

# TOP GOLD STOCKS FOR THE VOLATILE PERIOD AHEAD



Adrian day  
JULY 2017

SPROTT NATURAL RESOURCE SYMPOSIUM

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## Gold Most Undervalued in at Least 10 Years

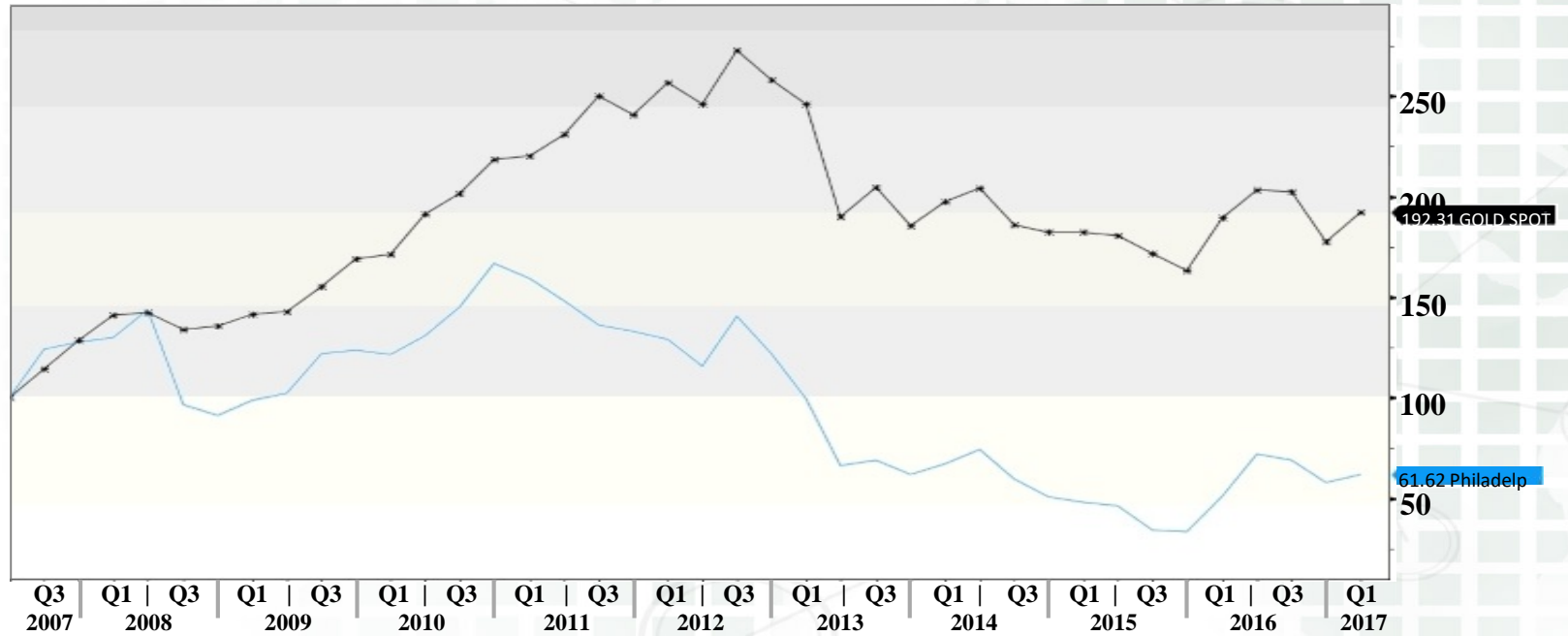
Gold-to-S&P 500 Index Ratio



Source: FRED, U.S. Global Investors

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# Gold Stocks Cheap Relative Gold



Source: Bloomberg

## Business Model Benefits

Risk of:	Gold ETF	FNV	Operators
Capital Costs	0%	0% <sup>1</sup>	100%
Operating & Other Costs	0%	0% <sup>1</sup>	100%
Benefit of:			
Leverage to Gold Price	1	>1	>1
Exploration & Expansion	0%	100%	100%
Dividend Yield	(0.4%) <sup>2</sup>	~1.4%	0 - 2%

