



INITIATING COVERAGE May 23, 2017

TREASURY METALS INC.
(T-TML) \$0.71

RATING: BUY
(initiating)

TARGET: \$1.20
(initiating)

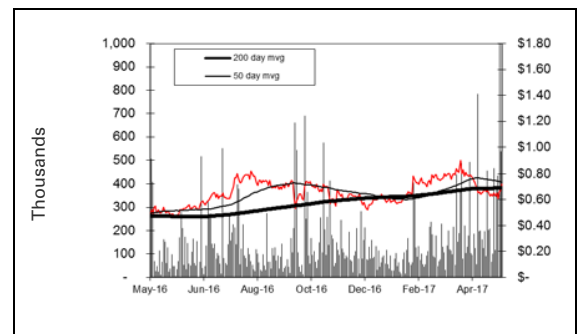
Unlocking a Goliath Treasure in Ontario

- ▶ **EVENT:** We are initiating coverage of Treasury Metals highlighting its Goliath project, which possesses attractive economics (IRR 25%), achievable initial capex (C\$133M) and annual gold production of 87,850oz making the project viable for a junior operator to advance through construction.
- ▶ **DISCUSSION:** The recently updated PEA for the Goliath gold project was a building block for Treasury moving forward. The past economic study was dated (2012), lacked infill drilling and had a new resource update completed since the last evaluation.
- ▶ **Canada's depleted development landscape:** Due to extensive M&A across the sector, Canada currently has only four mines in construction with a limited pool of attractive development projects in the pipeline. As Treasury continues to define and advance Goliath through its feasibility stage, we expect Treasury to emerge to the forefront of development companies in Canada – if not already.
- ▶ **Outstanding infrastructure:** Goliath lies just 2km from the Trans-Canada highway just 20km east of the city of Dryden, Ontario. The project benefits from established site facilities including offices, shops and storage units that can easily be updated to standard mine site buildings. Furthermore, an existing power line crosses the property and edge of resource outline while a natural gas pipeline lays just 6km away.
- ▶ **New management:** Late in 2016, Treasury brought over Chris Stewart as its new President & CEO. Mr. Stewart brings an extensive track record in operations where most recently he guided site operations for Kirkland Lake as its VP Operations where the company amassed an incredible turnaround. As Treasury's new President and CEO, Mr. Stewart will be instrumental in contract negotiations as the project moves into production.
- ▶ **FORECAST/OUTLOOK:** With a recent C\$8M financing providing an influx of new capital and shareholders, Treasury now has to begin Phase I of a planned 30,000m infill drill program which is expected to support geologic model definition and metallurgical work for Goliath's feasibility study with a mid-2018 targeted completion date.
- ▶ **VALUATION/RECOMMENDATION:** We are initiating coverage of Treasury Metals with a BUY rating and \$1.20/sh target price. Our target is generated using a 1.0x NAVPS multiple based on a LT \$1,350/oz gold price and 8% discount rate. We are confident that as the Goliath project advances through its various stages of development, that market recognition of a valuation gap compared to its peers will begin to close and Treasury will begin to approach and/or exceed our target price.

Philip Ker, P.Geo, MBA
pker@pifinancial.com 647.789.2407

Company Statistics

Risk:	SPECULATIVE
52-week High/ Low:	\$0.90/ \$0.46
Shares Outstanding:	116M (basic) 121M (fd)
Market Capitalization (C\$):	\$83M
3-Month Avg. Daily Volume:	211K
Working Capital (C\$ est):	\$5.8M
Long Term Debt (C\$ est):	\$5.9M
Enterprise Value (C\$):	\$83M
CEO:	Chris Stewart



PI Financial Corp. has received compensation for acting as a fiscal agent for TML in the previous 12 months. See the disclosure section for additional details.

Corporate Information

Treasury Metals is a gold focused exploration and development company with assets in Ontario, Canada and is listed on the Toronto Stock Exchange ("TSX") under the symbol "TML". Treasury Metals Inc.'s 100% owned Goliath Gold Project in northwestern Ontario is slated to become one of Canada's next producing gold mines. With first-rate infrastructure currently in place and gold mineralization extending to surface, Treasury Metals plans on the initial development of an open pit gold mine to feed a 2,500 per day processing plant with subsequent underground operations in the latter years of the mine life. Treasury Metals is currently in the mine permit process on the Goliath Gold Project.

A Disclosure fact sheet is available on Pages 20-21 of this report.

Company Snapshot

TREASURY METALS INC. (TSX-TML)

TML.TO	\$0.71
Rating	BUY
Risk	SPECULATIVE
Target Price	\$1.20
Projected Total Return	69%

Market Data

Shares O/S (M)	116
Shares O/S F.D. (M)	121
52-Week High (\$)	\$0.90
52-Week Low (\$)	\$0.46
Market Cap (\$ M)	\$82.6
Working Capital (\$M)	\$5.8
Long Term Debt (\$M)	\$5.9
Enterprise Value (\$M)	\$82.6
Fiscal Year End	Dec. 31

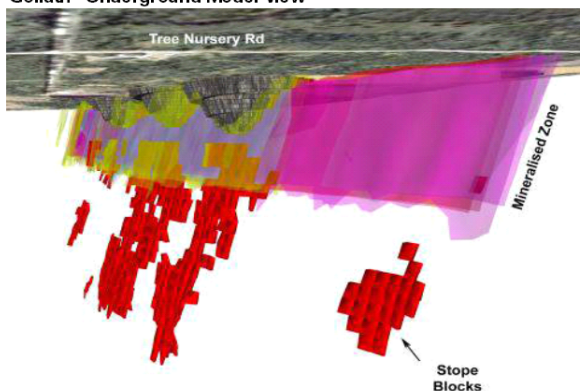
Valuation

Goliath (\$M)	\$1.33
Working Capital (\$M)	\$(0.0)
2017 Exploration Expense (\$M)	\$(0.05)
Corp Adjustments (\$M)	\$(0.1)
NAV (\$/sh)	\$1.18
P/NAV	0.6X

Management

Chris Stewart - President & CEO
Dennis Gibson - CFO

Goliath - Underground Model View



Underground View
Facing Northwest

Resource Summary		Tonnes	Gold		Silver	
		(Mt)	(g/t)	(Moz)	(g/t)	(Moz)
Goliath						
M&I	OP	18.2	1.26	0.74	5.30	3.13
	UG	2.4	4.95	0.38	14.7	1.12
Inferred	OP	1.4	0.99	0.04	4.30	0.19
	UG	2.1	4.22	0.29	10.90	0.74

Comparable Companies	Price	Market Cap.	EV	AuEq	EV/oz
	(C\$/sh)	(C\$M)	(C\$M)	(Moz)	(US\$/oz)
Pure Gold Mining Inc	0.58	113.7	93.7	1.23	58.8
Eastmain Resources Inc	0.41	76.7	55.6	1.58	27.0
Ascot Resources Ltd	2.00	286.5	254.5	4.50	43.5
ATAC Resources Ltd	0.55	70.3	50.8	0.68	57.1
Almaden Minerals Ltd	1.76	158.4	144.1	3.59	30.9
Marathon Gold Corp	1.15	138.9	130.5	1.26	79.7
Nighthawk Gold Corp	1.01	189.0	171.5	2.10	62.8
Auryn Resources Inc	3.20	245.2	204.0	3.01	52.1
Treasury Metals Inc	0.71	82.6	78.2	1.52	39.7
				Average=	51.5
				Median=	54.6

Sources: PI Financial Corp., Thomson Eikon, Company Documents



Table of Contents

Company Snapshot	2
INVESTMENT THESIS & RECOMMENDATION.....	4
Near Term Catalysts	5
GOLIATH.....	6
Mining & Processing.....	9
FINANCIAL ANALYSIS	12
Balance Sheet.....	12
VALUATION	12
Assumptions.....	12
Peer Group Comparison	13
Valuation.....	14
RECOMMENDATION.....	15
Near Term Catalysts	15
APPENDIX A: METALS FORECAST	16
APPENDIX B: CORPORATE RISKS	17
APPENDIX C: DIRECTORS AND SENIOR MANAGEMENT	18
Disclosure Fact Sheet	20



INVESTMENT THESIS & RECOMMENDATION

Treasury Metals Inc. (Treasury or the Company) is a junior mineral exploration company headquartered in Toronto, Ontario and is listed on the TSX under the symbol TML. Treasury is presently focused on its 100% owned Goliath Gold project. The Goliath property was amalgamated from the combination of the Thunder Lake and Laramide properties. Thunder Lake was purchased from Teck Cominco while Laramide was transferred to Treasury from Laramide under that company's spin-out.

