

Ticker: TML CN
Market cap: C\$104m

Net cash: C\$19m
Price: C\$0.80/sh

Project: Goliath Complex
Country: Dryden, Ontario, Canada

RECOMMEND. (unc): BUY

TARGET (unc): C\$2.45/sh

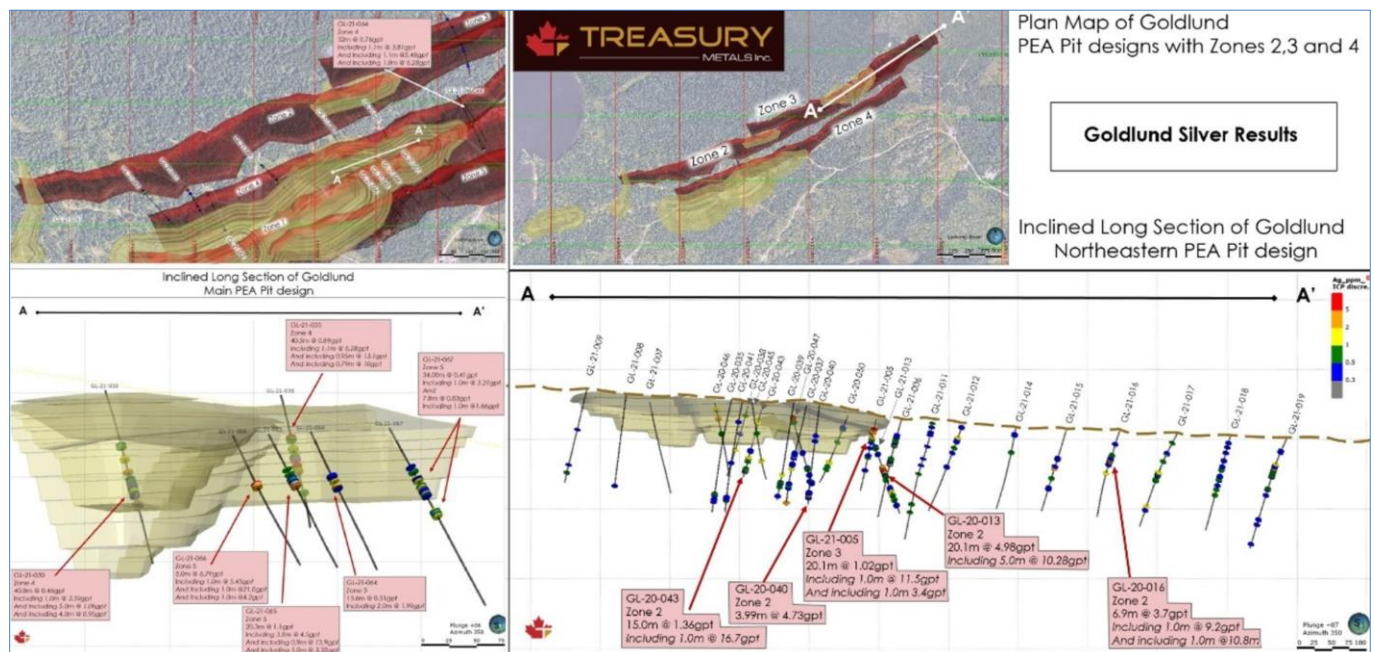
RISK RATING: SPECULATIVE

Today's drilling within, and along strike, of the PEA pit at Goldlund is useful, highlighting **40m @ 0.89g/t, and 32m @ 0.76g/t Au**. The handy surprise here is the silver assays from the far NE end of the Goldlund pit and along strike, highlighting **20.1m @ 4.9g/t Ag** including **5m @ 10.3g/t Ag**, and **6.9m @ 3.7g/t Ag**—useful additions, albeit no step change at this point. Key here is that this is not included in the economics (previously overlooked). Silver credits are nice to have also, with every 5g/t adding ~5% to revenue, not to mention the **streaming opportunity**. Stepping back, after meeting at Beaver Creek last week, we were pleased to learn that the new geology team has spent considerable time compiling data and developing a system to build a robust geological model, enabling more accurate targeting locally and regionally. What's exciting is the step change focus on regional exploration as belt control offers discovery upside as Treasury completes a first pass on the potential high-grade anomaly target south of Goldlund. Upcoming is the MRE planned for YE21 to 1Q22, followed by PFS in 2022. **We maintain our BUY rating and 0.5xNAV_{5%-1850} price target of C\$2.45/sh.**

Silver! First Goldlund Ag assays return 20.1m @ 4.9g/t; in pit drilling returns 40m @ 0.9g/t Au

Treasury reported results from 14 holes drilled at Goldlund that highlighted 40m @ 0.9g/t and 32m @ 0.8g/t in Zone 4, 20m @ 1.1g/t and 5m @ 6.8g/t in Zone 5—all within the PEA resource zone and along strike. Also highlighted is the presence of silver at Goldlund, previously not a focus, and Treasury plans to begin analyzing core for silver going forward for an additional revenue opportunity. The first batch of silver assays highlighted **20.1m @ 4.9g/t Ag** including **5m @ 10.3g/t Ag**, and **6.9m @ 3.7g/t Ag** including **1m @ 9.2g/t Ag** from the Northeastern pit (Zones 2 and 3 in Figure 1B). Stepping back, of this program to date, 88 holes have been drilled within the PEA resource area and 20 holes outside of the Goldlund deposit. Assays are pending from another 28 holes (5,750m).

