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Price	\$4.72
52 Week Range	(\$3.04 - \$5.50)
<b>Price Target</b>	<b>\$6.90</b>
Market Cap (mil)	\$123.71
Shares out (mil)	26.21
3-Mo Avg Vol	319,949
Cash per share	\$0.44
Total Debt (mil)	\$0.00

*Price: Market price represents previous trading days close.*

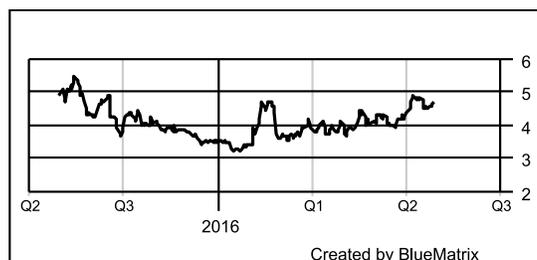
**EPS**

Yr Dec	2014A		2015E		2016E	
	Actual	Curr	Prev	Curr	Prev	
YEAR	(0.06)A	(0.04)E	-	(0.04)E	-	
P/E	NM	NM		NM		

**Revenues (millions)**

Yr Dec	2014A		2015E		2016E	
	Actual	Curr	Prev	Curr	Prev	
YEAR	0A	0E	-	0E	-	

*PGLC is an exploration company with no revenue at this time. The Company should start generating revenue once its Relief Canyon mine becomes operational. Currently, we are expecting the production at the mine to begin as early as 1Q:17.*



**Pershing Gold**

**(Ticker: PGLC US — \$4.72)**

**Buy**  
**Volatility: 4**

**PGLC Begins 2016 Drilling Program**

**PGLC Begins 2016 Drilling Program.** On 27 July 2016, the Company announced that it has initiated the 2016 drilling program. As mentioned in our earlier note, the drilling program will be divided into two phases. While the phase one will be focused on improving the current pit economics, phase two will be focused on testing the targets on the south and east of the existing pit (refer Exhibit 2 below). To further explain, the phase one of the 2016 drilling program will include 20 holes (a mix of HQ and PQ (different diameter drill holes)) and will utilize one core drilling rig. Also, it will primarily focus on the western and northern margin of the deposit. The Company has contracted Titan Drilling, Ltd of Butte, Montana to initiate the program. The phase two of the drilling program is expected to begin in 3Q:16 and will include ~25 holes. The program is expected to test the targets currently being developed to the south and east of the existing pit.

Overall, the Company has budgeted ~\$2MM for the drilling program, which is much lower than the previous drilling programs. Also, the number of drill holes is limited to ~45; however, this is the largest exploration drilling program (primarily phase 2) the Company has planned over the past few years, in our opinion. The majority of the drilling programs in the past were either focused on expanding the current resource or understanding the existing pit. In addition to the drilling program, the Company has contracted Zonge International of Reno, Nevada to complete the geophysical surveys at Relief Canyon. The survey, that includes an induced polarization and chargeability survey, is being completed to develop the potential targets.

**Production Decision Update.** Currently, the Company is focused on advancing the Relief Canyon deposit into production for which it is evaluating the self-mining and contract mining options outlined in the Preliminary Economic Assessment (PEA), which was announced on 28 June 2016. We believe the decision is critical as it will allow the Company to arrange the financing for the project following which it can make a production decision. Also, the Company is expecting the receipt of the permit (expand the pit above the water table) from the U.S. Bureau of Land Management (BLM) over the next few weeks. The permit is critical and will not only allow the Company to expand the boundary of the existing pit but also deepen the ore body up to 5,080 ft. (or above the water table). Note our NAV model assumes that the Company will opt for the self-mining option. Additionally, the Company will need approximately six to nine months following the production decision to advance the Relief Canyon deposit into production.

