

Ticker: TML CN
Market cap: C\$116m

Net cash: C\$19m
Price: C\$0.89/sh
RECOMMEND. (unc): BUY
TARGET (unc): C\$2.45/sh

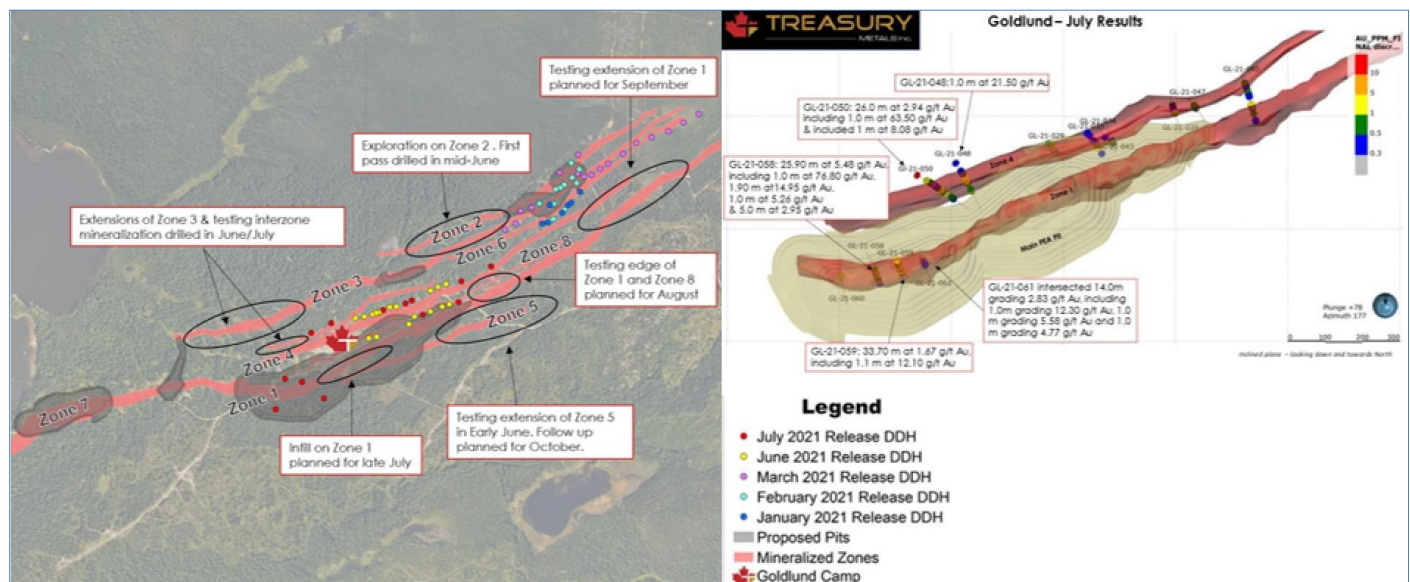
Project: Goliath Complex
Country: Dryden, Ontario, Canada
RISK RATING: SPECULATIVE

Today's hits from holes targeting infill of Zone 1 and expansion on Zone 4 are impressive, with bulk hits 14-34m @ 1.7-5.5g/t inside the PEA pit showing good continuity within Zone 1 while Zone 4 (lies outside the PEA pit to the north) returned 26m @ 2.9g/t (including 1m @ 63.5g/t) pointing to potential pit expansions. Treasury is halfway through the 30,000m program at Goldlund with next steps to see (i) Zone 2 exploration results from mid-June drilling, (ii) Zone 3 extensions / parallel expansion results, (iii) Zone 1 infill drilling in the core of the PEA pit, (iv) drilling area between Zone 1 / 8 next month, and (v) Zone 1 drilling on far eastern extents in September. Key here is that Treasury has laid out a clear pathway to growth and has demonstrated it with the first pass 16,500m completed so far this year. Quantifying this, we'd like to see at least +200koz come into the mine-plan as a result of this, a meaningful addition given the 1.13Moz existing inventory. But no rest for the wicked – the 2Q21 appointment of Maura Kolb (M.Sc., P.Geo) marks a step-change in regional exploration, with greenfield targeting now a key tenant of the company's growth. At the same time, the First Mining deal has evidently created some price pressure for Treasury, making it an attractive growth and value play, with 4Q21 MRE and DFS thereafter key catalysts to close this gap. Ahead of that, **we maintain our BUY rating and 0.5xNAV_{5%-1850} price target of C\$2.45/sh.**

Goldlund drilling returns high grades within 26m @ 2.9g/t bulk intervals outside the PEA pit

Results of 13 holes (2,300m) at Goldlund highlighted **1m @ 21.5g/t** and **26m @ 2.9g/t** including **1m @ 63.5g/t** and **1m @ 8.1g/t** in Zone 4 outside the northern PEA pit limits. Inside the PEA pit shell, drilling returned highlights of **33.7m @ 1.7g/t**, **25.9m @ 5.5g/t**, and **14m @ 2.8g/t** from Zone 1. Higher grade intervals within these broader zones were also highlighted including **1m @ 76.8g/t**, **1.1m @ 12.1g/t**, and **1m @ 12.3g/t**. The planned 30,000m infill and expansion program is ongoing at Goldlund with three drills active and ~16,500m already complete.

