know exactly how many tons yeah. Of carbon is associated with every little gadget that they sell.

Is it a coincidence that America's richest families like the Waltons and Jeff Bezos are also the world's largest facilitators of pollution on the planet, and they haven't paid for any of that. You don't need to be a drug dealer that consumes the drugs to go to jail. The fact that you're dealing drugs gets you to jail, and now they're going to have to pay for that industry.

I'm talking about things that are going to happen, but these are second-order effects. That's going to have. Th the carbon credits are going to have a bigger geopolitical effect than fracking did globally. And think about what that did to the world; the Arab spring happened because of fracking, all sorts of things changed.

[00:40:22] **Dave:** Yeah. That's a that's an interesting idea. Why do you think more people are not ringing this bell?

[00:40:29] **Marin:** Because most of the people in the sector were altruists who are doing it for the good of the world. And they didn't have, let's say, the financial background that I did. And I was lucky enough to be one of the largest financier's in green energy.

And in 2015, I try to bring a, as you read in the appendix, I bring up the green barrels of oil, and I talk about all these deals I've done. And there just was no market; for example, I talk about in the book how Canada's largest green energy company. I was the second-largest shareholder, and I went to one of the large, probably be the largest oil companies.

At the time. They could have bought that green energy company for less than 10% of their market cap. They didn't have to get a shareholder vote for it. And I said you guys are crazy for not doing this. I look at my math, and he said, yeah, you're a fancy mathematician. We get it. But yeah, we don't really believe in green energy.

A bunch of old white dudes that were stuck to doing business the way they did in the 1950s. And I said you guys are idiots. You can get green barrels of oil. And just like I talk about in the book, remember that, right? Barrels and then barrels of oil equivalent when they turn natural gas into barrels of oil equivalent.

What the hell is the difference between megawatts? You can turn that into a green barrel. I call it a GBOE G B O E, and fast forward six years. The market cap of that green energy company is now bigger than the oil company. So the cost of the capital is flipped the other way. And now I'm telling these green energy companies.

You should buy out these oil companies because rather than reinvesting in the oil patch, what's called the recycle ratio. You can take every barrel of oil and commit to producing a GBOE. So every barrel of oil produced, we are going to fund a G., And the green energy companies will come in. The green bonds will; we'll find that their cost of capital is going to be one 10th of the oil patch.

So what can the oil producers do to combat that? They know they screwed up. They know they missed the boat, go to any oil company, go to their PowerPoint, today's easier than ever go. Google, BP, or Exxon. What are the first five pages? Environmental, social governance. And they know the only way they can catch up is by reducing their carbon footprint.

It's either CCS, carbon capture sequestration, or offset fund to someone else sucking out the carbon out of the atmosphere so you can pump it in. And that's only going to get more expensive, but it'll fast-track you put a price on pollution. It will fast-track the development of going green.

[00:43:09] **Dave:** Yeah, I totally agree with that.

And like you said earlier, the government can talk about doing this, but the market's walls certainly accelerate all of this, correct?

[00:43:19] **Andrew:** That was really good. I didn't know about the green bond market, and you know how that is affecting the cost of capitalists.

[00:43:26] **Marin:** Huge, green bond market in the last eight years has increased by 26 fold. It's the largest growth of any bond market in the world, trillions and trillions of dollars on the sidelines. One of the largest holdings in the ESG ETF is Home Depot. Have you gone to Home Depot, where most of the goods are made in China?

Do you think that carbon is offset? Hell no. It's almost ironic that Home Depot is in an ESG ETF. But that just shows you how much money is on the table. So it's not just about the corporation being net-zero; the products they facilitate have to become net zero.

[00:44:13] **Andrew:** That's super fascinating; it's a really exciting thing. And I love the concept that you're very bullish on America, and I recommend everybody read your book Rise of America. I found that really fascinating. I think you mentioned in the book how you then consider certain chapters to be easy beach reading, but I flew through those chapters on the beach.

And so I challenge you on that one point there, but I think people should definitely check it out. A lot of the great stuff about green energy: some of the swap stuff with what's going on with the macro developments between the big countries, and you get some good economics lessons too. I think there's something in there for everybody.

So go check them out. Marin, thanks so much for your time. Where else can people learn more about you? If their interest.

[00:44:55] **Marin:** Yeah, I write a weekly free missive, and you can also go to our YouTube channel just publish my research for free so people can see, like the carbon credits I've been writing about this for over a year.

Now, talking about what is MMT? What is FMC? People get intimidated by these terms as just economic economists, putting fancy stuff. So I like to break stuff down that you can talk about over a beer and, generally speaking, if you can't simplify an idea to the point. Yeah. Everyone at the table can understand there's either something really wrong with the concept or you don't understand it enough.

So that's my style of doing things. I try to avoid big fancy words to sound smart and cover up my insecurities. It's not that complicated. You do have to spend time and research. But it's like a gym. You're not going to get fit and lose weight unless you show up and work out.

[00:45:51] **Dave:** Yeah, that's true. That's true.

Very true. All right, Martin. Thank you very much for your time. We really appreciate you coming and talking to us, and you have a good rest of your day.

[00:45:59] **Marin:** All right guys, take care all the best stay.

[00:46:01] **Dave:** All right, you too. Thank you. Bye. All right. Bye-bye.