Goliath currently contains a 1.1Moz measured and indicated resource of 1.69g/t gold. Recent drilling and modelling under the PEA is now targeting a predominant underground scenario that captures ~80% of the total gold production with an average underground gold grade of 4.87g/t. The Phase II infill program is being designed to aid in data collection for inferred resource at depth and support increased confidence in the deeper rooted mineralization.

Experienced management team advancing Canadian assets: Treasury is led by Chris Stewart who has extensive experience with mining and milling management where he spent several years as VP Operations for Lake Shore Gold and more recently for Kirkland Lake Gold and a key component to aiding its successful turn-around. Furthermore contract negotiations experience gained throughout Mr.Stewart's career will be vital to securing favorable terms for Treasury as Goliath advances and moves into production.

Attractive revamped PEA positions Goliath as a solid standalone: The updated PEA outlined in Q1/17 demonstrated a 13 year mine life with average gold production of 87,850oz leading to more than 1.1Moz of recovered gold and a post-tax IRR of 25%. The post-tax NPV of C\$306M considerably offsets projected initial capital of C\$133M and sets itself apart with lower quartile cash and AISC of US\$525/oz and US\$611/oz, respectively compared to its peer group.

Operating scope leads to Goliath being a simple bolt on asset: Under our operating assumptions, and similar to the project's PEA, we envision Goliath becoming a steady ~90,000oz/yr gold producer commencing commercial production in 2021. Its nominal capex makes it manageable for a junior to collectively manage capex hurdles while management's sole focus will be on the advancement and development of Goliath in the near term. The existing infrastructure in place, along with favorable location and significant headway on permitting efforts, make Goliath a sure footed leader in Canadian development stories.

What's next in Canada: With the flurry of M&A across the sector over the past years, many Canadian based projects or operations were acquired for their geologic upside, low-costs and favorable mining jurisdiction with attractive foreign exchange. As a result, a limited pool of quality gold projects owned by junior developers allows us to identify Treasury as a premier opportunity amongst the next wave of advanced gold projects in Canada.

First class site infrastructure: Goliath benefits from outstanding site and access to infrastructure compared to other development projects of similar scale in Canada. The property already contains numerous office, shop and storage facilities that can easily be augmented and upgraded to operating mine standards (heat, concrete pads, etc). Furthermore, a 115kv transmission powerline traverses the edge of the current resource outline while the TransCanada natural gas pipeline is located just 6km to the south. The city of Dryden boasts access to available and skilled workforce while the city has evolved into a mini hub for gold camps to the north in Red Lake.

Goliath still underexplored: Given Treasury's recent lack of capital over the past few exploration seasons, primary exploration focus has been solely on delineation of the resource body at Goliath. While little drilling has been completed outside of the current resource body, opportunities exist to expand its overall footprint to the northeast where similar geophysical characteristics and historical drilling suggest continued mineralization along strike. Additionally, the regional fold nose is a



substantial target that needs adequate testing for mineralized traps down-plunge which could be a significant zone of high-grade mineralization.

Recent funding to support exploration: Treasury's recent C\$8M equity financing is expected to help fund initial efforts in Phase I of a 30,000m drill campaign which is targeted to commence in late-May 2017. Priority targets include infill drilling at depth as part of definition drilling for the underground resource in order to boost its overall confidence. Additional drilling is also expected to be completed along strike as Treasury aims to step-out and expand Goliath's overall footprint. Capital will also be allocated to an updated resource and feasibility level work including permitting and advanced metallurgical efforts.

Valuation attractive at current price: Considering Treasury has been quiet over the past few years, the recent addition of its new CEO and completion of Goliath's updated PEA, provide a sound foundation to build on. In our analysis and using its 1.1Moz resource, Treasury is currently trading at an EV/oz of only \$40/oz compared to its peers of \$52/oz. Furthermore, on a NAVPS basis, Treasury is trading at 0.6x based on our modeled forecast for Goliath and is inferior to its peer group average of 0.9x. We anticipate that with further advancement of the project and completion of certain milestones, that Treasury will become more adequately valued compared to its peers.

We are initiating coverage of Treasury Metals with a BUY rating and a target price of \$1.20/sh. We believe Treasury's Goliath project is still underappreciated given the current stage of the market's appetite for Canadian based development stage companies. However, given the shrinking supply of advanced and attractive gold projects in Canada, we view Goliath as an emerging leader in the development space that investors are bound to become aware of.

We believe that as Treasury advances and de-risks Goliath through feasibility and permitting, the market will begin to recognize the value proposition of the project and realize it can be a company maker as a stand-alone operation or a simple bolt-on asset for another bona-fide producer. Bearing in mind that Treasury faces financing and permitting hurdles to construction, **shares of Treasury are considered SPECULATIVE** and more ideal for risk tolerant investors.

Specific risks applied to Treasury Metals can be found in Appendix B.

Near Term Catalysts

With an exploration campaign commencing imminently, we foresee several catalysts for Treasury in the near term and include:

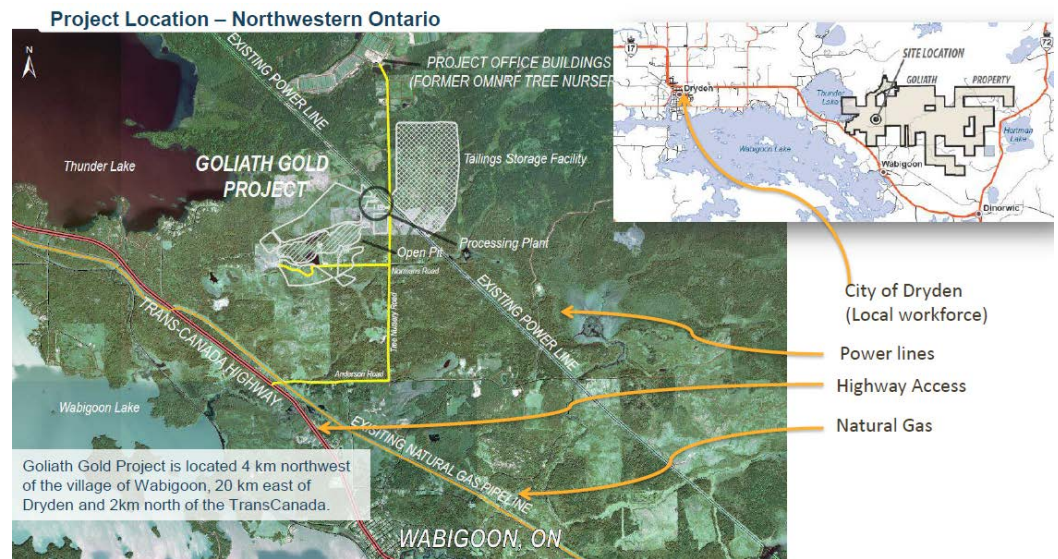
- Results from Phase I of a 30,000m infill drill program;
- Receipt of final approval for project EIS by federal government;
- Begin provincial permits for mine construction;
- Complete feasibility study mid-2018;
- Compile new resource based on Phase I&II infill programs;
- Project financing process expected to begin in 2018.



GOLIATH

Overview: The 100% owned Goliath project is located in the Kenora Mining District in northwestern Ontario, approximately 20km east of the city of Dryden. The property benefits from extensive site and regional infrastructure which all offer inputs to help minimize up front capital. Additionally, the region boasts access to significant mining personnel and equipment suppliers as the city of Dryden has become a major hub to serve gold camps to the north in Red Lake.

Exhibit 1: Goliath Property & Infrastructure Location



Source: Company Documents

History: Several historical exploration campaigns have taken place, initially in the 1990's encompassing various exploration efforts including diamond drilling, mapping, trenching, geophysics and an underground bulk sample. No underlying royalties exist on the Goliath deposit and Treasury has compiled two resource estimates and two subsequent PEA's with the most recent economic evaluation completed in Q1/17.

