SECUTOR
CAPITAL MANAGEMENT CORPORATION

Company Update

26 January 2015

Treasury Metals Inc.

T-TML

COMPANY SUMMARY

Location:	Dryden, ON
Flagship:	Goliath Gold Project
Ownership:	100%
Commodity:	Gold, silver
Status:	Feasibility-stage
Resources:	9.1 Mt @ 2.66 g/t Au (Indicated) 15.9 Mt @ 1.69 g/t Au (Inferred)
Catalysts:	Permitting, feasibility study

MARKET DATA

Price:	$0.35
Market Cap:	$27.0 MM
Common Shares:	76.4 MM
Fully Diluted:	85.7 MM
52 Wk Range:	$0.63 - 0.25
30 Day Avg Vol:	55,600

Laramide Resources Ltd.	6.7 %
Marc Henderson	6.0 %
Blaise Yerly	3.8 %
Corona Gold Corporation	3.7 %
Martin Walter	3.5 %
Sprott Asset Management	1.6 %
TD Asset Management	0.4 %

Source: Yahoo Finance

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Treasury Metals Update

Is This the Next Probe?

On January 19th, Goldcorp announced a friendly acquisition of all the outstanding shares of Probe Mines for consideration of $526 million. The price represented a 49% premium to Probe's closing share price on January 16th. Borden is a large, low grade bulk-tonnage gold deposit with a high-grade core in northern Ontario. Constrained resources at Borden total 4.35 million ounces grading 1.64 g/t gold, including 2 million underground ounces grading 5.13 g/t gold based on a cut-off grade of 2.5 g/t, and 2.3 million open pit ounces grading 1.03 g/t gold based on a cut-off grade of 0.5 g/t, implying a price of ~$120 per ounce of underground and open pit constrained resources.

Canadian Gold Deposits Continue to be Top Key Merger & Acquisition Targets in the Mining Space. Canada remains one of the best jurisdictions for mining, with Canadian projects commanding a premium valuation. Demand appears to be bifurcated between small-scale mining projects, with low upfront capital and a quick payback, and less often, large-scale, large-production projects which command a scarcity premium. Over the past year, in addition to Goldcorp's offer for Probe, we have seen the take-out of Osisko Mining by Agnico Eagle and Yamana Gold, the acquisition of Brigus Gold by Primero Mining, and Sabina Gold & Silver's sale of the Newman-Madsen project to Pure Gold Mining (previously Laurentian Goldfields).

We believe that Treasury Metals' Goliath project, conceptualized as a small-scale underground/open-pit operation, could be an attractive bolt-on acquisition for a gamut of mining companies. Goliath's status as one of the most-advanced development projects in Canada, its further potential upside through optimization and improvement of economics, as well as its quality compared to recently acquired projects puts Goliath in the spotlight.

Additionally, with an upcoming resource update, potentially some regional exploration success, and upcoming feasibility study, Treasury has a lot of catalysts in 2015 which could provide its shares with momentum in the near-term.

Treasury's Valuation Remains Cheap for a Canadian Project with Attractive Economics. Goliath is one of the more advanced gold development projects in Canada. In November 2012, Treasury began the permitting process for Goliath with the submission of a Project Description (PD) to the Canadian Environmental Assessment Agency (CEAA). The submission kicked off the permitting and approval process and initiated the environmental assessment process under the Canadian Environmental Assessment Act. In October 2014, Treasury submitted an Environmental Impact Statement (EIS) to the CEAA, and the formal review process is anticipated to start imminently. Economics of the project have also been published in a July 2012 preliminary economic assessment (PEA), with a feasibility study anticipated in H1/15.

Furthermore, Goliath has excellent infrastructure. The project is located 20 kilometres east of the city of Dryden, in northwestern Ontario. Goliath has access to the Trans-Canada Highway 17, secondary roads, rail, a natural gas pipeline and a 115 kV power line.

