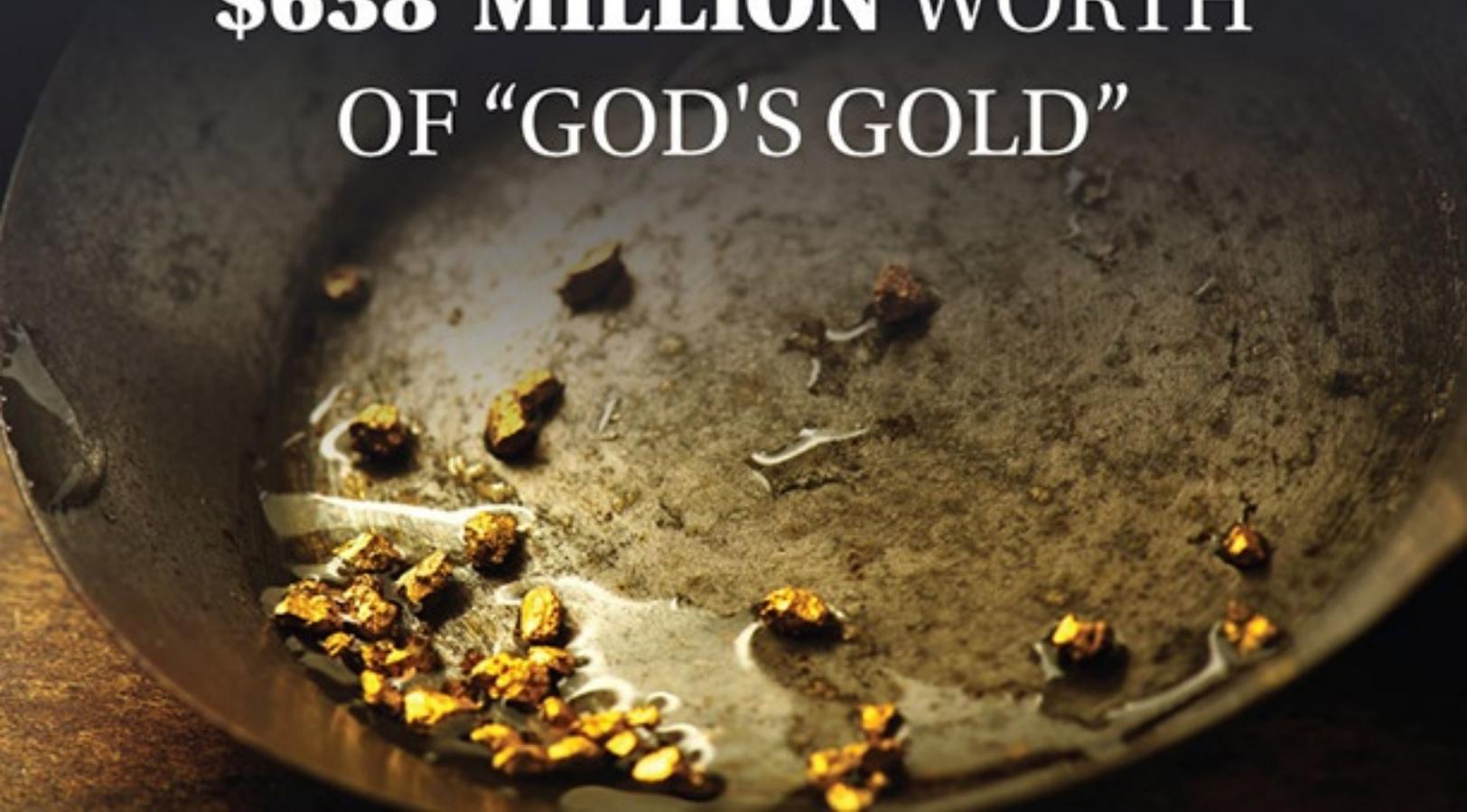


— THE —

\$9-PER SHARE COMPANY

POISED TO UNLEASH
\$638 MILLION WORTH
OF “GOD’S GOLD”



JIM RICKARDS'

GOLD SPECULATOR WITH BYRON KING

— Mining Fortunes as Gold Marches to \$10,000 —

The \$9-Per Share Company Poised to Unleash \$638.1 Million Worth of “God’s Gold”

Dear *Gold Speculator*,

As gold begins its climb to \$10,000 an ounce, my senior geologist Byron King and I will share our top recommendations to play it. And we’ll start things off with a relatively time-sensitive recommendation.