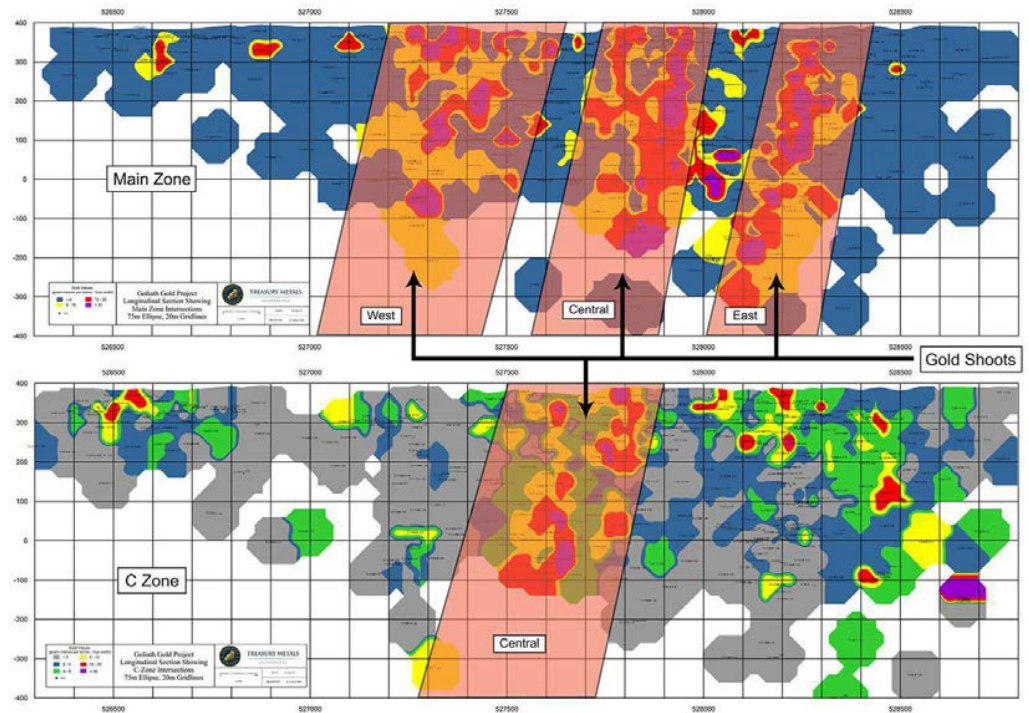
Geology & Mineralization: Goliath is considered a shear hosted mesothermal gold system which is located in the Wabigoon Subprovince of Archean Superior Province, north of the Wabigoon Fault. The Thunder Lake assemblage contains an upper greenschist that characterizes much of the project area capping a variety of felsic to intermediate metavolcanic rocks. The abundance of gold mineralization is contained within the Thunder Lake Volcanics while all the rocks have been subject to folding and moderate to intense shearing with local hydrothermal alteration, quartz veining and sulphide mineralization.

The main zones of mineralization of the Goliath Deposit consist of the Main Zone, Footwall Zone, and Hanging Wall Zone. The dominant biotite-muscovite-schist (BMS) and quartz-feldspar-sericite-schist (MSS) located within the Main and C zones host the core mineralization. With a mineralized strike length of more than 5km, the Goliath deposit hosts numerous zones of mineralization while upside exists down dip beyond the current resource boundary of ~400m. Gold is typically associated with sphalerite, galena and pyrite within quartz veinlets and sericitic alteration.

Below within Exhibit 2, we see mineralization open down plunge in the various shoots of the Main and C zones. The high-grade cores and widths will provide the bulk of underground ore while opportunities exist for expanded mineralization at depth.



Exhibit 2: Goliath Long Section – Main Zone

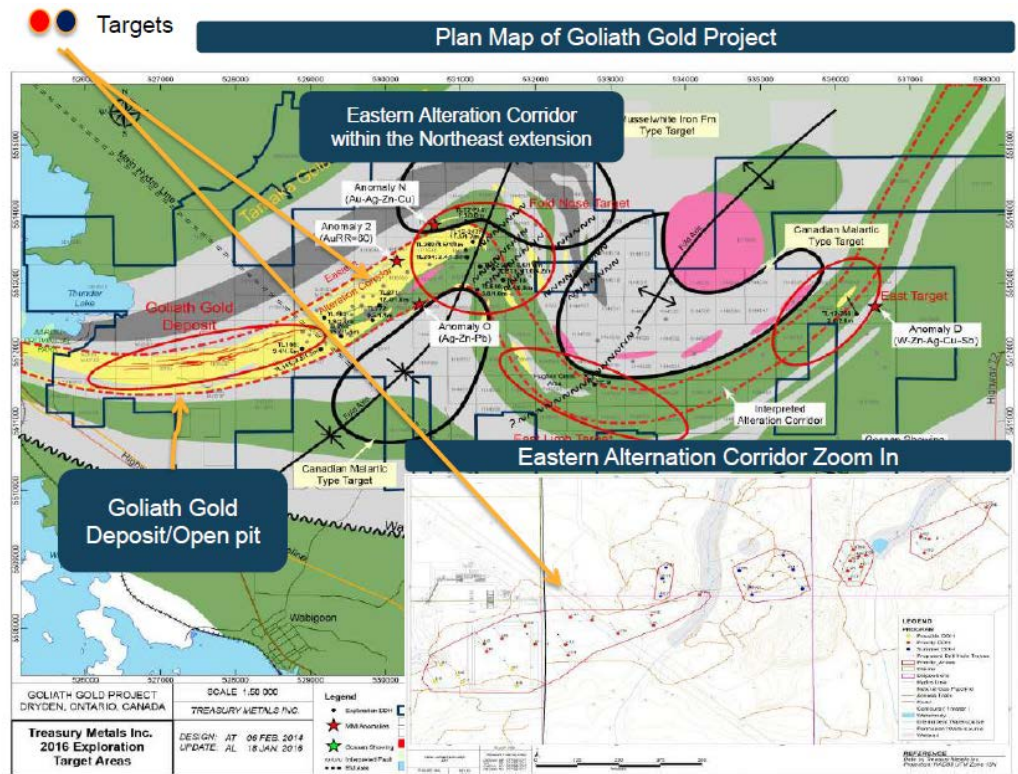


Source: Company Documents

Exploration upside: Limited exploration has been historically completed beyond the current resource footprint. The mineralized limb of the regional fold extends to the northeast where sparse drilling has been completed to date. Furthermore, the hinge of the fold has a magnetic high anomaly and is suggested to be a key target similar to Red Lake style mineralization. Treasury plans to collar several holes along the northeastern limb along strike of the main Goliath system in its upcoming definition drill campaign. Additionally, drilling is also planned to test the nose and hinge of the regional fold. With any success, we would expect the resource footprint to grow with an increased confidence and provide mine life expansion beyond the currently envisioned scope of operations.



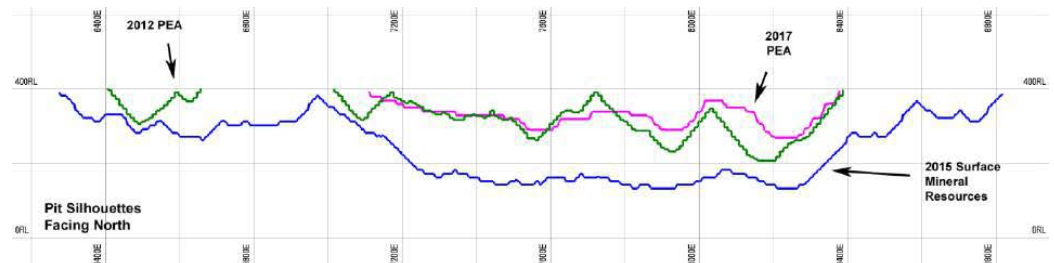
Exhibit 3: Multiple Targets within a Favorable Trend & Geology



Source: Company Documents

Updated PEA: The updated PEA tabled in Q1/17 incorporated ~50,000m of drilling completed since 2013 where the historic PEA was based on a resource from 2012. That historic PEA envisioned a broader open-pit that had an excessive strip ratio of 9.3:1 and average head grades of 2.87g/t Au. Under the revamped operation plan, a shallower open pit to max depth of 150m (was 180m in 2012) leads to a tighter pit with a reduced strip ratio of 6:1 and average head grades of 3.81g/t Au. Notably, a weakening Canadian dollar also factored into more favourable economics in the recent PEA where a C\$1.32 and US\$1,225/oz were used compared to the updated study with C\$1.02 and US\$1,375/oz. Below we outline the various pits generated over the past and present resources and PEAs.