**Maintain BUY and PT of \$6.90.**

**Investment Summary:**

Pershing Gold Corporation is an emerging exploration and mining company focused on advancing its only asset "Relief Canyon Property" to production. Located in the prolific mining district of Nevada, Relief Canyon mine is a low-grade gold deposit with resource estimate of 37.3 million tonnes, sufficient enough for a starter pit with seven years of mine life. The property is located on the Pershing gold-silver trend amid several producing and past-producing mines. Over the years, the Company has successfully grown its land package and resource base by over 500%. On 29 June 2016, the Company announced an updated resource estimate of 38.5 million tonnes with an average gold grade of 0.68 g/t. PGLC has a fully permitted and constructed heap leach facility that can hold 21 million tons of ore and a crushing plant with a capacity of processing 8 million tons of ore per year. Both can be readily expanded and can support production from other satellite deposits at a minimal capital investment. The Company has a majority of all the necessary permits to initiate production at the Relief Canyon mine. While some permits are currently being processed, we anticipate the production at the mine to begin as early as 2Q:17. We expect the mine to process 5 to 6 million tons of ore and produce an average of 87,582 ounces of gold each year.

**Valuation:**

We calculate the NAV of the Relief Canyon Project at **\$223.2 MM or \$6.87/share**. Our NAV is calculated on the assumption that the Company will produce an average of 87,582 oz gold (Au) each year. Also, we are using our long-term price deck for gold and silver of \$1,500/oz and \$20/oz, respectively and a discount rate of 9%. The sensitivity analysis below shows that for every \$50 increase/decrease in gold price per ounce, our PT increases/decreases an average of \$0.40. Alternatively, for a 1% increase/decrease in the discount rate our PT increases/decreases by an average of \$0.20.

Sensitivity Analysis		Discount Rate	
LT Gold Price			
1300 \$	5.60	5.0% \$	8.10
1350 \$	5.90	6.0% \$	7.80
1400 \$	6.20	7.0% \$	7.50
1450 \$	6.60	8.0% \$	7.20
<b>1500 \$</b>	<b>6.90</b>	<b>9.0% \$</b>	<b>6.90</b>
1550 \$	7.30	10.0% \$	6.70
1600 \$	7.60	11.0% \$	6.40
1650 \$	7.90	12.0% \$	6.20
1700 \$	8.30	13.0% \$	6.00
1750 \$	8.60	14.0% \$	5.80

**Risks to achievement of target price:**

**Commodity Price Risk-** Our NAV calculation is based on long term prices of gold at \$1,100/oz. A significant decline in commodity prices can severely impact our valuation and target price. If the weaker price environment prevails, the Company might chose to delay or cancel advancing its exploration stage Relief Canyon project to production. Additionally, the Company might be required to write down reserves and resources to reflect the weaker price environment. Any delay or termination of project exploration could have an adverse impact on the future financial position and profitability of the Company.

**PGLC is a single asset company.** The Relief Canyon property is the single asset of the Company. PGLC's future cash flows, profitability and valuation is dependent on this asset, hence advancing the asset from exploration to production is critical for the Company. If the Company is unable to advance the project into production for any reason then it will significantly impact the Company's valuation as it has no other source of revenue generation.

**Limited History of Earnings.** PGLC is an exploration company and has not generated any revenue to date. On the contrary, the Company has Net Operating Losses (NOLs) of ~\$40 million. Additionally, the Company reported a net loss in 3Q:15 and FY:14, and expects to incur operating losses for the foreseeable future. Given its limited history of earnings, there is a possibility that the Company might not be able to advance the asset and generate any meaningful cash flows in the future.