Treasury published a PEA for the Goliath project in July 2012. The Company outlined a 2,500 tonne per day open-pit/underground operation. Over a 10.3 year mine life, Goliath's annual production would average 80,000 ounces of gold equivalent at an average operating cash cost of $698 per gold equivalent ounce produced. Production assumptions were based on an average life of mine mill feed grade of 2.87 g/t gold and 3.05 g/t gold equivalent, as well as metallurgical gold recoveries of 95%. Project initial capex was estimated at $91.4 million, including a 20% contingency, with life-of-mine capex totalling $200.5 million. The project's economics were based on a much stronger Canadian dollar, a USD/CAD exchange rate of $1.02. The underground operation capex would be funded from cash flows from open-pit production in the earlier years of the mine life. Treasury estimated a "break even" price of gold of US$930 per ounce for the project. The PEA mine plan included processing of 26% of the open pit resources of 678,000 ounces (all categories) and 57% of the underground resources.

Treasury last published a resource update for Goliath in November 2011, based on an October 2011 drill cut-off date. The 2011 resource estimate defined a 1.7 million gold ounce global resource, including 678,000 million open-pit ounces grading 1.28 g/t gold (1.34 g/t gold equivalent) and 947,000 underground ounces grading 3.70 g/t gold (3.94 g/t gold equivalent) based on open pit and underground cut-off grades of 0.3 g/t and 1.5 g/t respectively. The deposit remains open along strike and at depth. Since the resource update, Treasury has completed over 40,000 metres of drilling at the project. The Company is targeting the release of an updated resource in H1/15.

Optimization Opportunities Abound. We note that the open-pit and underground grades at Goliath, at cut-off grades comparable to the Borden project resource estimate, compare favourably. We note that the 2010 resource at Goliath, calculated at an open-pit cut-off grade of 0.5 g/t and underground cut-off grade of 2.0 g/t, returned average grades of 4.51 g/t and 1.37 g/t for the underground and the open-pit resources respectively, comparing favourably to Borden's underground resource grade of 5.13 g/t gold based on a cut-off grade of 2.5 g/t, and an open-pit resource grade of 1.03 g/t gold based on a cut-off grade of 0.5 g/t.

There is potential for the resource to grow and for the open-pit and underground grades to improve with additional work at the property. In 2013, Treasury identified areas of near-surface higher-grade mineralization at Goliath, appearing as several west-plunging shoots with down-plunge continuity and strike lengths of over 50 metres. These higher-grade areas occur where there is tight folding of the mineralized horizon, with gold concentrated in fold noses, at regular intervals. The Company has identified four to five of these high-grade shoots on the property, all open at depth, which could contribute improved economics of the deposit with additional resource delineation. Approximately 85% of the drilling completed since the 2011 resource update was infill drilling,

Treasury has delineated open-pit resources over a strike length of 1.5 kilometres, but the Goliath property has district-scale potential, and Treasury has shown that anomalous gold mineralization and alteration extend over a strike length of more than 5,000 metres.

In 2014, Treasury drilled some initial holes in the Far West area, 400 metres to the west of the current resource, which intersected shallow mineralization at vertical depths of 25 to 50 metres. As part of the Phase 2 6,000 to 7,000 metre drill program currently underway, The Company will drill 8 to 10 shallow holes in the Far West area.

Furthermore, in October 2012, Treasury acquired the Norman property, located directly to the east and down dip of the resource at Goliath. The 240 hectare Norman property is unexplored, and could potentially extend the strike of Goliath by a further 1.6 kilometres.

Treasury continues to trade at a relatively cheap valuation of ~$16 per ounce of global resources, considering a relatively short twelve to sixteen month construction period, ongoing permitting since 2012, no apparent permitting issues and a manageable initial capex investment.

Brigus Gold Fetched a $220 million Valuation…What Would Treasury's Price Tag Be? We see some similarities between Goliath, and the Black Fox mine, which was acquired by Primero Mining in March 2014. Brigus Gold, and its producing Black Fox open-pit/underground mine near Timmins, Ontario, was acquired by Primero Mining in early 2014 for consideration of $220 million, a 45% premium over the December 13, 2013 closing price at the time of announcement. At the time of the acquisition, Black Fox's annual production was ~100,000 ounces of gold at an estimated cash cost of US$650 to US$700 per ounce (at an USD/CAD exchange rate of ~$1.06 at the time of acquisition), based on average throughput of 2,200 tpd and an average mill feed grade of ~4.5 g/t. The mine was 100% owned by Brigus Gold, but was subject to an 8% gold streaming agreement at a purchase price of US$504 per ounce with Sandstorm Gold. At the time of the transaction, Brigus Gold also had US$74.6 million in debt on its balance sheet. Primero acquired Black Fox at a price of ~$220 per ounce of resources contained at Black Fox. Brigus had also outlined a global resource of 0.74 million ounces at the nearby Grey Fox deposit, implying an acquisition cost of ~$125 per ounce of global resources at Black Fox and Grey Fox.