Exhibit 4: Pit Outline Comparisons – Resources to PEA



Source: Company Documents

Current resource: As we mentioned previously, the current resource outlined for Goliath was completed in 2015 and has an underground and open pit component. The resource outlines



737,800oz (M&I) in an open-pit with a further 376,600oz (M&I) from an underground ore body. We emphasize the new PEA diverges from the current resource where the operation is scoped to recover ~800,000oz from underground or ~80% of the total recovered gold. Furthermore, with the upcoming definition drill program, we expect a large portion of inferred underground resources to be converted to M&I as Treasury anticipates increasing its overall confidence levels at depth at Goliath.

Exhibit 5: Current Resource Estimate (2015)

	Tonnage (t)	Au Grade (g/t)	Au Ounces (oz)	Ag Grade (g/t)	Ag Ounces (oz)	Au-Eq (oz)
Open Pit						
Measured	1,015,000	1.90	62,100	7.8	256,000	65,200
Indicated	17,174,000	1.22	675,700	5.2	2,869,000	710,400
M&I	18,189,000	1.26	737,800	5.3	3,125,000	775,600
Inferred	1,351,000	0.99	42,800	4.3	186,000	45,000
Underground						
Measured	103,000	7.32	24,200	23.1	76,000	25,100
Indicated	2,264,000	4.84	352,400	14.4	1,044,000	365,000
M&I	2,367,000	4.95	376,600	14.7	1,120,000	390,100
Inferred	2,120,000	4.22	287,300	10.9	743,000	296,300

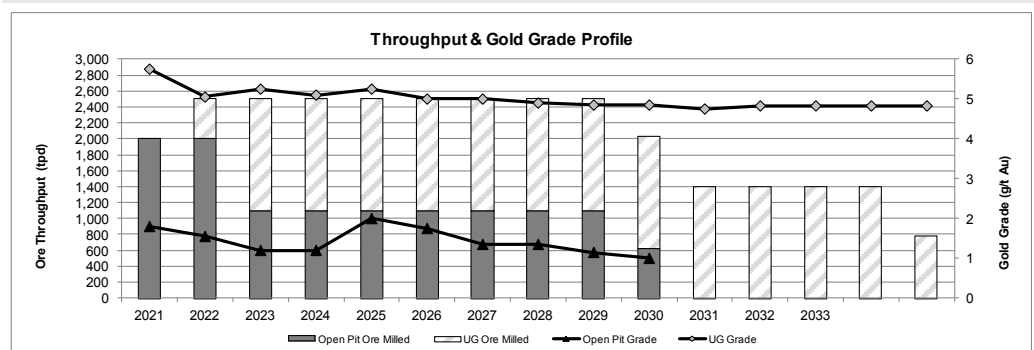
Source: Company Documents

Mining & Processing

Our estimated forecast for Goliath generates commercial production commencing in 2021 under a 2,500tpd operating scenario. The initial two years is expected to be 100% ore feed from the open pit while development of the adjacent underground portal and development in completed. We model ore feed of 1,100tpd from the open-pit with the remaining 1,400tpd from underground to maintain capacity throughput to the mill. We see gold equivalent production peaking at ~118,000oz and leading to our modelled 14.5 year mine-life for Goliath.

The Goliath open pit is anticipated to reach a depth of 130m (previously 180m) with pit slopes of 50o. The increased underground mine plan is expected to recover the 50m of vertical mineralization that transitioned from the open pit resource. Underground mining will be completed with long-hole stoping using 30m vertical intervals and stope sizes ranging from 5m to 20m (average 8.6m). Cemented backfill and waste is anticipated to be used to fill the extracted voids from mine stoping.

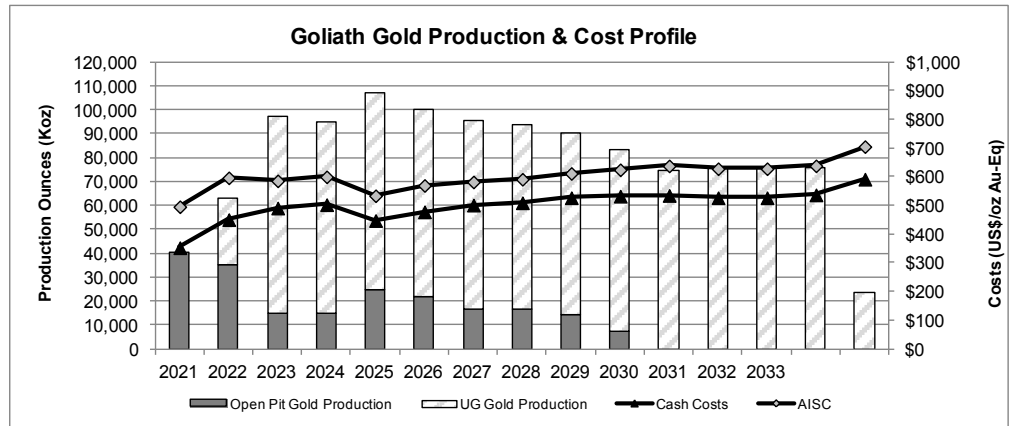
Exhibit 6: Ore Milled & Grade Profile (O/P & UG)



Source: PI Financial



Exhibit 7: Production & Cost Profile (Cash Costs/AISC)



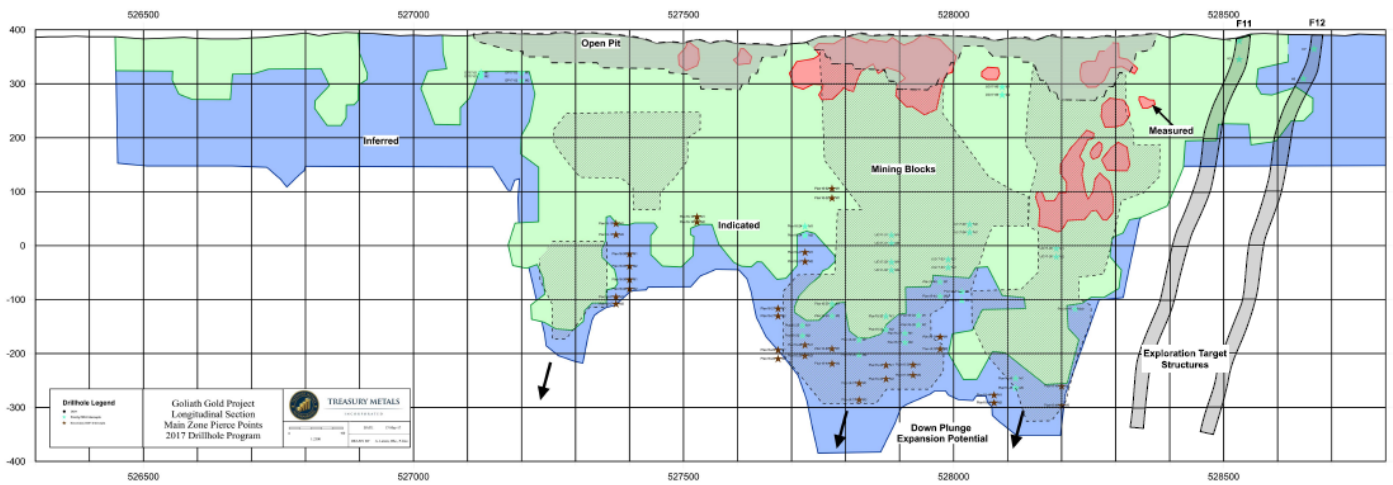
Source: PI Financial

Processing & Metallurgy: Under previous operators of the property, an 2,375t underground bulk sample with an average grade of 9.07g/t Au was collected in 1998 and sent to St. Andrews Goldfields Holt mill for processing. Recoveries were only 62% but did not utilize a gravity circuit that would capture free gold from the high-grade sample. Later testing confirmed a gravity concentrate followed by cyanidation yielded the best overall recovery of 95-96%. Notably, a 4tpd oxygen plant is recommended to aid in accelerating gold and silver leaching kinetics. Although at an additional cost, the oxygen facility is anticipated to reduce cyanide consumption and mitigate overall operating costs for the mill. Under the Goliath PEA, a 2,500tpd processing facility is envisioned with anticipated gold and silver recoveries of 95.5% and 62.6%, respectively.