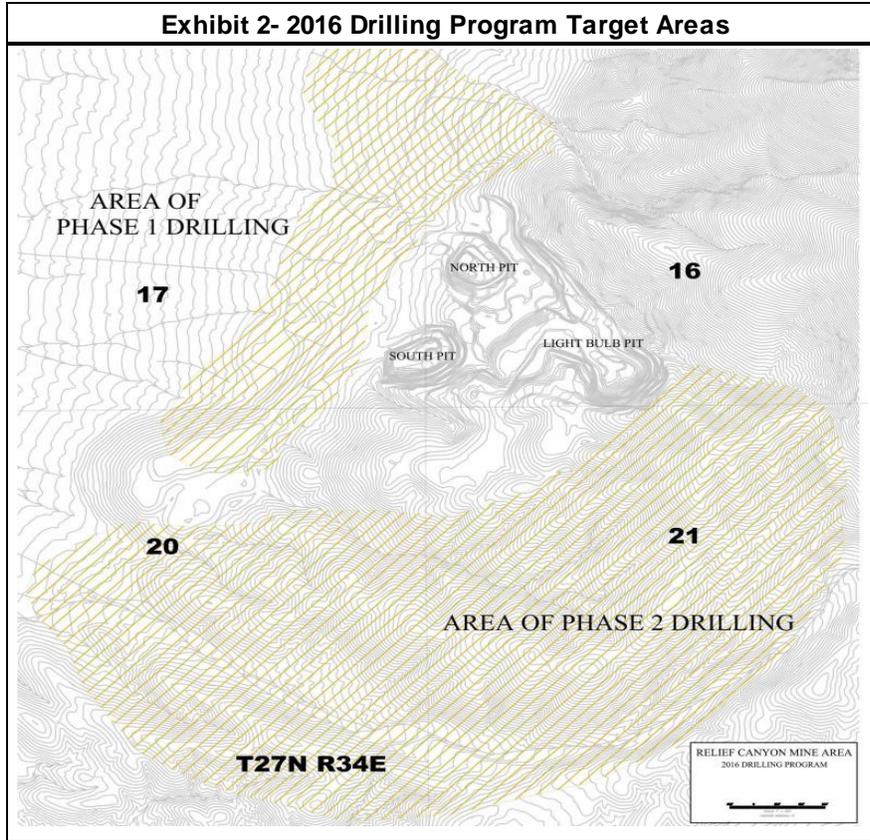
**Political Risk-** We believe Nevada is a mining friendly state and will continue to favor silver/gold miners. However, change in government reforms can significantly impact the Company's mining practices and eventually its financial stability.

**Financial Risk.** PGLC is still an exploration stage company and requires significant capital investment to advance the project to the production stage. In April 2015, the Company raised ~\$10.7 million in a private placement that are expected to used for drilling program, general corporate purposes and mining equipment. The Company's current cash position of ~\$8MM should suffice for the above mentioned activities. However, as the Company looks to initiate production, which we believe would require a capital investment of ~\$11MM, it will have to raise capital through equity or debt markets. If the metal prices continue to follow the downward momentum it might be difficult for the Company to raise money at favorable terms.

**Company description:**

Pershing Gold Corporation engages in the exploration, development, and mining of gold and precious metal properties primarily in Nevada. It focuses on the exploration of Relief Canyon properties covering an area of approximately 25,000 acres located in Pershing County in northwestern Nevada. The Relief Canyon properties include approximately 948 owned unpatented mining claims, 120 owned millsite claims, 172 leased unpatented mining claims, and 2,235 acres of leased and 2,770 acres of subleased private lands. The company was formerly known as Sagebrush Gold Ltd. and changed its name to Pershing Gold Corporation in February 2012. Pershing Gold Corporation is based in Lakewood, Colorado.