It’s a company that is currently trading for around \$9 per share... but is sitting on a major catalyst that could send shares soaring around March 20, 2017.

That’s when the company plans to install a critical piece of infrastructure — one that will move it a critical step closer to production. By the end of 2017, its single mine could pull as much as \$638 million worth of precious metals out of the ground. (And that’s if gold prices stay as low as they are.)

But that’s just the beginning. As Byron will explain, this is a very rich deposit — formed by a unique confluence of geologic forces on a mountainside in British Columbia. In fact, the mine is so promising and at such a high altitude — above the clouds, even — that we’ve taken to calling it “God’s Gold.”

When investors realize how much potential this company is sitting on, shares are going to soar — and higher gold prices will magnify those potential returns.

Read on for Byron’s take on the company and how it fits within our M.I.D.A.S. system for finding the most lucrative gold opportunities.

All the best,



Jim Rickards
Editor, *Gold Speculator*

Drilling Through “God’s Gold” for up to 100% Profits

Take a look at the core sample on the next page...

You’re looking at a quartz vein filled with gold! It comes from a mining company working high in the mountains of British Columbia.

As gold discoveries go, this is not just the discovery of a lifetime. It’s the discovery of about 10 lifetimes!

The mining company is very good. It was set up by one of the deans of the modern mining business, a man with great success under his belt. Up and down the line, this company boasts solid, experienced management.

Its mining claims constitute a superb asset — and you really can't beat "solid gold" when it comes to ore grade. The project is nestled in a low-risk jurisdiction, albeit with logistical challenges. Still, this is a great discovery, and it's going to be a moneymaker.

Let me tell you all about it.

The Golden Triangle

Up in the rugged mountains of British Columbia — just inboard of the international boundary with the lower Alaska panhandle — is an area of historic mining operations called the Golden Triangle.

Companies have been finding rich gold deposits here for decades. So finding new veins of ore means heading higher into the mountains. We're talking well above the tree line... even above the altitude that clouds can form.

Obviously heading that far up into the mountains creates logistical problems for mining companies. But it also gives them a better chance of finding world-class deposits, thanks to some interesting geologic forces that shaped the area.

First, these mountains used to be volcanically active. During this time, molten metals — including gold — were pushed close towards the Earth's surface. Then, thanks to the area's low pressure and low temperature, the molten metals cooled, creating vast reserves of ore.

Considering the extreme forces required to create such deposits and the extreme altitudes in which they formed, it's easy to think of them as "God's Gold."

And it's at these lofty heights where we find **Pretium Resources (PVG: NYSE)** and its Brucejack Project, north of Prince Rupert Inlet.

Headquartered in Vancouver, Pretium is an advanced-stage gold developer, scheduled to go into production in mid-2017. For tracking purposes here in *Gold Speculator*, we'll list Pretium as a Developer. (See your copy of [The 'MIDAS Gold' Allocated Portfolio](#) for exactly what that means.)

Pretium shares are priced under \$10, which is down from a summer high of over \$12. The company is spending cash on the final stages of a significant gold development and has negative earnings for now. There's no dividend yet.

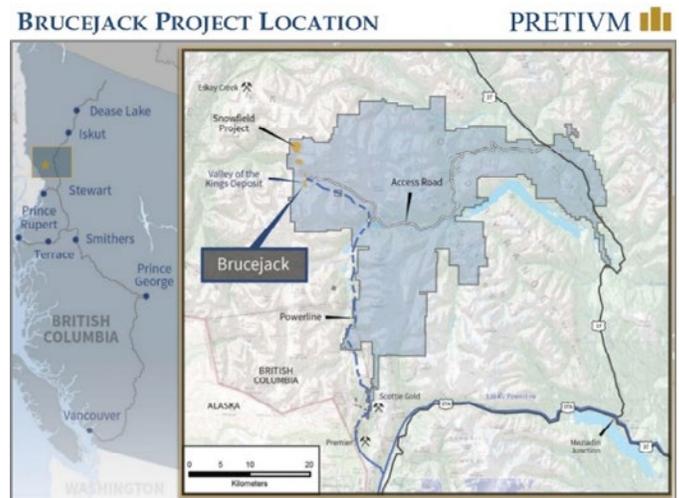
Pretium is already well-known within the gold investing community. The company has a market capitalization of over \$1.5 billion. Major shareholders include Silver Standard, Van Eck Associates, China's Zijin Mining Group and Britain's Black Rock Group. All of those companies are smart money.