Next steps: Treasury is scheduled to start its 2017 drill campaign in late-May where they are targeting ~30,000m to be completed. A bulk of the meters will be focused on the underground resource in order to increase confidence and test down dip extensions. The remainder of drilling will test targets along the northeast expansion corridor where gaps in drilling resulted in mineralized intercepts being left out of the resource. With the additional drilling, Treasury is targeting to deliver an updated resource for Goliath by the end of 2017.

2017 Goliath Budget: After adding \$8M in capital from the recent equity financing, Treasury is anticipating to kick-start a two phased 30,000m drill program that will focus on at-depth mineralization to increase confidence of underground zones lacking tighter drill spacing in order to strengthen the resource model and mine plan. Additional drill targets exist along strike outside of the existing resource boundary and they are expected to also test a key target at the regional fold nose and hinge. As part of the estimated ~\$10M budget for 2017 for the two phase program, further work is expected to be completed on the project's feasibility including advanced metallurgical work, permitting and engineering studies. A long section with drill targets is shown in Exhibit 8.

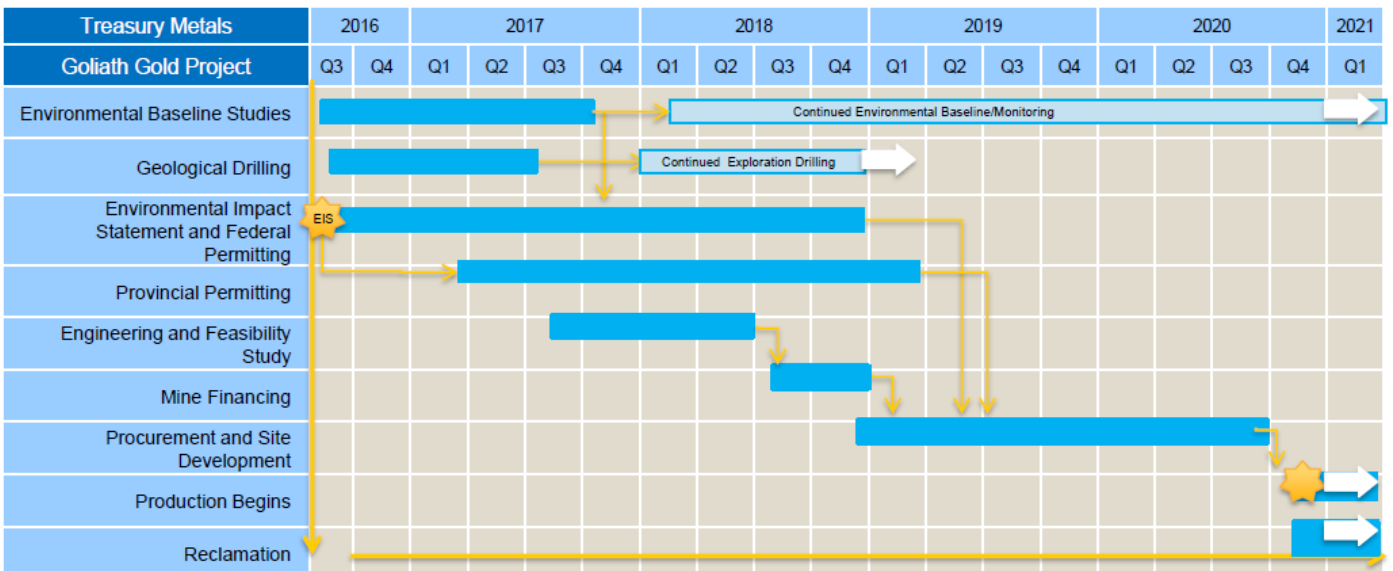
Exhibit 8: Long Section With Targets for Resource Upgrade



Source: Company Documents

Permitting with a fast-track to construction: Although Treasury has been relatively under the radar the past few years, its team has been aggressively moving ahead with completing several environmental and permitting milestones. Despite the lack of capital in recent years, Treasury has put an emphasis to be ahead of schedule to have key environmental and construction permits in place which are expected to be received mid to late 2018. This should allow Treasury to pursue mine financing and commence construction in just two years from now resulting in their first gold pour in 2021.

Exhibit 9: Estimated Goliath Project Timeline



Source: Company Reports



FINANCIAL ANALYSIS

Balance Sheet

After the recent C\$8M financing in Q1/17, Treasury has a current working capital position of ~C\$6M. The 2017 campaign to advance Goliath includes completion of various components of the feasibility study, metallurgy, permitting and advanced engineering. However, given the lack of capital in-flows, we assume Treasury will once again need to seek further equity to advance Goliath and its pipeline targets sometime later in 2017. In our valuation, we assume the Company will require an additional \$10M for various efforts for completion of the projects feasibility study and results in 10M shares of further dilution (\$10M @ \$1.00/sh).

VALUATION

Assumptions

Our key assumptions for our valuation of Treasury are hinged to the recent PEA. Our analysis utilizes an operating scenario similar to that demonstrated in the PEA and assumes forward looking financing for construction. We compile an NAV using a 5% discount rate and \$1,350/oz gold and \$18.50/oz silver prices in our DCF analysis. Not noted above in our balance sheet discussion, we need to assume Treasury secures various sources of capital to fund the C\$133M capex requirement. We are using a 67/33 D/E ratio in our model with project lending having an 8% annual interest which we expect Treasury to retire using internal cash flow.

Exhibit 10: Basic PI Assumptions for Goliath

		2017 PEA	PI Est.
Reserves Modeled			
	<i>Units</i>		
Mineable Tonnes of Ore	<i>M tonnes</i>	9.8	11.1
Gold Reserves	<i>Moz</i>	1.2	1.20
Mining Operations			
Open Pit Mine Life	<i>Yrs</i>	8	14.5
Underground Mine Life	<i>Yrs</i>	11.5	13.5
Avg Grade Gold	<i>g/t</i>	3.8	3.4
Avg Annual Gold Production	<i>oz</i>	87,850	90,600
Processing			
Open Pit Ore Feed	<i>tpd</i>	1,100	1,100
Underground Ore Feed	<i>tpd</i>	1,575	1,400
Gold Recovery	<i>%</i>	95.5%	95.5%
Silver Recovery	<i>%</i>	62.6%	62.5%
Operating & Capital Costs			
Open Pit Mining Costs	<i>\$/t</i>	3.45	3.45
Underground Mining Costs	<i>\$/t</i>	77.0	80.0
Avg LOM Cash Costs	<i>\$/oz</i>	525	501
Avg LOM AISC	<i>\$/oz</i>	611	603
Initial Capex (2019-2021)	<i>\$/M</i>	133	135
Avg. Annual Sustaining Capital	<i>\$/M</i>	10.2	10.2