**FNV provides yield and more upside than a gold ETF with less risk than an operator**

1. Revenue royalties & streams.

2. Source: SPDR® Gold Trust.

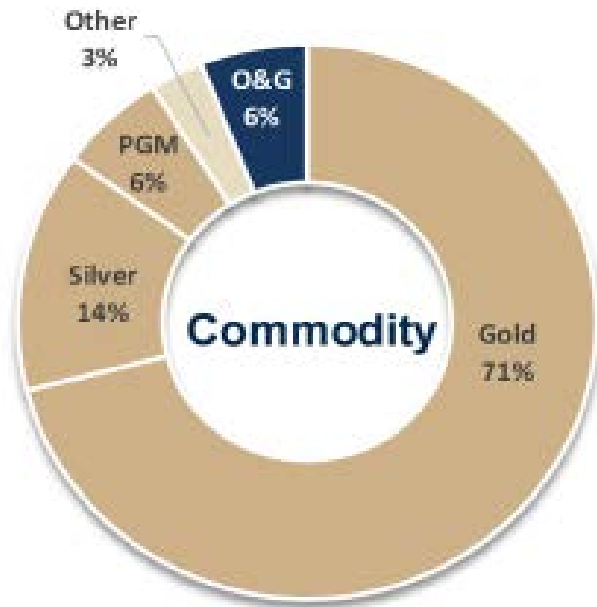
FNV TSX/NYSE

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# Franco-Nevada Corp.

- Royalties and non-operating interests
- Record quarter, ounces, revenue
- Costs low; G&A < 4% revenue
- 340 assets; 91% Precious Metals (71% gold)
  - Growth potential; Cobre Panama, 2018?
- \$356 million cash; \$400 million cash flow; \$1.1 billion credit line
- Gold price, acquisitions, legacy assets
- Non-gold, oil
- People, business plan, cash

# Q1 2017 Revenue Sources



**91% Precious Metals**



**81% from Americas**

# Osisko Gold Royalties

- Smallest of “Big 4” and newest
- Two high-quality, long-life royalties on Malartic and Eleonore
  - Plus two others; virtually all gold
- Orion purchase, growth potential
- “Incubator” approach, Osisko Mining and juniors
  - Aggressive management
- Cash (\$423 million, \$46 million debt, and line of credit)
- Cheapest on many metrics (BV, FCF)

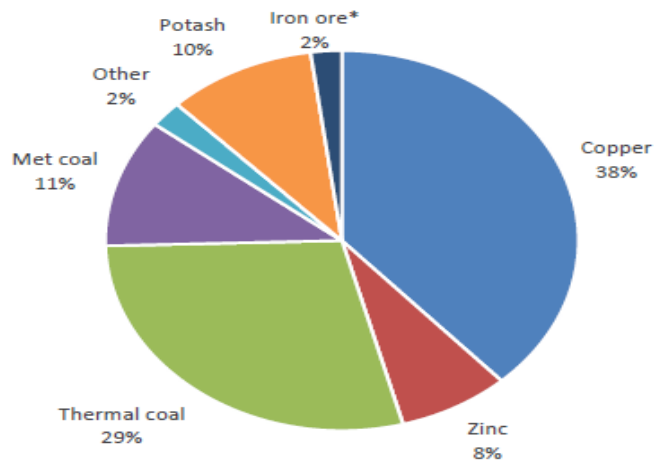
# Altius Minerals

- Royalty company, through exploration and acquisition
- 15 producing royalties, over 30 non-producing
- Diversified, less competition
- Future royalty creation; land packages; spin-offs
- Strong balance sheet, \$79 million debt, cash & shares \$98 million
- Dividend



## COMMODITY AND ASSET DIVERSIFICATION

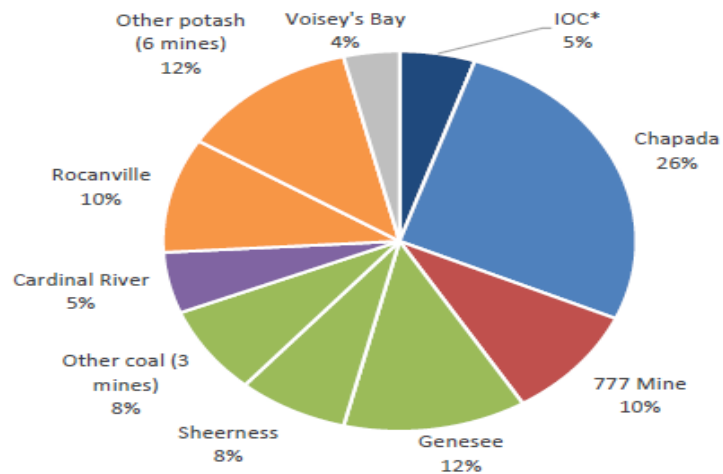
Royalty Revenue - 3rd Quarter Ended January 31, 2017