Figure 1: (A) Plan- and (B) isometric-maps of Goldlund's PEA pit outline and today's drilling highlights



Source: Treasury

Why we like Treasury

- PEA modelled 1Moz / 100koz pa operation in Tier 1 location within Canada
- 1Q21 MRE provides a conservative base-case on which to build
- Strong potential for depth (Goliath) and at-surface strike (Goldlund)
- Belt control to support future hub-and-spoke operation, satellites already booked (Miller)

- New management with a strong mine-build pedigree

Catalysts

- 2021: Exploration results from ongoing drilling (Miller, Goldlund, Goliath)
- 4Q21: Updated MRE
- 2022: SCPe DFS
- 2Q23: SCPe Build start

Research

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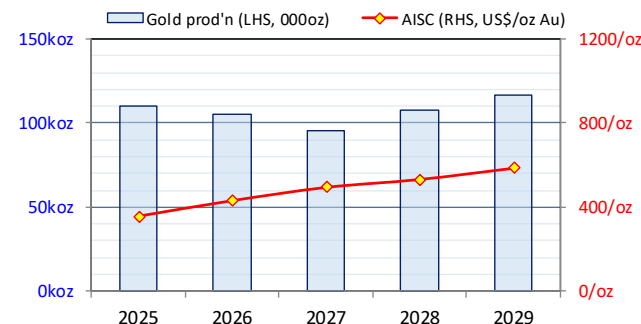
Ticker: TML CN		Price / mkt cap: C\$0.89/sh, C\$116m				Project PNAV today: 0.23x		Asset: Goliath Complex					
Author: B. Salier / B. Gaspar		Rec / xNAV PT: BUY, C\$2.45/sh				1xNAV build start, FD: C\$3.83/sh		Country: Canada, ON					
Commodity price		CY20A	CY21E	CY22E	CY23E	CY24E	Resource / Reserve		Au (koz) Au (g/t)	DepositAu (koz)			
Gold price		1,771	1,794	1,786	1,796	1,850	M&I		1965koz	1.10g/t	Goliath 1264koz		
SOTP project valuation*							Inferred		528koz	0.77g/t	Goldlund 1151koz		
		C\$m	O/ship	NAVx	C\$/sh		Total		2493koz	0.99g/t	Miller 79koz		
Goliath proj @ 2Q23 build start		503	100%	0.5x	1.70		PEA Goliath-Goldlund inventory		1138koz				
1Q21 cash		19.3	100%	1.0x	0.12		Funding: uses		Funding: sources				
Cash from options + warrants		47	100%	1.0x	0.29		Mine build capex		C\$233m	1Q21 cash	C\$19m		
Resource ex reserve @ US\$25/oz		52	100%	1.0x	0.32		SCPe G&A to 1st Au		C\$0m	Equity to fund DFS (C\$m)	C\$20m		
Asset NAV5% US\$1850/oz		622			PT: 2.43		SCPe pre-production expl'n		C\$8m	Mine build debt (C\$m)	C\$140m		
*Diluted for options but not mine build		Market P/NAV5%1Q21				0.23x	SCPe finance costs + wkg cap		C\$17m	Build equity @ 0.5xNAV (m)	C\$116m		
Asset value: 1xNPV project @ build start (C\$m, ungeared)*							Total uses		C\$258m	Total proceeds	C\$295m		
Project NPV (C\$m)*		\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz				Buffer	C\$37m		
10.0% discount		318	375	431	543	599	Share data		Basic	FD	FF FD		
7.5% discount		371	434	497	624	687	Basic in issue (m)		130.2	162.5	223.1		
5.0% discount		431	503	575	720	792	Ratio analysis		CY20A	CY21E	CY22E	CY23E	CY24E
Ungeared project IRR:		0%	0%	0%	0%	0%	Average shares out (m)		148.4	123.6	188.3	223.1	223.1
PT sensitivities (C\$/sh)		\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz	EPS (C\$/sh)		-	-	-	-	-
10.0% discount		1.85	2.04	2.23	2.60	2.79	CFPS (C\$/sh)		-	-	-	-	-
7.5% discount		2.03	2.24	2.45	2.87	3.09	EV (C\$m)		132.6	85.7	150.2	116.4	308.8
5.0% discount		2.23	2.47	2.71	3.20	3.44	FCF yield (%)		-	-	-	-	-
*Project level NPV, excl finance costs and central SGA, discounted to build start							PER (x)		-	-	-	-	-
Group valuation over time^		3Q21	3Q22	3Q23	3Q24	3Q25	P/CF (x)		-	-	-	-	-
Project NPV (C\$m)		458.3	481.4	516.6	718.2	770.6	EV/EBITDA (x)		-	-	-	-	-
G&A and finance costs (C\$m)		(33.1)	(30.9)	(30.5)	(27.3)	(16.6)	Income statement		CY20A	CY21E	CY22E	CY23E	CY24E