Source: PI Financial

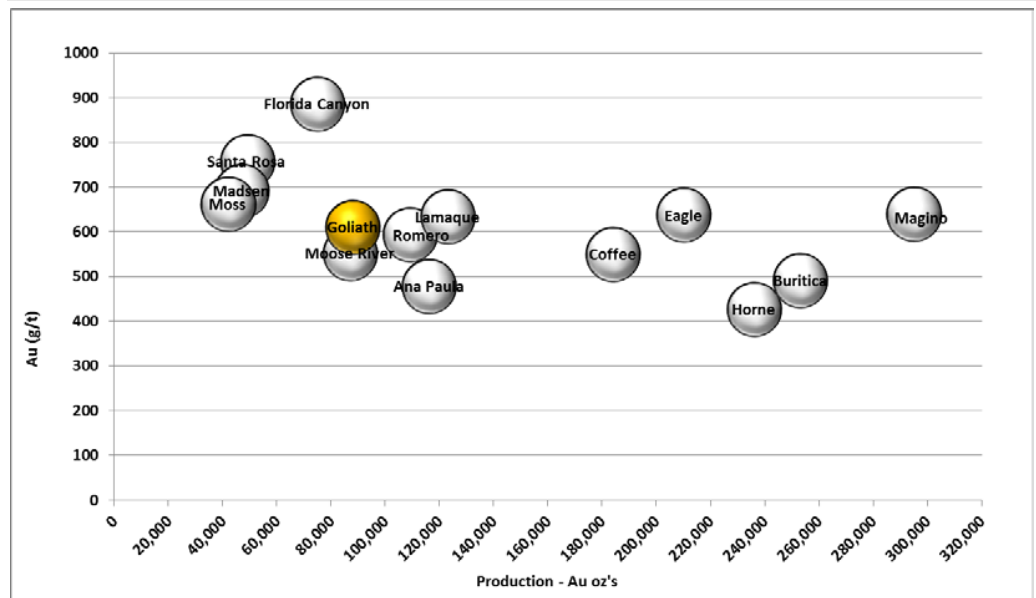


Peer Group Comparison

Below we outline development projects and underground operations from a similar production scenario across North American developers and operators. Several of these comparable projects have already advanced through the feasibility stage and become acquired (Magino & Coffee) by larger producers. We suggest that as Goliath grows and increases its overall confidence, it should evolve into a natural target for acquirers.

Additionally, below we demonstrate that although Goliath currently has a smaller production profile compared to other development projects ongoing but note that it is in comparison to other projects in construction (Moose River) or advancing quickly to a construction decision (Ana Paula). We believe this further stamps Goliath as a standalone operation or a simple bolt-on asset for other producers looking to inorganically increase their production base.

Exhibit 11: Various Development Projects



Source: PI Financial

Considering that Goliath is still evolving through the feasibility stage, in Exhibit 12 we demonstrate and compare Treasury's current valuation to other gold focused explorers and developers with assets located across North America on an EV/oz base. Compared to its peer group valuation under this metric, Treasury is significantly undervalued. We believe this supports the value opportunity in Treasury and as Goliath continues to unfold and are confident the market will begin to recognize the opportunity in the valuation gap of Treasury.



Exhibit 12: Developer Peer Group EV/oz Comparison

Comparable Companies	Price (C\$/sh)	Market Cap. (C\$M)	EV (C\$M)	AuEq (Mbz)	EV/oz (US\$/oz)
Pure Gold Mining Inc	0.58	113.7	93.7	1.23	58.8
Eastmain Resources Inc	0.41	76.7	55.6	1.58	27.0
Ascot Resources Ltd	2.00	286.5	254.5	4.50	43.5
ATAC Resources Ltd	0.55	70.3	50.8	0.68	57.1
Almaden Minerals Ltd	1.76	158.4	144.1	3.59	30.9
Marathon Gold Corp	1.15	138.9	130.5	1.26	79.7
Nighthawk Gold Corp	1.01	189.0	171.5	2.10	62.8
Auryn Resources Inc	3.20	245.2	204.0	3.01	52.1
Treasury Metals Inc	0.71	82.6	78.2	1.52	39.7
				Average=	51.5
				Median=	54.6

Source: PI Financial, Thomson Eikon

Valuation

Our valuation for Treasury Metals is derived using a modelled operating scenario for Goliath and a DCF (8%) approach using our long term gold and silver prices of \$1,350/oz and \$18.50/oz, respectively. Considering Goliath has certain permitting and financing hurdles yet to overcome, we believe an 8% discount is appropriate. Additionally, we have incorporated future anticipated share dilution to fund further project development (\$10M @ \$1.00/sh) and construction (\$50M @ \$1.1.25/sh). In summary, our inputs help derive a NAV for Treasury of C\$220M or \$1.18/sh on a fully financed project basis.

A breakdown of our Net Asset Value is outlined below in Exhibit 13.

Exhibit 13: NAV Estimate

	Interest	Discount	NAV	Per Share (C\$)
Goliath	100%	8%	\$249.3	\$1.33
Exploration Asset Value				
Working Capital			(\$2.2)	(\$0.01)
ITM Proceeds			\$8.1	\$0.04
2017 G&A			(\$4.0)	(\$0.02)
Cash from Recent Financing			\$8.1	\$0.04
Corporate Adjustments			(\$32.9)	(\$0.18)
Long Term Debt			(\$5.9)	(\$0.03)
Assumed Financing			\$10.0	\$0.05
2017 Exploration Expense			(\$10.0)	(\$0.05)
NAV (C\$)			\$220.5	\$1.18

Source: PI Financial estimates, Company Documents

As with any project, various sensitivities impact the overall potential of a project. With mining contact costs likely to remain constant, we foresee external factors such as gold and silver spot prices being the most impactful to the potential cash flow from Goliath. In Exhibit 14, we highlight



an ideal valuation range for Treasury based on various precious metal prices and note that for every \$100/oz increase in gold price, our NAVPS increases by ~\$0.25/sh.

Exhibit 14: NAVPS Sensitivity

		Gold Price						
		\$1,200	\$1,250	\$1,300	\$1,350	\$1,400	\$1,450	\$1,500
Silver Price	\$15	\$0.82	\$0.95	\$1.07	\$1.19	\$1.31	\$1.44	\$1.56
	\$16	\$0.83	\$0.95	\$1.08	\$1.20	\$1.32	\$1.44	\$1.57
	\$17	\$0.84	\$0.96	\$1.08	\$1.21	\$1.33	\$1.45	\$1.57
	\$18	\$0.85	\$0.97	\$1.09	\$1.22	\$1.34	\$1.46	\$1.58
	\$19	\$0.86	\$0.98	\$1.10	\$1.22	\$1.35	\$1.47	\$1.59
	\$20	\$0.86	\$0.99	\$1.11	\$1.23	\$1.35	\$1.48	\$1.60
	\$21	\$0.87	\$0.99	\$1.12	\$1.24	\$1.36	\$1.48	\$1.61
	\$22	\$0.88	\$1.00	\$1.12	\$1.25	\$1.37	\$1.49	\$1.61

Source: PI Financial

RECOMMENDATION

We are initiating coverage of Treasury Metals with a BUY rating and \$1.20/sh target price.

We believe the upcoming definition drill program and advancement of Goliath through the feasibility stage will begin to garnish further attention on the project. Additionally, the attractive production profile and cash costs make the asset a simple bolt-on asset and take-over target for other producers looking to increase its production profile.

With a current valuation gap compared to its peers along with the lack of attractive development projects in Canada presently, we expect Treasury to evolve into a leading junior development player within the sector as Goliath advances. Given that Treasury's success is hinged upon success further drilling success, financing and permitting hurdles, **shares of Treasury are rated as SPECULATIVE and more ideal for risk tolerant investors.**

Near Term Catalysts

With an exploration campaign commencing imminently, we foresee several catalysts for Treasury in the near term and include:

- Results from Phase I of a 30,000m infill drill program;
- Receipt of final approval for project EIS by federal government;
- Begin provincial permits for mine construction;
- Complete feasibility study mid-2018;
- Compile new resource based on Phase I&II infill programs;
- Project financing process expected to begin in 2018.



APPENDIX A: METALS FORECAST

Our research universe is focused on junior precious and base metals explorers, developers and producers who are highly levered to spot market metals pricing. The performance of producing assets may be dependent on strong gross margins to off-set potential escalating operating costs. We focus on companies with quality assets, strong management and satisfactory risk profiles. Metals pricing is a key factor in our assessment and valuation of these projects and companies, and any negative movement to the market prices of the underlying metals in a company's exploration or exploitation may impact the attractiveness or profitability of companies within our research universe.

In the near term, we continue to foresee a sideways trajectory for metals prices under the current macroeconomic conditions and, given that "all-in" mining costs continue to gradually increase, we believe this creates a natural support level as global metal prices approached average "all-in" cost territory for many producers.

By having a conservative view on metals in the coming quarters and years, our models and discounted cash flow analysis for various projects appear similar to the economics anticipated in some Preliminary Economic Assessments or Feasibility Studies. We often forecast higher than projected capital costs and conservative operational performance measures such as production or operating costs. Commodity prices often act as the most sensitive parameter to project or company valuation and a continued uncertain global economic environment bodes well for equities and should continue to support our investment thesis and valuation targets.

