



**CORPORATE UPDATE** May 30, 2018

**TREASURY METALS INC.**  
(T-TML) \$0.42

**RATING: BUY**  
*(unchanged)*

**TARGET: \$1.20**  
*(unchanged)*

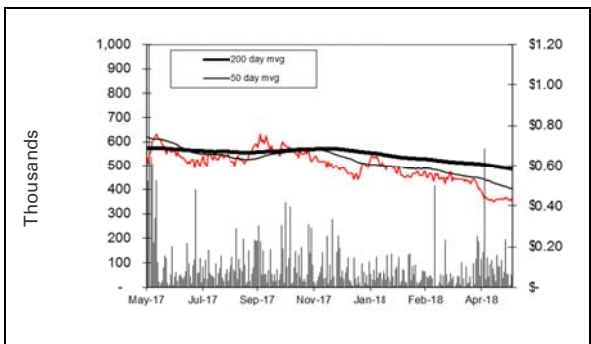
**Goliath Proving it's "Open" for Business**

- ▶ **EVENT:** Today, Treasury Metals announced positive drilling results from its on-going efforts at its Goliath project.
- ▶ **DISCUSSION:** Treasury continues to delineate the Goliath ore body with on-going exploration and infill drilling. Today's batch of assay results comes from 17 new holes spanning 11,591m which focused on down-dip extension of a high-grade shoot of the C-Zone, infill drilling at the Main Zone and exploration drilling along strike to the northeast.
- ▶ Positive results demonstrated today continue to support the potential for increased confidence levels with the goal to incorporate new geologic data into the mine plan within the upcoming PFS which is slated for completion in July/18.
- ▶ Highlight intervals from today's results include:
  - 3.0m of 65.78g/t Au (C zone); and
  - 7.0m of 7.56g/t Au (Main zone).
- ▶ These holes demonstrate that Goliath remains open at depth while drilling continues to confirm and enhance the geologic model with improved confidence. Drilling is supporting high-grade blocks to be converted into higher category resources ("indicated") and to be incorporated into the projects PFS.
- ▶ A 5,000m campaign has commenced to the East Resource target which is not in the current mine plan and based on surface and geophysical work, contains banded iron formation and a fold nose structure which has significant potential to host high-grade gold mineralization.
- ▶ **FORECAST/OUTLOOK:** We continue to believe that the key catalysts for Treasury and its Goliath project, is the backing of a strategic partner and the delivery of the projects PFS. Assuming access to adequate capital, we continue to target completion of the Goliath PFS in mid-2018 with initial open pit production in 2021.
- ▶ **VALUATION/RECOMMENDATION: We are maintaining our BUY rating and \$1.20/sh target price for Treasury Metals.** 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. At present, on an EV/oz basis, Treasury is only trading at \$24/oz compared to its peer group average of \$45/oz.

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**Company Statistics**

Risk:	SPECULATIVE
52-week High/ Low:	\$0.77/ \$0.42
Shares Outstanding:	123M (basic) 128M (fd)
Market Capitalization (C\$):	\$57M
3-Month Avg. Daily Volume:	74K
Working Capital (C\$ est):	\$0M
Long Term Debt (C\$ est):	\$5.1M
Enterprise Value (C\$):	\$57M
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 3-4 of this report.**

## Company Snapshot

### TREASURY METALS INC. (TSX-TML)

<b>TML.TO</b>	<b>\$0.42</b>
<b>Rating</b>	<b>BUY</b>
<b>Risk</b>	<b>SPECULATIVE</b>
<b>Target Price</b>	<b>\$1.20</b>
<b>Projected Total Return</b>	<b>186%</b>

#### Market Data

Shares O/S (M)	123
Shares O/S F.D. (M)	128
52-Week High (\$)	\$0.77
52-Week Low (\$)	\$0.42
Market Cap (\$ M)	\$51.7
Working Capital (\$M)	(\$0.1)
Long Term Debt (\$M)	\$5.1
Enterprise Value (\$M)	\$56.9
Fiscal Year End	Dec. 31

