



Viceroy Research commences coverage on Pretium Resources Limited

SEPTEMBER 6, 2018 -- Viceroy has today released its investigative report on Pretium Mineral Resources (PVG:TSX; PVG:NYSE). Following our research reports on MiMedx, Prosieben, Steinhoff, Capitec, and Caesarstone, we believe Pretium management are similarly manipulating the company's results to mislead investors.

Viceroy is short Pretium Resources as our research suggests its mining results have been distorted and the equity likely worthless as the overindebted company bleeds cash over the next 12 months. Here's why:

- Strathcona Mineral Services Limited, the mining consultancy that famously declared Bre-X to be a fraud, resigned from Pretium's 2013 bulk sample program, later stating, *"...they will not have a mine producing 425,000 oz. a year for the next 20 years, as they have been advertising so far"*. The entire Pretium investment thesis rests on the validity of the 2013 bulk sample program.
- Pretium's Brucejack mine's grade appears to be overstated through the oversampling of a high-grade vein for the feasibility study. These feasibility study results were milled by an entity – Strategic Minerals -- owned and operated by the disgraced, SEC-sanctioned investment manager and gold miner, Sima Muroff. The funds embezzled by Muroff were partially invested in numerous early-stage gold mining assets which to date have produced no gold. We believe Muroff's entity was created to similarly distort gold grades for these gold mining assets. Muroff's investors funds were also used to invest in equities and derivatives of other gold mining assets which we believe included Pretium.
- Government documents indicate Pretium is moving at least double the bulk tonnage from the underground mine in British Columbia than the company disclosed to investors. This suggests reported grades are significantly inflated, that a much greater amount of mining waste is being dumped into local lakes, and/or more explosives are being utilized. Pretium's operational plan has experienced dramatic changes in a short amount of time, leading us to believe that management is scrambling to find consistent, high-grade ore to maintain the charade that its holdings are viable.
- Pretium's founder and chairman Robert Quartermain's only previous mine operating experience was at Pirquitas, an Argentinian silver mine owned by Silver Standard Resources. As Quartermain resigned from Silver Standard as president, the mine reported a ~53% reserve cut and subsequent shutdown. Many of Quartermain's management team left Silver Standard to operate Pretium.
- As of Q2 2018, Pretium has ~\$700M of debt (excl. convertible notes) with an effective interest rate of ~15%. If Pretium can't make or re-negotiate the payment due Dec. 31 of this year, then Pretium may be unable to remain a going concern. We believe this deadline has provided an incentive for Pretium to inflate its results through the near-term depletion of the Cleopatra vein and take more rock out of the ground than disclosed and planned.

The implications of our findings on grade, tonnage, life of mine and share price are damning and lead us to believe that Pretium's equity is highly likely to be worthless in its current state, and its credit significantly impaired.

While this valuation may be viewed as inflammatory, we believe the collective research within this report and concerns raised by industry experts regarding the Brucejack mine objectively validates a negative NPV value for the project – we would be doing a disservice to report it otherwise.

Viceroy believe Pretium bears striking resemblance to Rubicon Minerals, now operating as a shadow of its former self after revising mineral reserve estimates down ~90%.



About Viceroy

Viceroy Research are an investigative financial research group. As global markets become more opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

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