A summary of our metals forecast can be seen below.

	2015	2016	2017E	LT
Gold (\$/oz)	1159	1248	1325	1350
Silver (\$/oz)	15.72	17.10	17.75	18.50
C\$/US\$	0.78	0.76	0.80	0.80

Source: PI Financial Corp.



APPENDIX B: CORPORATE RISKS

Mineral extraction risks: Treasury Metals is subject to the following risks: 1) unexpected changes in continuity, grade and economic viability of the deposit 2) adverse geotechnical conditions 3) accessibility to capital to fund growth projects 4) fluctuating operating costs 5) changes in government regulations (ie. royalties, taxes, permitting, etc) 6) environmental risks associated with protecting the environment and agricultural lands 7) changes in commodity prices and foreign exchange rates and 8) accidents, labour actions and forces majeure.

Environmental and permitting risk: Treasury Metals key project is located in a favorable mining and exploration jurisdiction. However, any changes with regard to environmental protection and standards could impact the Company and its ability to operate. As legislation on the environment evolves, standards can become stricter and penalties more severe. Compliance with environmental regulations could reduce the company's ability to further advance Treasury's projects and failure to comply could have an adverse impact on the company. Environmental legislation imposes restrictions and prohibitions on spills, emissions of various substances produced during mineral processing, seepage from tailings disposal areas, etc.

Metallurgical Risks: The Company gives no assurance that recovery of metals will be the same on a consistent basis and insufficient work has been completed to date to suggest recoveries may be comparable to our analysis.

Dependence on Key Management: Treasury Metals is dependent on a number of key personnel to manage its operations and to interpret scientific components of its various projects. There is no guarantee that Treasury Metals will be able to retain such personnel going forward should other opportunities or more attractive business ventures arise. We note however the positive changes that the new management team has introduced and our confidence that their successes displayed thus far should continue.

Exploration Risk: Exploration is on-going to better delineate Treasury's pipeline deposits. Future conversion of resources may be reliant on successful drilling campaigns in order to define or discover new and viable ore to support the longevity of its assets. There is no guarantee of any further exploration success at Treasury Metals, nor if it will result in a commercially economic ore that is of sufficient quantity and quality to return a profit from extraction.

Commodity Prices: Commodity prices are the key driver to generating interest and demand to find and develop new ore bodies by mining companies. This leverage causes Treasury Metals to be reliant upon global metal prices and associated demands. Should a further reduction in demand occur, Treasury's ability to fund their future capital needs could be hampered. This therefore may affect potential future cash flows and the company's valuation.



APPENDIX C: DIRECTORS AND SENIOR MANAGEMENT

Chris Stewart, President & CEO

Mr. Stewart is a senior executive with more than 24 years of diversified experience in the mining industry. Mr. Stewart joins Treasury from Kirkland Lake Gold Inc. where he was the Vice President of Operations and responsible for all mining and milling activities of the company. In addition to his recent experience at Kirkland Lake Gold, Mr. Stewart was the President and CEO of Liberty Mines Inc. from 2011 to 2013 and Project Manager-Shafts for BHP Billiton's Jansen Project in Saskatoon from 2010 to 2011. He also was Vice President Operations for Lake Shore Gold Corporation where he was responsible for the operations including advanced development work and shaft sinking at the new Timmins Mine and refurbishment of the mill at the Bell Creek Mine. Mr. Stewart is a registered Professional Engineer in Ontario and holds a Bachelor of Science, Mining Engineering, from Queen's University.

Dennis Gibson, CFO

Mr. Gibson holds a Bachelor of Commerce from Concordia University. He is a Certified General Accountant and has held various senior financial positions for the past thirty years. In addition to his CFO role at Treasury Metals Inc., he is the Chief Financial Officer for Laramide Resources Ltd., listed on the TSX and focused on the exploration and development of uranium in the United States and Australia. Mr. Gibson served as CFO for Aquiline Resources Inc. from April 2006 to December 2009, until its sale to Pan American Silver Corp., and previously from 1996 to 2004 as Vice President, CFO and Corporate Secretary for Vector Intermediaries Inc.

Greg Ferron, VP Corporate Development & Investor Relations

As Vice President Corporate Development, Mr. Ferron brings 15 years of capital markets experience including corporate finance, business development and investor relations within the mining sector. Mr. Ferron has been instrumental in Treasury Metals Inc.'s transition to a development stage company and involved with raising capital for company mineral project development since 2011. Prior to joining, Mr. Ferron held various positions, including as a member of the stock list committee and heading the Global Business Development for the mining sector, at the Toronto Stock Exchange and the TSX Venture Exchange. Prior to that, Mr. Ferron was an Analyst at Scotiabank. Mr. Ferron holds a Bachelor of Commerce from the University of Guelph. He is also Vice President of Laramide Resources Ltd.

Marc Henderson, Non-Executive Chairman & Director

Mr. Henderson is a chartered financial analyst with more than 20 years at the helm of public mineral exploration companies. He has been President and Chief Executive Officer of Laramide Resources Ltd. from 1995 to present, the largest corporate shareholder of Treasury Metals. Mr. Henderson is the former CEO and President of Aquiline Resources Inc., sold in 2009 to Pan American Silver Corp., and former President of MineFinders. Mr. Henderson holds an economics degree from the University of Colorado.

Doug Bache, Director

Mr. Bache has more than 20 years of experience in mine finance and development. He is currently Director and Officer for various public companies. Mr. Bache holds a BMath/Business Administration degree from the University of Waterloo.



Bill Fisher, Director

Mr. Fisher currently holds the position of Chairman for GoldQuest Mining Corp. He is a former CEO/Director of Karmin Exploration Inc., as well as a past director of PC Gold Inc. and past Chairman of Aurelian Resources Inc., which was acquired by Kinross in 2008. Mr. Fisher graduated as a geologist in 1979 and has extensive industry experience, including a number of residential posts in Africa, Australia, Europe and Canada.

Flora Wood, Director

Ms. Wood brings 15+ years of capital markets and investor relations experience with publicly traded companies including Essar Steel Algoma, Inmet Mining Corp. and Aquiline Resources Inc. Currently, she is Director, Investor Relations at Sherritt International.

Christophe Vereecke, Director

Mr. Vereecke is a businessman and entrepreneur based in Paris, with a background in finance, oil and gas, mine royalties and technology. As an entrepreneur he has been involved in the startup of several businesses including co-founder and former chief financial officer of Business Oil Platform, a physical oil trading and logistics company operating in Central and Eastern Europe. Mr. Vereecke's current investment advisory firm specializes in private client fund management focused in the extractive industry, mine royalties, precious metals and the diamond markets.

Blaise Yerly, Director

Mr. Yerly is a Director of the Company. Mr. Yerly was Chairman and Director of the board of directors of Aquiline Resources Inc. from 1998 until it was sold to Pan American Silver Corp. in December 2009. Mr. Yerly was a Director of Javelina Resources Ltd. until it was merged with Midpoint Holdings Ltd. in April 2013. Mr. Yerly is the executive Chairman of Wacyba Ltd, a private investment company, since March 2008.

Source: Company website

Disclosure Fact Sheet

Ratings

BUY : recommendation: stock is expected to appreciate from its current price level at least 10-20% in the next 12 months.

NEUTRAL : recommendation: stock is expected to trade in a narrow range from its current price level in the next 12 months.

SELL : recommendation: stock is expected to decline from its current price level at least 10-20% in the next 12 months.

U/R : Under Review

N/R : No Rating

TENDER: Investors are guided to tender to the terms of the takeover offer.

Analyst recommendations and targets are based on the stock's expected return over a 12-month period or may be based on the company achieving specific fundamental results. Under certain circumstances, and at the discretion of the analyst, a recommendation may be applied for a shorter time period. The basis for the variability in the expected percentage change for a recommendation, relates to the differences in the risk ratings applied to individual stocks. For instance stocks that are rated Speculative must be expected to appreciate at the high end of the range of 10-20% over a 12-month period.

Price Volatility / Risk

SPECULATIVE : The Company has no established operating revenue, and/or balance sheet or cash flow concerns exist. Typically low public float or lack of liquidity exists. Rated for risk tolerant investors only.