But I expect many more significant shareholder names to be added to that list once the company starts producing gold. It will take a major step closer to that goal around March 20, 2017, when a critical piece of mining infrastructure goes online — a wastewater treatment system.

One of the many challenging factors of mining is what to do with all the wastewater the process creates. You can't just pump water out of the mine and let it flow down the mountain. It has to be cleaned up to remove dissolved minerals and anything else you don't want entering the environment willy-nilly.



Drill core with bonanza-grade gold in white quartz.



So Veolia Water Technologies Canada is building a facility that will allow Pretium to deal with the wastewater the Brucejack mine is set to create. It's designed to process up to 10,000 cubic meters of water a day.

Having such a facility will move Pretium an important step closer to having an operating mine. Right now, many funds and institutions just can't buy in until after the company is re-rated as an up-and-running, gold-pouring producer.

When it does begin to pour gold, Pretium is destined to enjoy immense cash flow. We can all look forward to watching the share price soar. From under \$10 now, I expect to see the share price more than double, and that's at gold prices in the range of \$1,250–1,350. At higher gold prices, as Jim forecasts, this one is a rocket ride.

Here are a few more reasons why...

Great No Matter Where Gold Goes

The gold development at Brucejack is one of the largest, highest-grade development projects in the world. That means every tonne of rock it takes out of the ground will have more gold in it than similar miners. More gold to process and less "dead rock" to remove translate into better revenue for the company — pretty much delivering profits no matter where gold prices go.

Take a look at the company's published economics of the project, at a range of gold prices.

I'm on board with every one of those potential valuations above. They're realistic, not pie-in-the-sky. Company estimates cover a range of gold prices, from \$800–1,400.

Whether gold moves up or down, or just floats along in the short term, Pretium is positioned for profitability. *In other words, it's an asymmetric trade, with limited downside and wide-open upside as gold prices move along.*

Meanwhile, the super-high grades of ore — all that solid gold embedded in the quartz — make for phenomenal economics. Look at the chart below of AISC (all-in sustaining cost) estimates for Pretium and Brucejack compared with other well-regarded names (a few of which are already in our portfolio).

I'm near awestruck by those AISC numbers. *Pretium will produce gold for well under \$500 per ounce, which is comparable to the absolute lowest-cost projects anywhere in the world.* The only cheaper gold is if you rob Fort Knox (not recommended).

That under-\$500 AISC-number beats a host of other well-run companies with great names and reputations by a solid margin. That is impressive. Which prompts one to wonder... who has the brains here?

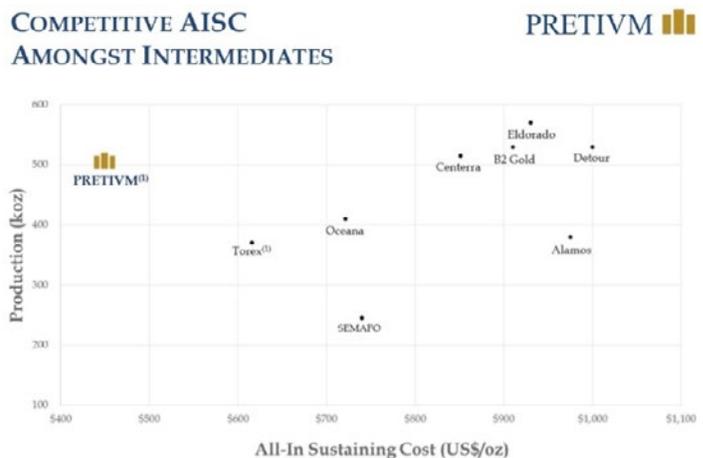
The founder of Pretium is Robert A. Quartermain. Bob is a highly respected mining man, with over 40 years of work in geology, exploration and development. From 1985–2010, Bob was president of Silver Standard Resource Inc. During those 25 years, Bob grew his company from a \$2 million exploration play into a \$2 billion precious metal producer. Silver Standard developed mines, and built up a host of advanced development properties, accompanied by a long, fat pipeline of early-stage exploration properties.