Net cash prior qtr (C\$m)		30.4	20.2	127.6	(41.6)	(73.5)	Net revenue (C\$m)		-	-	-	-	-
Cash from options + warrants (C\$m)		47.2	47.2	47.2	47.2	47.2	COGS (C\$m)		-	-	-	-	-
Resource ex reserve (C\$m)		52.0	52.0	52.0	52.0	52.0	Gross profit (C\$m)		-	-	-	-	-
NAV FF FD (C\$m)		555	570	713	749	780	D&A, attrib (C\$m)		-	-	-	-	-
Shares in issue (m)		130.2	130.2	223.1	223.1	223.1	Group G&A (C\$m)		2.8	3.6	3.6	-	-
1xNAV5%/sh FF FD (C\$/sh)		4.26	4.38	3.20	3.35	3.49	Finance cost (C\$m)		0.7	0.0	-	0.5	9.3
Equity ROI from spot (% pa)				89%	56%	41%	Taxes (C\$m)		-	-	-	-	-
Geared company NAV diluted for mine build, net G&A and finance costs							Net income (C\$m)		(3.6)	(3.6)	(3.6)	(0.5)	(9.3)
1Q23 1xNAV FF FD (C\$/sh)^		\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz	EBITDA (C\$m)		(2.0)	(2.9)	(4.9)	(1.3)	(1.0)
10.0% discount		542	600	657	772	829	Cash flow, attrib.		CY20A	CY21E	CY22E	CY23E	CY24E
7.5% discount		592	656	721	850	914	EBIT (C\$m)		(2.8)	(3.6)	(3.6)	-	-
5.0% discount		649	722	795	941	1,014	Add back D&A (C\$m)		-	-	-	-	-
Geared project IRR:		0%	0%	0%	0%	0%	Less tax (C\$m)		0.7	0.0	-	0.5	9.3
1Q23 1xNAV FF FD (C\$/sh)^		\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz	Net change in wkg cap (C\$m)		(0.6)	0.3	(0.1)	0.3	-
10.0% discount		2.19	2.52	2.85	3.53	3.86	Add back other non-cash (C\$m)		(1.4)	(0.1)	0.3	(1.5)	(18.6)
7.5% discount		2.48	2.86	3.23	3.99	4.37	Cash flow ops (C\$m)		(4.0)	(3.4)	(3.5)	(0.8)	(9.3)
5.0% discount		2.82	3.25	3.68	4.54	4.98	PP&E - build + sust. (C\$m)		(1.9)	-	(1.2)	(50.5)	(183.0)
^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity							PP&E - expl'n (C\$m)		(3.6)	(8.7)	(2.2)	-	-
Production		2025	2026	2027	2028	2029	Cash flow inv. (C\$m)		(5.5)	(8.7)	(3.4)	(50.5)	(183.0)
Gold production (000oz)		110	105	95	107	117	Share issue (C\$m)		13.3	36.5	-	116.0	-
C1 cost (US\$/oz)		287	351	408	409	410	Debt draw (repay) (C\$m)		(0.0)	(0.0)	-	42.0	93.2
AISC cost (US\$/oz)		354	430	494	532	586	Cash flow fin. (C\$m)		13.3	36.5	-	158.0	93.2
AISC = C1 + ug sustaining capex, Y1 = 12M to Sep 2024							Net change in cash (C\$m)		3.8	24.4	(6.9)	106.7	(99.1)
							Balance sheet		CY20A	CY21E	CY22E	CY23E	CY24E
							Cash (C\$m)		4.4	28.9	22.1	128.8	29.6
							Acc rec., inv, prepaid (C\$m)		0.7	1.1	1.1	1.1	1.1
							PP&E + other (C\$m)		177.7	186.4	189.7	240.2	423.2
							Total assets (C\$m)		182.9	216.4	212.9	370.1	453.9
							Debt (C\$m)		5.0	4.6	4.6	46.6	139.8
							Accounts payable (C\$m)		1.2	1.9	2.0	1.7	1.7
							Others (C\$m)		3.7	1.9	1.9	1.9	1.9
							Total liabilities (C\$m)		9.8	8.4	8.5	50.2	143.4
							Sh'hlds equity + wrnts (C\$m)		188.0	209.1	210.4	327.8	328.7
							Retained earn'gs + rsvs (C\$m)		(14.9)	(1.1)	(6.1)	(7.9)	(18.2)
							Liabilities + equity (C\$m)		182.9	216.4	212.9	370.1	453.9

Gold prod'n (LHS, 000oz)

AISC (RHS, US\$/oz Au)

Year	Gold prod'n (000oz)	AISC (US\$/oz Au)
2025	110	287
2026	105	351
2027	95	408
2028	107	409
2029	117	410

Source: SCP estimates



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BUY:	44
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SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	44

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