ABOVE AVERAGE : Revenue and earnings predictability may not be established. Balance sheet or cash flow concerns may exist. Stock may exhibit low liquidity.

AVERAGE : Average revenue and earnings predictability has been established; no significant cash flow/balance sheet concerns are foreseeable over the next 12 months. Reasonable liquidity exists. Price Volatility/Risk analysis while broad based includes the risks associated with a company's balance sheet, variability of revenue or earnings, industry or sector risks, and liquidity risk.

Analyst Certification

I, Philip Ker, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly related to the specific recommendations or views expressed in this report. I am the research analyst primarily responsible for preparing this report.

Research Disclosures

	Applicability
1) PI Financial Corp. and its affiliates' holdings in the subject company's securities, in aggregate exceeds 1% of each company's issued and outstanding securities.	1) No
2) The analyst(s) responsible for the report or recommendation on the subject company, a member of the research analyst's household, and associate of the research analyst, or any individual directly involved in the preparation of this report, have a financial interest in, or exercises investment discretion or control over, securities issued by the following companies.	2) No
3) PI Financial Corp. and/or its affiliates have received compensation for investment banking services for the subject company over the preceding 12-month period.	3) Yes
4) PI Financial Corp. and/or its affiliates expect to receive or intend to seek compensation for investment banking services from the subject company.	4) Yes
5) PI Financial Corp. and/or its affiliates have managed or co-managed a public offering of securities for the subject company in the past 12 months.	5) Yes
6) The following director(s), officer(s) or employee(s) of PI Financial Corp. is a director of the subject company in which PI provides research coverage.	6) No
7) A member of the research analyst's household serves as an officer, director or advisory board member of the subject company.	7) No
8) PI Financial Corp. and/or its affiliates make a market in the securities of the subject company.	8) No
9) Company has partially funded previous analyst visits to its projects.	9) Yes
10) Additional disclosure:	10) No

General Disclosure

The affiliates of PI Financial Corp. are PI Financial (US) Corp., PI Financial Services Corp., and PI Capital Corp.

Analysts are compensated through a combined base salary and bonus payout system. The bonus payout is amongst other factors determined by revenue generated directly or indirectly from various departments including Investment Banking. Evaluation is largely on an activity-based system that includes some of the following criteria: reports generated, timeliness, performance of recommendations, knowledge of industry, quality of research and investment guidance, and client feedback. Analysts are not directly compensated for specific Investment Banking transactions.

None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PI Financial Corp.

PI Financial Corp.'s policies and procedures regarding dissemination of research, stock rating and target price changes can be reviewed on our corporate website at www.pifinancial.com (Research: Research and Conflict Disclosure).

The attached summarizes PI's analysts review of the material operations of the attached company(s).

Analyst	Company	Type of Review	Operations / Project	Date
Philip Ker	Treasury Metals Inc.	Management Update	Goliath Gold Project, ON	05/17

Disclosure to US Residents

PI Financial (US) Corp. is a U.S. registered broker-dealer and subsidiary of PI Financial Corp. PI Financial (US) Corp. accepts responsibility for the contents of this research report, subject to the terms and limitations as set out above. U.S. residents seeking to effect a transaction in any security discussed herein should contact PI Financial (US) Corp. directly.

Recommendations	Number of Recommendations	Percentage
BUY	62	87.32%
NEUTRAL	8	11.27%
SELL	0	0.00%
TENDER	1	1.41%
U/R	0	0.00%
N/R	0	0.00%
TOTAL	71	

Stock Rating and Target Changes

For reports that cover more than six subject companies, the reader is referred to our corporate web site for information regarding stock ratings and target changes. www.pifinancial.com (Research: Research and Conflict Disclosure).



Treasury Metals Inc. (Initiated Coverage: May 23 /17)

Date	Rating Change	Target Change	Share Price
May 23/17	Buy	\$1.20	\$0.71

Capital Markets Group

Managing Director, SVP Capital Markets

Jeremiah Katz
604.664.2916

Managing Director, Head of Research

Bob Gibson, B.Comm, CFA
416.883.9047

Managing Director, Head of Institutional Sales & Trading

Jim Danis, B.Sc. (Hons.)
604.718.7551

Managing Director, Co-Head of Investment Banking

Dan Barnholden, MBA
604.664.3638

Managing Director, Co-Head of Investment Banking

Rick Vernon, B.Sc., MBA
416.775.5100

Research Analysts

Consumer Products

Bob Gibson, B.Comm, CFA
416.883.9047

Energy & Energy Services

Brian Purdy, P. Eng, MBA, CFA
403.543.2823

Mining

Adam Melnyk, PEng, CFA
604.664.7542

Philip Ker, PGeo, MBA
647.789.2407

Brian Szeto, MA, CFA
647.789.2415

Special Situations

Jason Zandberg, B.BA, CFA
604.718.7541

Technology

David Kwan, CFA
604.718.7528

Research Associates

Victoria Chan, CFA
604.718.7534

Gary Sidhu, B.Sc., GIT
604.718.7544

Devin Schilling, CFA
604.718.7557

Ian Thies, B.Sc., CFA
403.543.2824

Marketing and Publishing

Michelle Kwok
604.664.2724

Institutional Sales

Vancouver

Jim Danis, B.Sc. (Hons.)
604.718.7551

Jeremiah Katz
604.664.2916

David Goguen, CFA
604.664.2963

Doug Melton, FCSI
604.718.7532

Brodie Dunlop
604.718.7533

Toronto

Jose Estevez, CFA
416.883.9042

John McBride
416.883.9045

Institutional Trading

Vancouver

Darren Ricci
604.664.2998 or 800.667.6124 (US)
or 877.682.7233 (CDN)

Adam Dell, CFA
604.718.7517 or 888.525.8811

Toronto

Stephen Pynn
416.883.9048

Investment Banking

Mining

Rick Vernon, B.Sc., MBA
416.775.5100

Dan Barnholden, MBA
604.664.3638

Russell Mills, CFA, MFin
647.789.2405

Tim Graham, B.Comm
604.664.3656

Jim Locke, CFA
604.664.2670

Energy

Tony Kinnon, BA
403.543.2918

Technology

Blake Corbet, BA
604.664.2967

Diversified Industries

Grant Hughes, CFA, MFin
647.789.2417

Investment Banking Associate

Joel Kitsul
604.718.7510

Investment Banking Analyst

Cameron Dowle
604.718.7516

Equity Capital Markets/Syndication

Trina Wang
604.664.3637

PI Financial Corp.

www.pifinancial.com

Head Office

Suite 1900, 666 Burrard Street
Vancouver, BC V6C 3N1
ph: 604.664.2900 fx: 604.664.2666

Toronto Office

Suite 3401, 40 King Street West
Toronto, ON M5H 3Y2
ph: 416.883.9040 fx: 647.789.2401

Calgary Office

Suite 1560, 300 5th Avenue SW
Calgary, AB T2P 3C4
ph: 403.543.2900 fx: 403.543.2800

For a complete list of branch office locations and contact information, please go to www.pifinancialcorp.com

Participants of all Canadian Marketplaces. Members: Investment Industry Regulatory Organization of Canada, Canadian Investor Protection Fund and AdvantageBC International Business Centre - Vancouver. Estimates and projections contained herein are our own and are based on assumptions which we believe to be reasonable. Information presented herein, while obtained from sources we believe to be reliable, is not guaranteed either as to accuracy or completeness, nor in providing it does PI Financial Corp. assume any responsibility or liability. This information is given as of the date appearing on this report, and PI Financial Corp. assumes no obligation to update the information or advise on further developments relating to securities. PI Financial Corp. and its affiliates, as well as their respective partners, directors, shareholders, and employees may have a position in the securities mentioned herein and may make purchases and/or sales from time to time. PI Financial Corp. may act, or may have acted in the past, as a financial advisor, fiscal agent or underwriter for certain of the companies mentioned herein and may receive, or may have received, a remuneration for their services from those companies. This report is not to be construed as an offer to sell, or the solicitation of an offer to buy, securities and is intended for distribution only in those jurisdictions where PI Financial Corp. is registered as an advisor or a dealer in securities. Any distribution or dissemination of this report in any other jurisdiction is strictly prohibited.

For further disclosure information, reader is referred to the disclosure section of our website.