15 mines

10 commodities

Estimated NAV by Mine



\*IOC royalty is held indirectly through a shareholding in Labrador Iron Ore Royalty Corporation, which is a pass-through vehicle for IOC royalty and dividend revenue

# Pretium Resources

- Brucejack Mine: large, high-grade, low-cost
  - 18 years at c. 500,000 oz
- Commercial production achieved in June
- Possible acquisition target; Zijin 5%
- Debt repayment; stream, offtake
- Dividend
- Investors caution

# Lara Exploration

- Prospect generator Latin America
  - Brazil, Peru, Chile and Columbia
  - copper, gold, iron, phosphates, tin, coal
- Copper discovery at Liberdade in Brazil, Codelco lawsuit
- Curionópolis copper and gold; revenues
- 11 JVs and strategic alliances
- Management, disciplined
- \$3.8 million cash, plus money owed

# Prospect Generators

- Evrim Resources
  - Disciplined management; tight structure; western North America; copper & gold
  - \$20 million exploration from 2011, \$4.3 million Evrim
  - First Majestic, Antofagasta; <\$1 million; Altius 15%
- Midland Exploration
  - Quebec, gold, base metals, PGE; disciplines management
  - IAMGOLD, Altius, Teck, Agnico, Osisko. JOGMEC, Soquem; 11 active projects
  - \$14 million + cash
- Riverside Resources
  - Primarily Mexico; broad database;
  - 4 projects in partnership; 6 100% owned; j-vs and go-public deals
  - Disciplined; C\$5 million cash

# Adrian's Top Picks

Stock Name:	Stock Symbol:
Franco-Nevada	FNV, NY
Osisko Gold Royalties	OR, NY
Altius Minerals	ALS, Toronto
Pretium Resources	PVG, NY
Lara Exploration	LRA, Toronto
Evrmin Resources	EVM, Toronto
Midland Exploration	MD, Toronto
Riverside Resources	RRI, Toronto

# INVESTING *in* RESOURCES

How to Profit  
from the  
Outsized Potential  
and Avoid the  
Risks



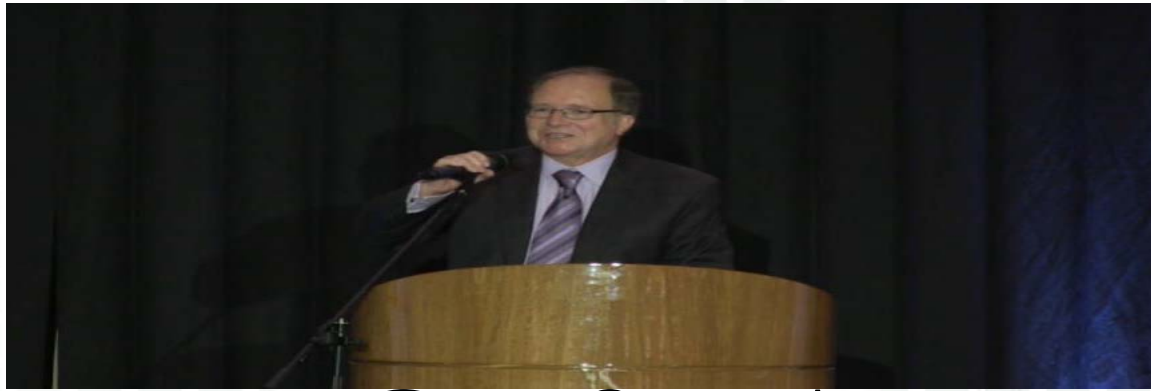
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# Q & A