BRUCEJACK - ROBUST ECONOMICS **PRETIVM** 



		Economic Results by Metal Price ⁽¹⁾		
		Low Case	Base Case	High Case
Gold Price (US\$/oz)		\$800	\$1,100	\$1,400
Silver Price (US\$/oz)		\$10	\$14	\$18
NPV ⁽²⁾ (5% US\$M)	Pre-Tax	\$1,097	\$2,360	\$3,630
	After-Tax	\$723	\$1,550	\$2,280
Internal Rate of Return	Pre-Tax	20.2%	33.0%	43.8%
	After-Tax	16.8%	27.4%	36.3%
Net Cash Flow (US\$M)	Pre-Tax	\$2,210	\$4,310	\$6,420
	After-Tax	\$1,530	\$2,880	\$4,230
Payback	Pre-Tax	4.9	3.4	2.7
	After-Tax	5.0	3.5	2.8
Capex (US\$M)		\$696.8	\$696.8	\$696.8
Exchange Rate (US\$/C\$)		0.75	0.75	0.75

⁽¹⁾ Based on Brucejack capital cost update (see News Release dated February 17, 2016) and operating cost assumptions from the Feasibility Study and Technical Report Update on the Brucejack Project, dated June 19, 2014.
⁽²⁾ NPV is discounted to Dec. 31, 2015.



Source: Company websites - 2016 outlook for AISC and gold production
⁽¹⁾ Predicted outcome based on life of mine production

In 2010, Silver Standard spun out one of its early-stage exploration play — Brucejack — to Bob, in return for \$450 million. It was speculative, to be sure. There were no “solid gold” drill cores back then. But the overall play was promising.

Over the next five years, including four years of the Mining Zombie Apocalypse, Bob raised money and kept the lights on and the drill rigs turning. He worked up a significant resource at Brucejack, now in the range of 9.1 million ounces of gold and 7.1 million ounces of silver (measured and indicated). Doubtless, there’s more metal in the rocks. But Bob and Pretium do not need to spend good money to drill it just now. The published resource is plenty, for current purposes.

In July 2016, I spoke with Bob at the Sprott Natural Resource Symposium conference in Vancouver. I asked him a long list of hard questions. He answered all of my questions with complete ease — easy to do when your rigs are drilling through near-solid gold.

All in all, the geology of Brucejack is fabulous. There’s just nothing wrong with massive gold, measured not in “grams per tonne” but “pounds per tonne” in some samples. It’s quite mineable, as deposits go. Recoveries are in the range of about 95% of gold out of the ore. It’s simply dripping with cash flow.

One thing that made — and still makes — development at Brucejack more difficult than other ideas is location. It’s high in the Canadian coastal range, in extremely rugged mountainous territory that also happens to be environmentally sensitive... which is why that upcoming wastewater treatment system is so important.

Here’s one wide-angle shot that gives you the feel for what one must contend with in the mountains:



Mountains, snow and glaciers make for tough construction.

Just stringing power lines is a major effort, as you can see here:

TRANSMISSION LINE

PRETIVM 



Then again, the economics of the project are splendid. Plus, Pretium has been quite adept in obtaining environmental permits from British Columbia. It's all coming together very nicely.

But to make absolutely sure, let's run Pretium through our M.I.D.A.S. Touch analysis.

Applying the M.I.D.A.S. Touch to Pretium Resources

If you recall from your introductory report, *The M.I.D.A.S. Touch and Speculation as a Fine Art*, M.I.D.A.S. stands for **M**ining **I**nformation to **D**evelop **A**ssets and **S**ecure gold production. M.I.D.A.S. is a five-step system Jim and I developed to vet each and every idea in *Gold Speculator*. Let's review each of the steps for Pretium Resources.

Step 1: "Kick Around the Rocks"

I have not visited the company's Brucejack project. However, I'm familiar with the geology, biology, ecology, sociology and much else in the region. Over the past 10 years, I've made several field trips to Alaska and within British Columbia. These trips have included the southern Alaska panhandle area, around Ketchikan, as well as adjacent parts of Canada/British Columbia. It's complex geology, to be sure, built over many millions of years into what geologists call "terranees." I've been studying this kind of structure and geology since my days at Harvard.

I have met management, in particular CEO Quartermain. We talked about the project, looked at maps and samples, and I asked numerous questions, to which I received thoughtful and detailed answers.