Integra Gold's Lamaque Project an Example of a Well-Marketed Small Scale Development Project with a Premium Valuation. A small-scale project which has received significant attention from the market is Integra Gold's Lamaque project in Val D'Or. In January 2015, Integra published an updated PEA for underground production from Lamaque, which outlined total gold production of 511,600 ounces, throughput of 1,300 tpd, average annual gold production of 112,400 ounces, a mine life of 4.25 years, a cash cost of $551 per ounce, AISC of $731 per ounce, with initial capex of $61.9 million, an after-tax IRR of 59% and an after-tax NPV5% of $113.5 million based on a gold price assumption of US$1,175 per ounce (at an USD/CAD exchange rate assumption of $1.14). In the PEA, Integra estimated operating costs of $137 per tonne, which included the incorporation of the impact of the Company's acquisition of the neighboring Sigma/Lamaque Mill and Mine Complex in September 2014. To date, Integra has outlined a high grade underground resource of 828,260 ounces grading 10.8 g/t based on a 5 g/t gold cut-off grade, implying a valuation of $70 per ounce of global resources. While part of Lamaque's attractiveness is its high grade and the potential to grow resources, we believe that the other attractive aspects of the project include the quick permitting horizon, low capex, location in Canada near excellent infrastructure, and small-scale operation with inherent smaller execution risk, all attributes shared with the Goliath project.

Integra's share price has increased 38% over the past year. During the same time, the Philadelphia Gold and Silver Index (XAU) has decreased 13%. Currently, the market ascribes a value of $70 per ounce of global resources to Integra, well above the ~$16 per ounce value ascribed to Treasury.

Goldcorp is Paying a Premium for Probe Underground Resource Ounces... While the implied price of the Probe acquisition was ~$120 per ounce of underground and open pit constrained resources, Goldcorp stated that the Company plans to focus on the underground development of Borden. While there remains significant potential for resource expansion at Borden, which comprises 70 kilometres of contiguous claims, Goldcorp is essentially paying $263 per ounce of constrained underground resources.

Goldcorp's preliminary plan is to transport the ore to its Porcupine mine, located 160 kilometres east of the Borden project. The Company anticipates that shipping ore to the Dome milling facility at Porcupine would reduce up-front capital costs and permitting requirements, allowing a relatively short development period. We note that shipping open-pit ore 160 kilometres to the Dome mill would likely be uneconomic; at a shipping cost of $0.20 and $0.30 per kilometre per tonne of ore shipped, transportation costs would be $32 and $48 per tonne respectively, versus a gross metal value of US$43 per tonne of open-pit ore grading 1.03 g/t based on a gold price assumption of US$1,300 per ounce.

Goldcorp is paying up for a very early-stage project which has no economics outlined, and no permitting process initiated. We also note that historically Probe had highlighted the bulk tonnage open-pit development potential of Borden, with the high-grade core only identified in H2/11. The deposit is very sensitive to the cut-off grade assumption used.

At an open-pit cut-off grade of 0.5 g/t, the open-pit resource at Borden totals 2.32 million ounces grading 1.03 g/t, while Goliath's open-pit grade is 1.28 g/t (2012 resource) and 1.37 g/t (2011 resource) at a 0.3 g/t and 0.5 g/t cut-off respectively. The underground resource at Borden totals 2.39 million ounces grading 4.29 g/t gold at an underground cut-off grade of 2.0 g/t, versus 2.0 million ounces grading 5.13 g/t gold at a cut-off grade of 2.5 g/t. Meanwhile, Goliath's underground grade is 4.51 g/t (2011 resource) and 3.70 g/t (2012 resource) at a 2.0 g/t and 1.5 g/t cut-off respectively.

While these projects are not directly comparable, with Borden more than 2.5 times the size of Goliath, we argue that Treasury is undervalued, and that some of the valuation gap between the two (~7.5 times) is not warranted.

