



# TREASURY METALS

## ALL SYSTEMS GO





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*CEO Martin Walter talks about the advantages of the Goliath project and the progress being made towards production*

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In these tough economic times, it is hardly surprising that a great deal of attention is being focused on natural resources and any country lucky enough to have oil, coal or mineral reserves feels a lot more secure for that. Just how much can be derived from Canada is a matter for speculation, but there's huge interest in the known resources.

A recent report<sup>1</sup> focusing on just one district, northwestern Ontario, estimates the value of un-mined gold in those projects expected to be producing by 2017 to be, at the April price of \$1,630 an ounce, at \$6.2 billion. The price at the time of writing is hovering around \$1,750, having come close to \$1,800 in October. As a result Canadian federal and provincial authorities, not to mention investors, are paying close attention to the companies that have any chance of delivering those ounces to the market.

High on the list is Treasury Metals, owner of the Goliath project in the Kenora district, close to Dryden. Treasury listed on the Toronto Stock Exchange in 2008, upon resolution of a somewhat complicated conflict of interests between Teck, Corona and Laramide Resources. The 50 square-kilometre property, containing 1.7 million ounces of gold, is a large prospective and relatively underexplored land position in Canada, a mining-friendly country with its well regulated and well understood regulatory framework. Much of Canada is remote and energy, manpower and accessibility can be a big cost factor; and with so many lakes and rivers, underground work is often difficult, too. Goliath is all on dry land, only a mile and a half from the



A driller examines the quality of recently drilled core



# 1.7 MILLION

Ounces of gold at Goliath

Trans-Canada Highway and served by power lines, water and gas supplies.

These factors contribute to smoothing the passage of the project towards first gold production in 2014. “One of the beautiful things about our location,” points out CEO Martin Walter, “is that we can source everything needed for a project this size from either Dryden or Thunder Bay – all within 3-4 hours’ drive to the east.” Drilling and engineering consultants, sourcing of equipment and expertise – all these are readily accessible, he says.

The energy with which Walter and his team have pursued this project is phenomenal. When *Business Excellence* last visited Treasury Metals in May, we commented: “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.” At that time Walter said: “We have some work to do, though now mainly on engineering design rather than metallurgy.” That work has moved ahead quickly since then. In July an updated preliminary economic assessment (PEA) confirmed that the project can achieve an annual production rate of 80,000 ounces



TML staff and management gather for a shot in front of the ‘swimming pool’; a sunken pit where the ore body arrives at surface

from the high grade resource of around 3 grams per tonne of ore, and that the average cost per ounce will be below \$700.

Since the PEA also confirms a mine life of ten years with capital payback within 18 months at July gold prices and an achievable capital expenditure to get the mine up and running of around \$90 million, Walter is now going all out to get through the remaining steps without delay. The first of these is to commission a full feasibility study (FFS). A number of engineering companies have already submitted their proposals to deliver an FFS that will incorporate detailed mine design, plant specifications and

extraction processes. Whoever is chosen to carry that out, he says, will be working very closely with the professionals that make up Treasury’s team right up until the feasibility report is complete.

In September Treasury Metals completed a bought-deal \$6 million financing with Canaccord to fund further development. Through the financing, the company notably attracted high-quality institutional investors.

All the money banked will go ‘into the ground’, since Treasury Metals is in the happy position of receiving \$1 million each year from its interest in Goldcorp’s Cerro Colorado gold mine in Mexico. These

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Rory, a senior project geologist, planning drill holes on the TML property