I've reviewed extensive publicly available data on Pretium. I have a handle on the geology of the project. I'm comfortable with the state of geological mapping, drilling, resource estimates and the proposed development cycle. I'm convinced that Pretium will meet its budget and schedule and move to production not long after its wastewater treatment system goes online in March 2017. There's still some more to accomplish before the drills can start running, but the right people are there to get it done.

Step 2: Management

As I mentioned in Step 1, I met with management and several technical staff in July while in Vancouver. I'm convinced that Pretium has a solid, experienced team that is deeply knowledgeable about terrane-style geology in this part of British Columbia. Pretium staff have an excellent understanding of the project structural geology, mineralogy and development process.

Pretium has people and financing in place to continue with its development effort to establish a major new gold resource with significant ultra-low-cost production. Pretium's effort is located in a reasonably well-developed region of British Columbia — considering that it's a mining project in the rugged mountains. There's port access at Prince Rupert, as well as roads and related infrastructure. Pretium will be able to avail itself of supply chains and work within a cooperative legal jurisdiction. In the long run, Pretium's efforts will dovetail with those of other major project developers and operators in the region.

Step 3: Trust Everyone, but Cut the Cards

Along with meeting with management and technical staff, I've also spoken with other of the company's major investors who have money on the table. I've reviewed third-party reports on Pretium. This is a promising, advanced-stage development project with vast upside potential as it the company rotates towards gold production in 2017. In a rising gold price environment, this is a moneymaker.

Step 4: Share Price Action

After a nice run-up, then a sudden pullback, shares seem to have found a floor and are beginning a recovery. Pretium's share price should move up strongly as gold prices recover.

I expect that other gold investors — funds and institutions — will buy into this strong idea, beginning in 2017 when Pretium's Brucejack project goes to production. Right now, many potential buyers cannot own shares of Pretium, because it remains in development, without any gold bars to show off. When Pretium transitions to production, the share price will gain an entire new level of support, all to the upside.

Jim and I believe that gold prices are moving up, after this recent blow-down of "paper" gold contracts, probably in the near term, and certainly in the medium and long terms. In that sense, Pretium is a leveraged bet on gold. We expect the share prices to move up. There's strong upside from here, likely well over 50% in the next four months to early 2017 and over 100% in the next year as Pretium moves to production.

Step 5: Look at Gold Itself

Heading into the end of 2016, gold-silver prices have tumbled, apparently due to traders selling out on massive "paper" gold holdings. Still, demand for physical metal remains strong, such as with U.S. investors and the People's Bank of China (PBOC).

We're in a good time for gold. We are focused on gold-silver here at *Rickards' Gold Speculator*. Jim has forecast that gold prices will climb to \$10,000 or more, which puts you in a special category of knowledgeable investors who are way ahead of the curve for gold-silver.

Here's What to Do

Pretium offers strong investment leverage to low-cost gold production that's just coming online, next year. Meanwhile we're in the early days of a general rising tide for gold prices. With Pretium, we have a well-regarded project that's almost completed. The company is well staffed and fully funded to reach its goals. Meanwhile, we're in the early innings of a long-term gold rally. Therefore, I am adding Pretium to the Developer risk category in our portfolio.

You should purchase shares of Pretium up to \$11. I suggest that you weight your shares at 7% of our model portfolio. I believe that in the medium-to-long run (through the end of 2016 and into 2017), this idea could climb to \$12 by early 2017 and over \$18 by the end of 2017, offering returns over 100%.

Action to take: Buy Pretium (PVG: NYSE) up to \$11, such that it constitutes up to 7% of your gold mining speculative portfolio.

**** I want to reiterate how important it is that you follow the strict buy-up-to prices and the position sizing recommendations we make. Jim and I don't want you to get hurt. We want you to protect and grow your wealth using safe and smart risk-management strategies. Don't bet your mortgage money, your child's tuition money or essential retirement funds on these plays. Only use money that you can afford to lose and that's set aside for these speculations. ****

Expect frequent updates on Pretium's "God's Gold" project, especially as its wastewater facility comes online in March 2017 and the company moves even closer to becoming a low-cost producer.

Thanks again for joining *Jim Rickards' Gold Speculator*. I'll be in touch again soon.

Best wishes...



Byron W. King

Senior geologist, *Rickards' Gold Speculator*



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