Summary. Treasury's Goliath gold project is promising near-term gold development play with an excellent address. Goliath is located in Kenora mining district, 20 kilometres east of the city of Dryden, in northwestern Ontario. Goliath has a highway accessible location and excellent infrastructure. In the current gold price environment, the Goliath project is in a sweet spot when it comes to size and scale. Many junior companies own development projects that will likely never get financed and built due to their outsized project capex price tags. Treasury's 2012 Goliath PEA outlined a project with annual production of 80,000 ounces and a manageable initial capex of $91.4 million, making it an attainable project for a company of Treasury's scale.

Project Comparison

Project Comparison: Goliath, Borden, Black Fox, Integra				
Company name	Treasury Metals	Probe Mines	Brigus Gold	Integra Gold
Project name	Goliath	Borden	Black Fox	Lamaque
Project location	Kenora/Dryden, NW Ontario	Chapleau, northern Ontario	Timmins, NE Ontario	Val d'Or, western Quebec
Mine type	Open pit/Undeground	Open pit/Undeground	Open pit/Undeground	Underground
Flowsheet	Gravity, CIL	Gravity, flotation, CIL	Gravity, CIL	Gravity or flotation, CIL
Mine life	10.3	n/a	OP ~3 years, UG ~7 years based on reserves	4.5
Strip ratio	9.30	n/a	10.00	n/a
Plant throughput	2,500 tpd	n/a	2,100 - 2,200 tpd	2,200 tpd
Mineral resources				
Au	OP: 0.72 Moz at 1.28 g/t UG: 1.0 Moz at 3.70 g/t Total: 1.72 Moz at 2.04 g/t	OP: 2.32 Moz at 1.03 g/t UG: 2.0 Moz at 5.13 g/t Total: 4.35 Moz at 1.64 g/t	OP grade: 2.5 - 3.0 g/t UG grade: 6.0+ g/t Total: 0.99 Moz at 5.18 g/t	UG: 1.05 Moz at 7.85 g/t
Cut-off assumptions	OP at 0.3 g/t, UG at 1.5 g/t cut-off	OP at 0.5 g/t, UG at 2.5 g/t cut-off	OP at 0.88 g/t, UG at 2.54 g/t cut-off	UG at 3.0 g/t cut-off
Mineral resources				
Au	OP: 0.37 Moz at 1.37 g/t UG: 0.83 Moz at 4.51 g/t Total: 1.20 Moz at 2.65 g/t	OP: 2.32 Moz at 1.03 g/t UG: 2.39 Moz at 4.29 g/t Total: 4.71 Moz at 1.67 g/t	n/a	UG: 0.83 Moz at 10.8 g/t
Cut-off assumptions	OP at 0.5 g/t, UG at 2.0 g/t cut-off	OP at 0.5 g/t, UG at 2.0 g/t cut-off	n/a	UG at 5.0 g/t cut-off
Average head grades				
Au	2.87 g/t	n/a	4.34 g/t	8.24 g/t
Ag	9.30 g/t	n/a	n/a	n/a
Average recoveries				
Au, %	95.00%	~94 to 98%	94.00%	93.60%
Ag, %	70.00%	n/a	n/a	n/a
Payable metal				
Au	793 LOM koz 77 koz/yr	n/a	100 koz/yr	511.6 LOM koz 109,700 koz/yr
Ag	1,892 LOM koz 184 koz/yr	n/a	n/a	n/a
Cash Costs				
Total cash costs	$698/oz (per gold equivalent ounce)	n/a	US$650 to US$700/oz	$551/oz
AISC	~$853/oz	n/a	~US$950 to US$1,000/oz	$731/oz
Capex				
Initial capex	$91.4 MM	n/a	n/a	$61.9 MM
Sustaining capex/year	~$12.4 MM	n/a	~$25 MM	~$19.8 MM
Market metrics				
Market cap/acquisition price, $MM	$28.8	$526.0	$220.0	$58.0
Market capitalization per resource ounce	$17	$121	$222	$70
USD/CAD exchange rate assumption	1.02	n/a	1.06	1.14

Source: Secutor, Company Filings

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T-TML	Treasury Minerals Inc.			X	X	X	

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