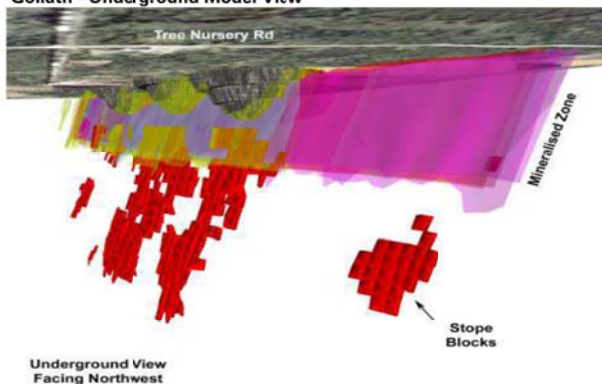
#### Valuation

	<b>\$/sh</b>
Goliath (\$M)	\$1.49
Working Capital (\$M)	(\$0.0)
2017 Exploration Expense (\$M)	\$(0.06)
Corp Adjustments (\$M)	\$(0.2)
NAV (\$/sh)	\$1.21
P/NAV	0.3X

#### Management

Chris Stewart - President & CEO  
Dennis Gibson - CFO

#### Goliath - Underground Model View



Resource Summary		Tonnes (Mt)	Gold (g/t)	Gold (Moz)	Silver (g/t)	Silver (Moz)
<b>Goliath</b>						
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 (C\$/sh)	Market Cap. (C\$M)	EV (C\$M)	AuEq (Moz)	EV/oz (US\$/oz)
Pure Gold Mining Inc	0.67	155.2	134.1	1.94	53.1
Eastmain Resources Inc	0.25	51.7	37.1	1.74	16.4
Barkerville Gold Mines Ltd	0.54	243.8	208.5	3.75	42.7
ATAC Resources Ltd	0.56	81.2	63.6	0.68	71.5
Almaden Minerals Ltd	0.92	94.0	78.5	3.59	16.8
Marathon Gold Corp	0.93	137.2	129.8	3.24	30.8
Nighthawk Gold Corp	0.51	96.2	67.4	2.10	24.7
Osisko Mining Inc	2.32	482.4	386.8	2.89	103.1
<b>Treasury Metals Inc</b>	<b>0.42</b>	<b>51.7</b>	<b>46.4</b>	<b>1.52</b>	<b>23.6</b>
				Average=	44.9
				Median=	36.8

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

## 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

	<b>Applicability</b>
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.	<b>1)</b> 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.	<b>2)</b> 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.	<b>3)</b> Yes
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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.	<b>6)</b> No
7) A member of the research analyst's household serves as an officer, director or advisory board member of the subject company.	<b>7)</b> No
8) PI Financial Corp. and/or its affiliates make a market in the securities of the subject company.	<b>8)</b> No
9) Company has partially funded previous analyst visits to its projects.	<b>9)</b> Yes
10) Additional disclosure:	<b>10)</b> No

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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.	Update w/Management	Goliath	5/18

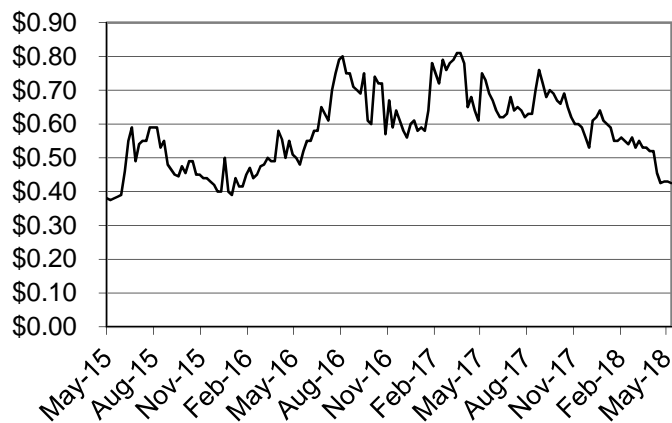
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Recommendations	Number of Recommendations	Percentage
BUY	69	90.79%
NEUTRAL	4	5.26%
SELL	0	0.00%
TENDER	3	3.95%
U/R	0	0.00%
N/R	0	0.00%
<b>TOTAL</b>	<b>76</b>	

### 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](http://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	\$0.72

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