

The power of two – Treasury Metals harnessing gold project synergies

Combined district-scale Goliath-Goldlund Gold Project

There is an old saying that the best place to put a gold mine is next to another gold mine. When miners can consolidate adjacent or nearby gold assets, it can present co-development opportunities which typically reduce costs of production due to synergies. With the gold price still hovering near a record high (currently at USD 1,946/oz) any gold mining junior that can advance to production rapidly is likely to do well. Today I look at one company that is doing just that – combining two gold projects for rapid co-development towards production.

Treasury Metals Inc. (TSX: TML | OTCQX: TSRMD/TSRMF) is focused on gold and is developing their Goliath and Goldlund Projects in Ontario, Canada. The company recently acquired the Goldlund Gold Project and is moving towards the development phase of an integrated Goliath-Goldlund Project. Treasury Metals has two other early stage gold exploration stage projects named Weebigee and Gold Rock, both in Ontario, and an early exploration stage Lara Polymetallic Project (Au, Ni-Cu-(PGE), Cu-Zn-Pb-Ag) located in British Columbia.

Treasury Metals Inc.'s gold projects in Ontario Canada



Source

Treasury Metals say that they have “one of the largest undeveloped gold assets in Canada”, so let’s take a look at their flagship, newly combined, development stage asset, the Goliath-Goldlund Project.

The Goliath-Goldlund Project

Located only about 25 km apart with a 2 km distance between the boundaries, there is significant opportunity for operational synergies with the Goliath-Goldlund deposits.

With an M&I Resource of 1.23 Moz @ 2.36 g/t AuEq and an Inferred Resource of 0.23 Moz @ 3.51 g/t AuEq, Goliath is a 50 km² tenement suitable to open pit and underground mining. The Goliath Gold Project has received environmental assessment approval by the Government of Canada and provincial permits are advancing.

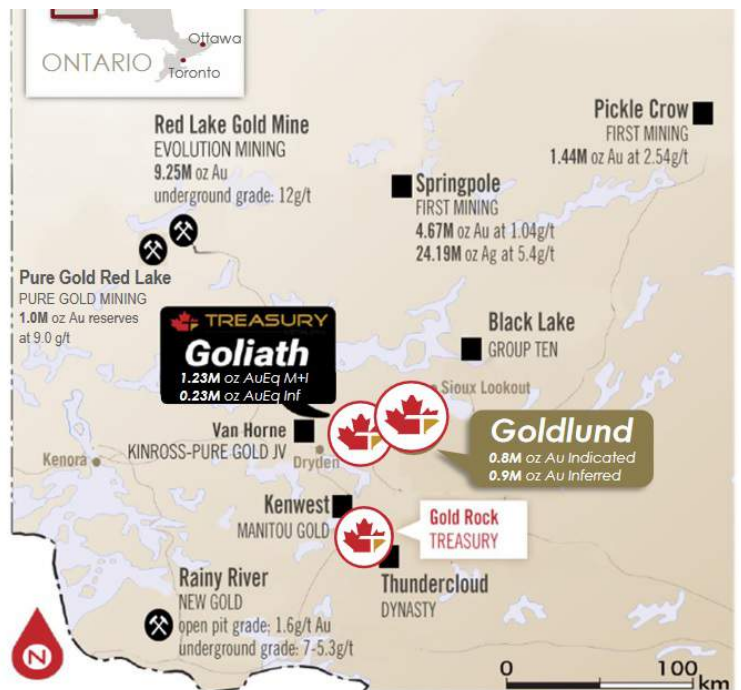
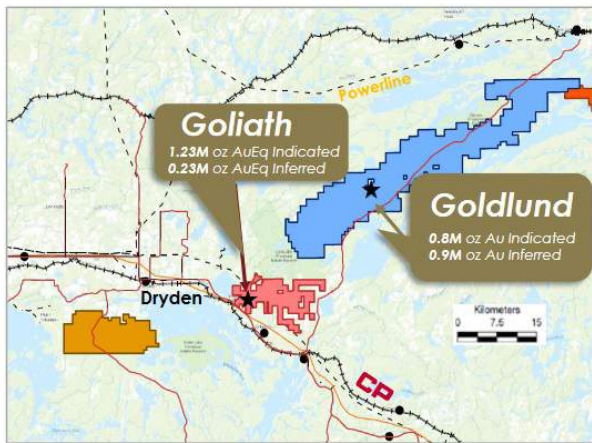
Goldlund is a 280 km² tenement with open pit potential with an Indicated Resource of 0.81 million oz @ 1.96 g/t Au and an

Inferred resource of 0.88 million oz @ 1.49 g/t Au. The newly acquired Goldlund Project gives Treasury Metals exposure to a large and highly prospective land package with further resource expansion potential.

As shown below this region of Ontario has already proven successful for other companies with multi-million ounce gold discoveries.

Together the projects have ~2.0 Moz Au in the M&I resource categories, and ~1.1 Moz Au in the Inferred resource category

- Nearby town of Dryden (population 10,000) with an **experienced workforce**
- **First-rate infrastructure** includes hydro power, natural gas, CP Rail and the Trans-Canada Highway
- **Extensive prospective strike length** at both properties, with strong potential to continue resource expansion in parallel with development



Source

The combined Goliath-Goldlund Project now has a total combined property size of 320 km² with a 65km potential strike zone. Goliath and Goldlund are reported to have similar metallurgical properties creating the potential for shared processing infrastructure, as Goldlund is within trucking distance of a potential operation at Goliath. Treasury Metals is expecting to achieve other synergies such as unit operating cost reductions and optimizations anticipated as a result of greater open pit mining focus.

