



TREASURY METALS

MINING FOR GOLD:
KENORA'S COMEBACK




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Dryden, Ontario has a great future based on the gold being developed by Treasury Metals at its flagship Goliath Gold project: with its pulp industry on the wane it needs the jobs – and Treasury needs its people

The Kenora district of Ontario has only lately attracted serious commercial attention for its gold deposits.

In the late nineteenth century, it was the first part of the province to discover gold – at least a dozen years before the better known Timmins area over to the east that became one of the richest gold producing sites in the western hemisphere. Commercial interest began to wane as time passed, due to various circumstances including haphazard exploratory work and economic conditions, and the interest was slow to return to the region; the greenstone belt around Kenora itself and Dryden to the east of it remained neglected for the better part of a century.

That is changing now. A number of gold discoveries like the Rainy River project and Osisko's Hammond Reef property have been moving toward feasibility, and now another potentially very productive company is firmly establishing Kenora's comeback in gold exploration in the region. Treasury Metals' Goliath Gold Project dates back to the early 1990s when it was discovered by Teck Cominco, then subsequently moved into a joint venture with Corona Gold. However, development of the project was impacted by the interest of Laramide Resources, which had already staked a crucial portion of the project. In the end, the three parties agreed to consolidate their interests in late 2008 under a new company, and Treasury Metals listed on the main board of the Toronto Stock Exchange that year.



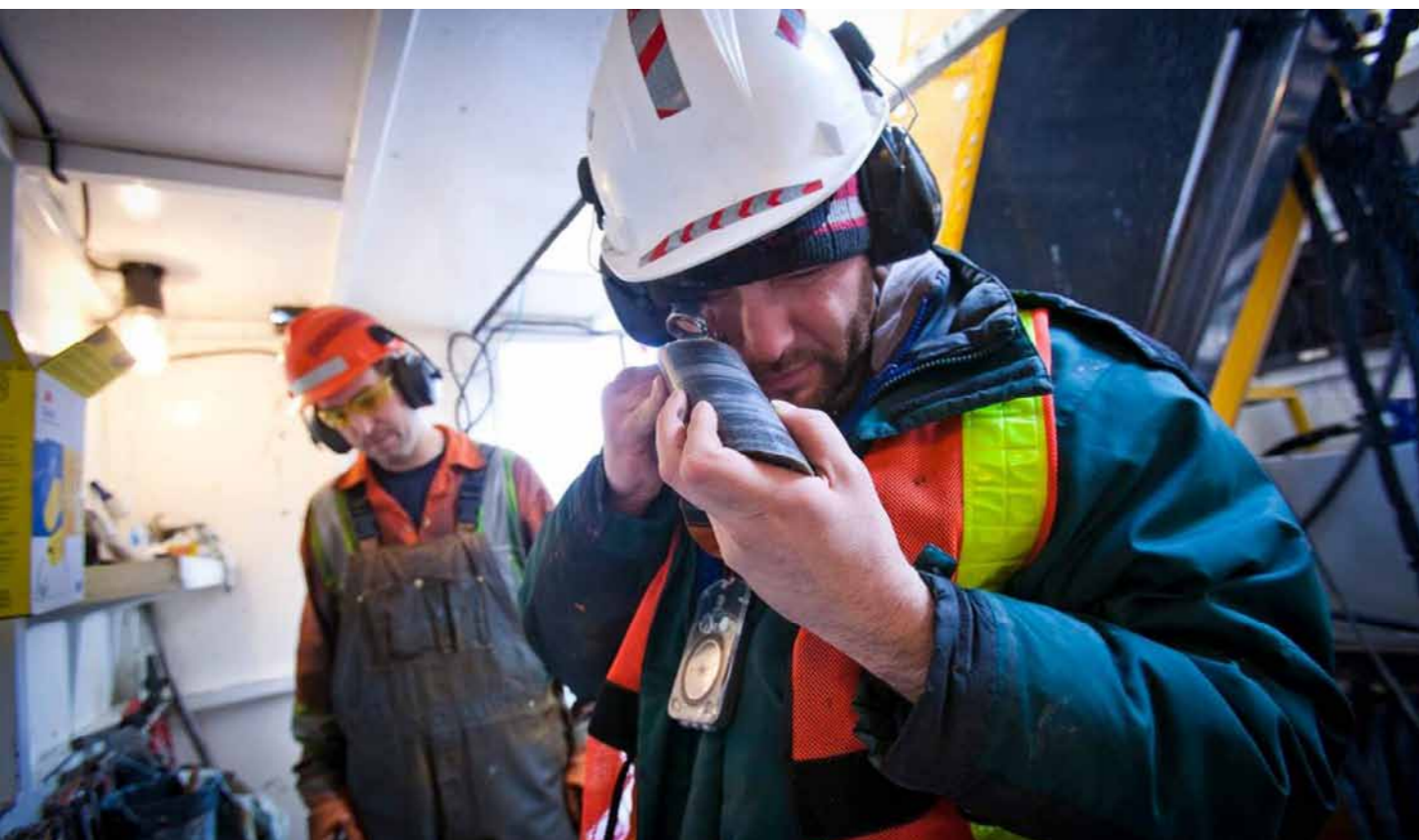
A geologist lines up the sights at the drilling location

The Goliath Gold property is unique from other deposits in the area from a number of points of view. Based a few kilometres from the TransCanada Highway and 20 kilometres east of the city of Dryden, Goliath is a high-grade deposit with both open pit and underground potential. It also has metallurgical and bulk sample work confirming exceptional recoveries of 96 to 97 percent. Mining requirements for labour, as well as energy, water

and communications infrastructure, can easily be met.