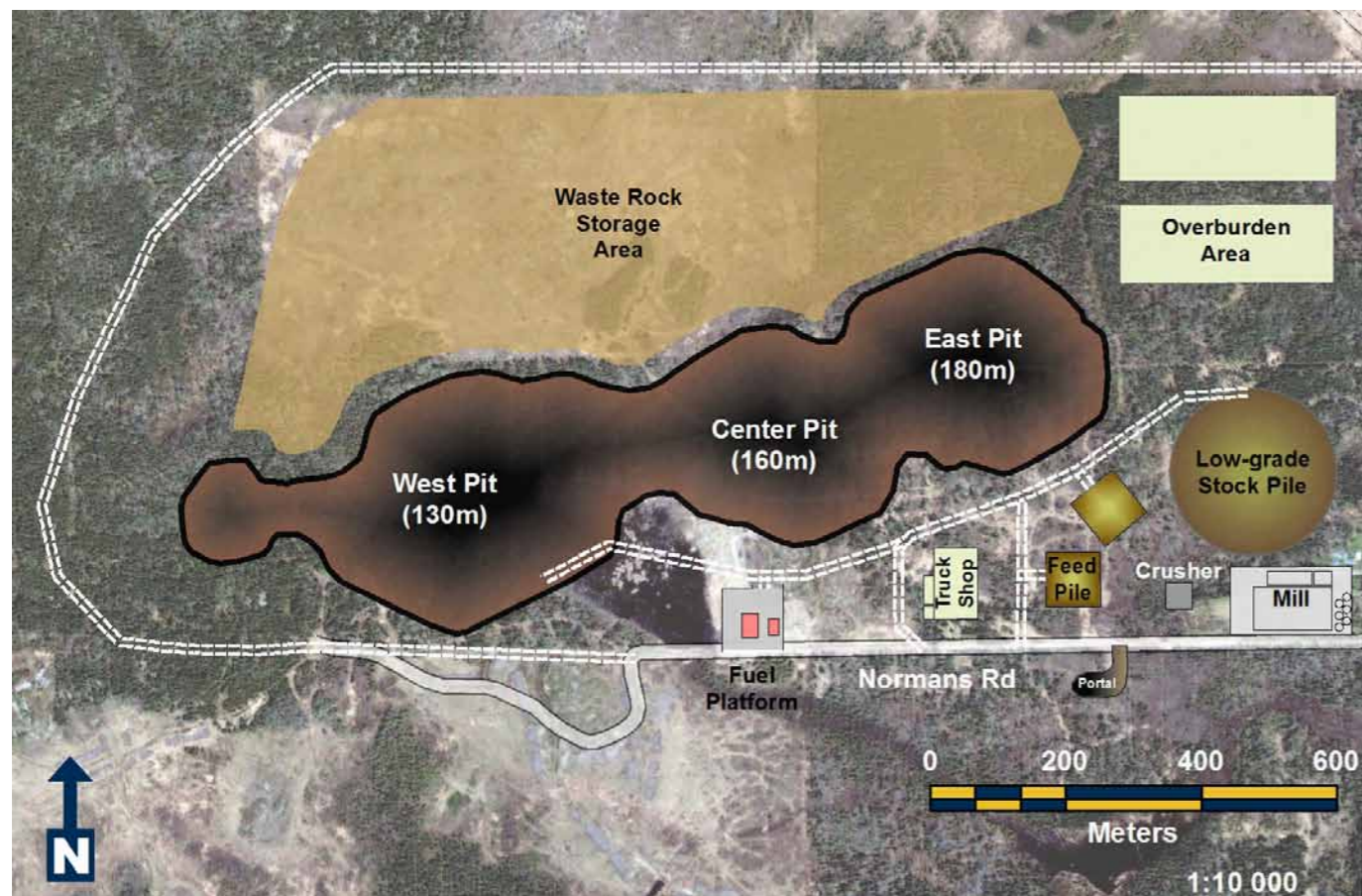


royalties take care of a portion of the costs of the company, so in a rare scenario among juniors, investors know that the money they put forward is all used to add value to their asset. “The money we raised is earmarked for three principal purposes: getting the full feasibility study concluded as thoroughly and quickly as humanly possible, continuing