Local infrastructure is excellent being in the middle of an existing mining district in Ontario. There is excellent access to the Trans-Canada Highway, related power and rail infrastructure, and nearby towns for labor.

Next steps

Treasury Metals is now working on a PEA for co-development opportunities for the Goliath-Goldlund Project. This will include optimization of the mining sequence for processing throughput and envisions initial production from Goliath Open Pit, followed by integrated production from underground and Goldlund Open Pit once fully permitted (a 2-3 year time frame expected). Meanwhile the company expects to continue exploration to grow and better define the resource and progress the construction permitting process. In particular, the company plans to drill the promising Miller Prospect.

Strategy

Treasury Metals strategy is to implement the successful 'Hub & Spoke' model. This means having an initial mining 'hub' at the Goliath Open Pit (1st phase production) and Underground (2nd phase) location, then later followed by adding the 'spoke' at Goldlund Main Open Pit (3rd phase), with the potential of subsequent satellite deposits such as the Miller Prospect (4th phase).

Closing remarks

The new larger Treasury Metals looks well equipped to rapidly advance towards production. With a healthy current market cap of C\$163m (and C\$8m of cash) Treasury Metals has already attracted much attention, with investors anticipating the company progressing rapidly towards a strong PEA, potential resource growth, and becoming a mid-term 'open-pit' (and hopefully low cost) producer. We will know a lot more on the economics after the PEA is released.

Investors should also keep in mind that Treasury Metals has two other gold projects in Ontario and what looks to be a promising poly-metallic project in BC. Certainly analysts see further possible upside with a price target of C\$2.27 from the current stock price of C\$1.50.

Sage Gold weeks away from production to follow gold bull run

Gold has been on a renewed bull trend since the beginning of the year, recently achieving highs of \$1,357/oz and showing no signs of slowing amid continued geopolitical uncertainty. Those investors looking for a truly long position on gold should seriously consider a near-term producer as a growth opportunity since, as traders rejoice, so do the juniors who happen to be closest to production, and with their Clavos project, Sage Gold Inc. (TSXV: SGX) ("Sage") are about as close as one could get, as the company are right now building a potentially mineralized stockpile, comprised largely of ore left behind by the previous site owner, for a bulk sample mill run within the next six weeks.

Rather fortuitously, Sage are in possession of a renowned set of claims in the Timmins area that were mined briefly before the market's 5+ year bear slide closed operations. Timmins is famous for historically coughing-up almost 100 million ounces of gold in just over a century; the original findings started an exploration rush that continues to this day, with new discoveries being made seemingly every year. In fact, the areas from which Sage hope to begin producing have assayed up

to 17.78 g/t Au; an intensely encouraging result.

The company are currently busy dewatering the lower elevations of the existing mine structure in order to undertake exploration drilling, and have already reached the 240 metre level high-grade zone which features the historic Kinross hole, which previously graded an astonishing 61.59 g/t over 3 metres; a sign that Timmins yet has considerable history to make. Grades such as these are exactly what we're hoping to see in the company's imminent mill run.

Sage expect dewatering to 261 metres to be completed by mid September; this level is significant since, although it was developed by the previous owner, coming in at 19.55 g/t gold, it was not mined to any extent. This means that, by the end of this month, we will have definitive proof as to whether Timmins continues to be one of the world's greatest gold producing regions, and just in time for the continuing bull run on the price of our favourite yellow metal.

Crucially, Sage recently closed the final tranche of production financing (\$3.26m), and so commercial production is expected to be achieved by the second quarter of 2018. Being fully financed means that this project carries significantly less risk than many comparable development stage operations, since the remaining obstacles are more easily surmountable. This phase of development was actually quite considerably easier for Sage than most others since their project has one of the lowest CAPEX figures in the industry.

A preliminary economic assessment from 2013 had the Clavos mine producing more than 145,000 ounces over seven years. A new resource estimate and a feasibility study are in the works, but the mine is fully permitted for 700 tons a day with a toll milling agreement with the nearby Stock mill, and, of course, infrastructure and power are readily available since the mine is located in polite and mining-friendly Ontario.

The company's share price has, interestingly, tracked alongside the rising trend in the price of gold. The steady appreciation throughout the year has already resulted in a 12-month return of over 70%, but the chances of being snapped up by a larger company become larger and larger as we move towards a fully-fledged and operational mine. September being a crucial pivot for Sage, one would be wise to see this as the entry point that it is before further price rises erode potential returns.

Sage Gold moving quickly towards production

Nigel Lees, President, CEO and Director of Sage Gold Inc. (TSXV: SGX) ("Sage Gold") in an interview with InvestorIntel Senior Editor, Jeff Wareham discuss Sage Gold's production timelines. Nigel states Sage Gold is getting very close to be moving mineralized ore to the mill and they are expecting to be shipping ore by the end of September/beginning of October. Nigel also comments on what investors can expect to hear next from Sage Gold, which includes their planned explore drilling of the historical "very high-grade Kinross holes".

Jeff Wareham: Nigel, you were on a few weeks ago. Things are moving fast in the gold world. You guys are quickly moving towards production. Why should investors be picking up Sage Gold at this point in the market?

Nigel Lees: First of all, it is summer time and we often get a weakness in the gold price, the gold shares. Normally it is a very good time to own gold before we get into the season. The other thing, we are getting very close to moving mineralized

ore to the mill. The mill is 10 kilometers away. We are expecting the end of September/beginning of October to be shipping ore. It is very, very close.

Jeff Wareham: You have received the last stages of your gold financing.

Nigel Lees: Yes we have. That is the capital we need to get us to that position. We currently have 5 drills underground operating right now and about 55 employees and we started at the beginning of this year to dewater. We have been moving very fast...to access the complete interview, [click here](#)

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