<b>Exhibit 2- Pershing Gold NAV Model</b>								
<b>Relief Canyon Gold Project (All fig in US\$)</b>	<b>2015A</b>	<b>2016E</b>	<b>2017E</b>	<b>2018E</b>	<b>2019E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
<b>Total tonnes per day (Crushed &amp; Agglomerate)</b>			<b>17,750</b>	<b>13,000</b>	<b>11,000</b>	<b>14,500</b>	<b>13,000</b>	<b>13,000</b>
<b>Total Tonnes of ore processed (in '000s)</b>		<b>0</b>	<b>3,706</b>	<b>4,640</b>	<b>3,811</b>	<b>5,080</b>	<b>4,576</b>	<b>4,430</b>
Gold recovery			80%	85%	88%	86%	86%	91%
Gold grade (g/t)		0.00	0.62	0.57	0.60	0.96	0.62	0.54
<b>Annual gold production (000's oz)</b>		<b>0</b>	<b>59</b>	<b>72</b>	<b>64</b>	<b>135</b>	<b>79</b>	<b>70</b>
<b>Run on Mine Material (in 000's)</b>			<b>2,330</b>	<b>2,374</b>	<b>1,138</b>	<b>712</b>	<b>473</b>	<b>432</b>
Gold recovery			65%	65%	65%	65%	65%	65%
Gold grade (g/t)			0.20	0.20	0.17	0.14	0.14	0.14
<b>Annual gold production (000's oz)</b>			<b>9.7</b>	<b>9.8</b>	<b>4.0</b>	<b>2.1</b>	<b>1.4</b>	<b>1.3</b>
<b>Total gold production (000's oz)</b>			<b>69</b>	<b>82</b>	<b>68</b>	<b>137</b>	<b>80</b>	<b>71</b>
<b>% Growth</b>				21%	-11%	111%	-42%	-12%
Gold sales prices	\$ -	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500
<b>Total Revenues ('000s)</b>	\$ -	\$ 103,643	\$ 122,589	\$ 102,350	\$ 206,234	\$ 120,521	\$ 106,624	
Total Cash Cost (\$ per Ounce)	0	40,239	48,664	43,456	91,649	53,444	47,254	
<b>Gross profit (in '000s)</b>	<b>0</b>	<b>63,404</b>	<b>73,925</b>	<b>58,894</b>	<b>114,585</b>	<b>67,077</b>	<b>59,370</b>	
Initial CapEx (in '000s)	0	(22,000)	0	0	0	0	0	0
Sustaining CapEx (in '000s)	0	0	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)
<b>Profit Before Tax</b>	<b>0</b>	<b>(22,000)</b>	<b>60,654</b>	<b>71,175</b>	<b>56,144</b>	<b>111,835</b>	<b>64,327</b>	<b>56,620</b>
Tax (in '000s)	0	0	(6,229)	(9,911)	(4,650)	(24,142)	(12,515)	(19,817)
Royalty	0	0	(2,177)	(2,574)	(2,149)	(4,331)	(2,531)	(2,239)
Clean-up Cost	0	0	0	0	0	0	0	0
<b>Operating cash flow</b>	<b>0</b>	<b>(22,000)</b>	<b>52,249</b>	<b>58,690</b>	<b>49,344</b>	<b>83,362</b>	<b>49,282</b>	<b>34,564</b>
Cash flow discount rate	9%							
<b>Present value of cash flow</b>	<b>0</b>	<b>(20,183)</b>	<b>43,977</b>	<b>45,319</b>	<b>34,957</b>	<b>54,179</b>	<b>29,385</b>	<b>18,908</b>
<b>Total current cash flow</b>	<b>206,541</b>	<b>\$ 6.36</b>	<i>per diluted share</i>					
Plus cash & equivalents	14,310	\$ 0.44	<i>as of 1Q:16</i>					
Plus Working Capital	2,335	\$ 0.07	<i>as of 1Q:16</i>					
Plus exploratory assets	0							
Less debt	0							
<b>Total current value</b>	<b>223,186</b>							
Common shares	22,814							
Warrants	4,628							
Options	5,058							
<b>Fully diluted shares</b>	<b>32,500</b>							
PGLC stock price	\$ 4.72							
<b>PGLC NAV in US\$</b>	<b>\$ 6.87</b>	31.27% discount to NAV						
NAV Premium for target price	0%							
Price target	\$ 6.90	31.59% discount to PT						



Source: Company Press Release 27 July 2016

## Important Research Disclosures



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#### Euro Pacific Capital

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY [BUY]	19	73.08	10	52.63
SPECULATIVE BUY [SB]	1	3.85	0	0
HOLD [NEUTRAL]	4	15.38	1	25.00
SELL [SELL]	1	3.85	1	100.00
NOT RATED [NR]	1	3.85	1	100.00
UNDER REVIEW [UR]	0	0.00	0	0

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**Buy:** Expected to materially outperform sector average over 12 months and indicates total return of at least 10% over the next 12 months.

**Neutral:** Returns expected to be in line with sector average over 12 months and indicates total return between negative 10% and 10% over the next 12 months.

**Sell:** Returns expected to be materially below sector average over 12 months and indicates total price decline of at least 10% over the next 12 months.

**Speculative Buy:** Expected to materially outperform sector average over 12 months and indicates total return of at least 25% if certain factors materialize, with potential for high return volatility and greater than average risk for lower or negative total annual returns over this time period.

**Not Rated:** We have not established a rating on the stock.

**Under Review:** The rating will be updated soon pending information disclosed from a near-term news event.

#### **Volatility Index**

**1 (Low):** Little to no sharp movement in stock price in a 12 month period

**2 (Low to medium):** Modest changes in stock price in a 12 month period

**3 (Medium):** Average fluctuation in stock price in a 12 month period

**4 (Medium to High):** Higher than average changes in stock price in a 12 month period

**5 (High):** Extremely sharp movements in stock price in a 12 month period

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