The next evolutionary phase in the company came about in early 2011 when a new management team was appointed under the leadership of Martin Walter, president and chief executive officer of Treasury Metals, who was fresh from the \$700-million sale of the very successful Aquiline Resources silver operations in Argentina to Pan American Silver Corp.

“WE NOW HAVE A TEAM WHO ARE 100 PERCENT FOCUSED ON THE PROJECT AND WE ARE GOING TO MOVE AHEAD”



A 20,000 metre core drilling program at Goliath was announced in January



Treasury Metals geologists study a 50,000 metre drill program completed in 2011

The new team concentrated on building a new company, one that would energetically devote itself to extending the gold resource and moving the project to the feasibility study stage. Today, the NI 43-101 resource estimate contains 1.7 million gold ounces (810,000 indicated and 900,000 inferred) and significant potential to further expand the gold resource. “We spent the whole of last year putting the team together. Today we have a staff of 16 or 17 including a team of exploration geologists and engineers. We now have a team who are 100 percent

**1.7
MILLION**

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**NI 43-101 resource
estimate of gold ounces**

focused on the project and we are going to move ahead,” says Walter. “It was through that attitude, I believe, that we moved up the knowledge base on the project very quickly and started to understand the geometry of the deposit so as to achieve better drilling results.”

The 49-kilometre-square property covers the former Teck-Corona joint venture as well as Laramide’s areas of interest. However, while the former owners had explored and identified and defined a seven-kilometre mineralised trend along the shear zone, Treasury’s 55,000 metre drilling



The 100 percent wholly owned Goliath project is located 2 kilometres from the TransCanada Highway, and just 20 kilometres east of the city of Dryden

“SPEAKING AS A DEVELOPMENT GEOLOGIST I THINK EVERYTHING IS LOOKING ENTIRELY AS I HOPED IT WOULD AT THIS STAGE”

program carried out throughout 2011 was concentrated in just 1.4 kilometres of that strike zone. “There is a lot of upside potential for us to get out and chase additional gold ounces,” Walter emphasizes.

The beauty of the Goliath Gold Project is that it is “open”. This means that the gold bearing deposit continues to an as yet undefined extent around what has already been explored. It is also “open at depth”, meaning that the 500 metre drilling that

has already been done has not revealed the limits of the deposit. “We have a high confidence level down to around 500 metres but we are drilling to the west and east, and trying to intersect shallower high-grade shoots that will add ounces very quickly to the total resource.”

The initial efforts of the company’s newly hired technical team will focus on the finalization of a pre-feasibility study (PFS) and moving the project into the

advanced exploration stage. With greater than 700,000 of the gold ounces within the open-pit part of the resource, the PFS will focus on both an initial open-pit operation and an underground operation after six years. The updated PFS will also incorporate open-pit design perimeters, metallurgical flowsheet, cost estimates for mine operations, process facilities, major equipment, tailings storage facilities, reclamation, permitting and capital expenditures.

Apart from Goliath, a significant asset of the new company is its three percent royalty interest in GoldGroup’s Cerro Colorado gold mine in Mexico. This gives Treasury Metals \$1 million a year to spend on overhead expenses and any capital that is raised goes

directly into its exploration work in Canada, setting it apart from the majority of junior exploration companies.

Walter is also determined to build a good reputation as a responsible operator working with all stakeholders in the area, including the First Nations communities.

The city of Dryden was built around the forestry, pulp and paper making industries, but that industry is in decline right now and the jobs Treasury Metals will bring to the region will be very welcome. Walter is determined to Drydenise the project and bring benefits to the region. “There has not been mining in the immediate area before, but I do believe we can find enough talent in the Dryden area to take this project to production,” he says, adding any mining

operations will bring numerous direct and indirect jobs to the area.

The latest addition to the management team, vice president Norm Bush, comes from Dryden, and he has an executive background in forestry and pulp production. “People from that industry have expertise in environmental management and other areas,” says Walter.

The Treasury Metals’ management team takes a cautious approach, admitting that until the project has been the subject of a full feasibility study nobody can be absolutely certain it will be economically viable. “We have some work to do, though now mainly on engineering design rather than metallurgy,” says Walter, “but speaking as a development geologist I think everything is looking entirely as I hoped it would at this stage and that Goliath will have a really positive contribution to bring to the Dryden / Kenora district.”

Treasury Metals has all the elements that make investors happy, too. In the present global economic climate and with gold prices in the stratosphere (in the \$1500-plus Canadian) there can be nothing more attractive than a company aggressively developing a high-grade, low-cost 1.7 million ounce deposit in one of the world’s most stable environments. Based on the gold deposit at Treasury Metals’ Goliath, Kenora’s future is looking bright. **BE**

For more information about
Treasury Metals visit:
www.treasuremetals.com



The Kenora Mining District is largely underexplored with major deposits. Goliath covers 49-kilometres-square



TREASURY METALS

The Exchange Tower
130 King Street West,
PO Box 99, Suite 3680
Toronto, Ontario M5X 1B1

T +1 416.214.4654

www.treasuremetals.com

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