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\$0.8/sh, C\$104m	Project PNAV today: 0.21x	Asset: Goliath Complex
Author: B. Salier / B. Gaspar	Rec / xNAV PT: BUY, C\$2.45/sh	1xNAV build start, FD: A\$3.83/sh	Country: Canada, ON

Commodity price	CY20A	CY21E	CY22E	CY23E	CY24E
Gold price	1,771	1,794	1,786	1,796	1,850
SOTP project valuation*					
	C\$m	O/ship	NAVx	C\$/sh	
Goliath proj @ 2Q23 build start	503	100%	0.5x	1.70	
1Q21 cash	19.3	100%	1.0x	0.12	
Cash from options + warrants	47	100%	1.0x	0.29	
Resource ex reserve @ US\$25/oz	52	100%	1.0x	0.32	
Asset NAV5% US\$1850/oz	622		PT:	2.43	
*Diluted for options but not mine build					
Market P/NAV5% _{1Q21} 0.21x					

Resource / Reserve	Au (koz)	Au (g/t)	Deposit Au (koz)
M&I	1965koz	1.10g/t	Goliath 1264koz
Inferred	528koz	0.77g/t	Goldlund 1151koz
Total	2493koz	0.99g/t	Miller 79koz
PEA Goliath-Goldlund inventory	1138koz		
Funding: uses	Funding: sources		
Mine build capex	C\$233m	1Q21 cash	C\$19m
SCPe G&A to 1st Au	C\$0m	Equity to fund DFS (C\$m)	C\$20m
SCPe pre-production expl'n	C\$8m	Mine build debt (C\$m)	C\$140m
SCPe finance costs + wkg cap	C\$17m	Build equity @ 0.5xNAV (m)	C\$116m
Total uses	C\$258m	Total proceeds	C\$295m
		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	1.80	1.99	2.18	2.56	2.75	CFPS (C\$/sh)	-	-	-	-	-	-	-	-	-	
7.5% discount	1.98	2.20	2.41	2.84	3.05	EV (C\$m)	119.3	74.6	133.2	96.4	288.7					
5.0% discount	2.19	2.43	2.67	3.16	3.40	FCF yield (%)	-	-	-	-	-					

Asset value: 1xNPV project @ build start (C\$m, ungeared)*					
Project NPV (C\$m)*	\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz
10.0% discount	318	375	431	543	599
7.5% discount	371	434	497	624	687
5.0% discount	431	503	575	720	792
Ungeared project IRR:	0%	0%	0%	0%	0%
PT sensitivities (C\$/sh)	\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz
10.0% discount	1.80	1.99	2.18	2.56	2.75
7.5% discount	1.98	2.20	2.41	2.84	3.05
5.0% discount	2.19	2.43	2.67	3.16	3.40

*Project level NPV, excl finance costs and central SGA, discounted to build start

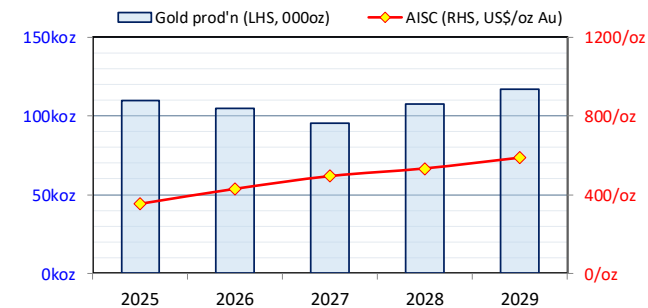
Group valuation over time^	3Q21	3Q22	3Q23	3Q24	3Q25
Project NPV (C\$m)	458.3	481.4	516.6	718.2	770.6
G&A and finance costs (C\$m)	(33.1)	(30.9)	(30.5)	(27.3)	(16.6)
Net cash prior qtr (C\$m)	30.4	20.2	127.6	(41.6)	(73.5)
Cash from options + warrants (C\$m)	47.2	47.2	47.2	47.2	47.2
Resource ex reserve (C\$m)	52.0	52.0	52.0	52.0	52.0
NAV FF FD (C\$m)	555	570	713	749	780
Shares in issue (m)	130.2	130.2	223.1	223.1	223.1
1xNAV5%/sh FF FD (C\$/sh)	4.26	4.38	3.20	3.35	3.49
Equity ROI from spot (% pa)			100%	61%	45%

Geared company NAV diluted for mine build, net G&A and finance costs					
1Q23 1xNAV FF FD (C\$/sh)^	\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz
10.0% discount	533	591	648	763	820
7.5% discount	583	647	712	841	905
5.0% discount	640	713	786	932	1,005
Geared project IRR:	0%	0%	0%	0%	0%
1Q23 1xNAV FF FD (C\$/sh)^	\$1750oz	\$1850oz	\$1950oz	\$2150oz	\$2250oz
10.0% discount	2.14	2.47	2.80	3.47	3.81
7.5% discount	2.43	2.80	3.18	3.94	4.32
5.0% discount	2.77	3.20	3.62	4.49	4.93

^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity

Production	2025	2026	2027	2028	2029
Gold production (000oz)	110	105	95	107	117
C1 cost (US\$/oz)	287	351	408	409	410
AISC cost (US\$/oz)	354	430	494	532	586

AISC = C1 + ug sustaining capex, Y1 = 12M to Sep 2024



Source: SCP estimates

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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

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