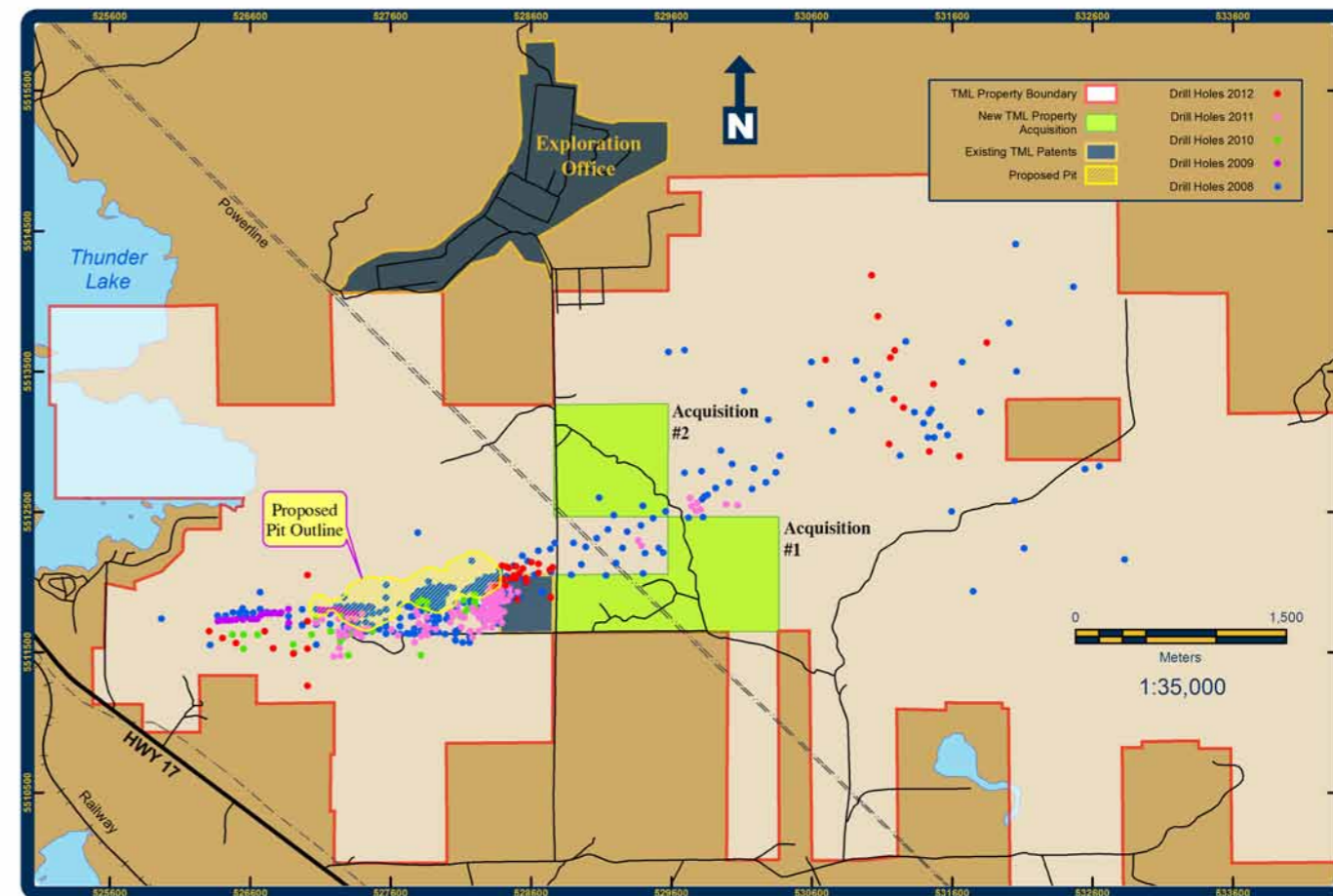
the drilling program and pushing forward our land acquisition strategy,” says Walter.

They are wasting no time. The 16 kilometres that were targeted during 2012 turned up some very encouraging results, culminating in August with the announcement that it had revealed a new body of gold bearing ore associated with the main deposit and

“WE LIVE HERE TOO, AND WE WANT PEOPLE TO KNOW THAT THEY WILL BENEFIT IN MORE WAYS THAN JUST THROUGH EMPLOYMENT OPPORTUNITIES”



TML has developed a proposed site plan



TML recently executed a strategic acquisition of two additional properties along the strike line

potentially increasing the amount of ore that can be reached by open pit mining in the early stages of the operation. It also focused on areas that merit more drilling, so a further drilling program along with infill and expansion drilling commenced near the end of October. By the time a revised resource estimate is published by Treasury Metals, the Goliath gold project should amount to more than two million ounces. And though Goliath is the priority, we should not forget that Treasury owns another gold project to the south of Dryden. Aerial and electromagnetic surveys were done there in 2011; an initial drilling program has already started there to find out exactly what lies below the surface.

The team is working on a Project Description Document. The PDD is the document Treasury needs to kick start the permitting period for ultimate production, explains Walter. “It describes the operation, the processing and extraction methods, tailing dams and storage dams and where the waste rock will be piled, as well as environmental efforts and the company’s consultations and information meetings with area stakeholders.” Towards the end of October, Dryden’s communities will have an opportunity to find out more details about the project and what Treasury Metals hopes to bring to this part of northwest Ontario. “We live here too, and we want people to know



that they will benefit in more ways than just through employment opportunities.” Direct and indirect employment arising from a Treasury Metals mine will have a big effect on the local economy, which needs to replace the traditional timber and pulp industries as these contract. The company could generate up to as many as 1,000 direct and indirect jobs. Additionally the environmental strategy being adopted will reassure the community that here is a company that is serious about clean mining. The PDD should be submitted this year and at that point the permitting process will start.

Treasury Metals wants to own the land above the deposits as well as the mineral rights to be able to drill where it needs to, so this will be the final destination for part of the recently raised capital. Its newly acquired 160 hectares brings the company’s land holding on Goliath to more than 50 square kilometres. “Owning surface rights makes it much easier to explore and develop the project, and should also signal to all our many stakeholders that Treasury Metals is very serious about bringing this project to production,” says Walter. **BE**

*<sup>1</sup>Mining in Northwestern Ontario:  
Opportunities and Challenges*

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TML completed its 60,000 metre in-fill drilling program for 2010 & 2011; an additional 20,000 metres are planned for 2012

For more information about  
Treasury Metals visit:  
[www.treasuremetals.com](http://www.treasuremetals.com)





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