

Treasury Metals Announces US\$20 Million Royalty Financing to Fund Goliath Gold Complex to Construction Decision

Highlights:

- **US\$20 million financing through the sale of a royalty to an affiliate of Sprott Resource Streaming and Royalty Corp ("SRSR") expected to fund the completion of economic studies, permitting and community engagement, including corporate G&A. Summary details of the royalty include:**
 - **A US\$20 million upfront payment;**
 - **2.2% of net smelter returns revenue of all minerals produced on the properties comprising the Goliath Gold Complex;**
 - **Option, solely at the discretion of the Company, to repurchase 50% of the Royalty until December 31, 2028;**
 - **Automatic reduction of the royalty rate by 50% upon the achievement of 1.5 million ounces of gold production;**
 - **The right for SRSR to participate for up to 40% or US\$40 million in future metals streaming or royalty financing undertaken by the Company.**
- **The financing is subject to customary closing conditions and is expected to close towards the end of March 2022.**

TORONTO, Feb. 14, 2022 /CNW/ - **Treasury Metals Inc.** (TSX: TML) (OTCQX: TSRMF) ("**Treasury**" or the "**Company**") is pleased to announce that it has entered into a royalty agreement with an affiliate of Sprott Resource Streaming and Royalty Corp. ("SRSR" or "Sprott") in relation to the Company's 100% owned Goliath Gold Complex ("GGC", or the "Project"), which comprises the Goliath, Goldlund and Miller Gold Projects. Under the terms of the agreement, SRSR will pay Treasury consideration of US\$20 million for a 2.2% **net smelter returns** royalty (the "Royalty") covering all minerals produced from the GGC for the life of the Project. Further details are set out below under "Royalty Transaction Details". The financing is subject to customary closing conditions and is expected to close towards the end of March 2022. The proceeds from the financing will be used to advance the Project to a construction decision, including all economic studies, permitting, consultations and corporate G&A costs.

Jeremy Wyeth, President and CEO, commented: "We are extremely pleased to be announcing this transaction today and excited to bring on Sprott as a partner to help us move the Goliath Gold Complex forward toward construction and operation. With the desire to consider financing alternatives that are less dilutive to our shareholders, we undertook a process to explore the potential for the sale of a royalty that culminated in the agreement we announced today. Upon closing, the Company is well funded with this US\$20m (C\$25.5m at current exchange rate) financing, in addition to the C\$6.5 million flow financing we completed in November 2021 and the C\$9.9 million in cash we had at the end of Q3, 2021, providing the necessary funding and financial flexibility to take Treasury through studies, permitting and community consultations to a construction decision."

Michael Harrison, Managing Partner, Sprott Resource Streaming and Royalty Corp, commented "We are pleased to be partnering with Treasury on the Goliath Gold Complex. We have been monitoring the progress of Goliath for many years and believe that the Company has the team, the momentum, and the funding to advance the GGC to a production decision. We view GGC as a project with long-term cash flow in a Tier-One mining jurisdiction and an excellent addition to our growing portfolio of streams and royalties."

Royalty Transaction Details

The Company has entered into a binding royalty agreement, subject to certain closing conditions, with SRSR for a US\$20 million financing. In exchange for the financing, Treasury will issue to SRSR a 2.2% Royalty on all minerals produced from the GGC. This financing secures for the Company, a less dilutive source of financing, providing sufficient funding to advance the Project through project development activities towards project financing and a construction decision while maintaining the robust economics of the Project.

Buyback

The Company will have a right, to be satisfied in cash or in shares, at the Company's sole discretion, to repurchase a 50% interest of the Royalty, which would include 50% of any future minimum payments, on the following terms;

- On or before December 31, 2024 – US\$14.0 million
- From January 1, 2025 until December 31, 2025 – US\$16.0 million
- From January 1, 2026 until December 31, 2026 – US\$17.0 million
- From January 1, 2027 until December 31, 2027 – US\$18.25 million
- From January 1, 2028 until December 31, 2028 – US\$19.5 million

Step Down

Upon the achievement of 1.5 million ounces of gold production, the Royalty will automatically reduce by 50% for no additional consideration by the Company. If commercial production is not achieved by December 31, 2028, the Royalty will increase by 25% for no additional consideration by SRSR.

Minimum Payments

Until the earlier of December 31, 2027 and the date that commercial production is declared, the Company will pay to SRSR, US\$500,000, on a quarterly basis, in cash or in common shares at the Company's sole discretion. If the Company elects to issue common shares as payment, the common shares would be issued at a 5% discount to the 5-day VWAP.

Participation Right

If the Company enters into a potential metals streaming or royalty contract as part of a larger project financing for the Project, SRSR will have the right to participate to a maximum of 40% or US\$40 million in the proposed transaction on the same terms and conditions of the proposed transaction.

Closing

The transaction is subject to certain customary closing conditions. Furthermore, any issuance of common shares of the Company will require the prior approval of the Toronto Stock Exchange. The Company expects the transaction to close towards the end of March 2022.

Advisors and Counsel

PI Financial Corp. is acting as the Company's financial advisor and Cassels, Brock & Blackwell LLP is acting as the Company's legal advisor.

About Treasury Metals Inc.

Treasury Metals Inc. is a gold focused company with assets in Canada. Treasury's Goliath Gold Complex, which includes the Goliath, Goldlund and Miller deposits, is located in Northwestern Ontario. The deposits benefit substantially from excellent access to the Trans-Canada Highway, related power and rail infrastructure, and close proximity to several communities including Dryden, Ontario. The Company also owns several other projects throughout Canada, including Weebigee-Sandy Lake Gold Project JV, and grassroots gold exploration property Gold Rock. Treasury Metals is committed to inclusive, informed and meaningful dialogue with regional communities and Indigenous Nations throughout the life of all our Projects and on all aspects, including: creating sustainable economic opportunities, providing safe workplaces, enhancing of social value, and

promoting community well-being.

For information on the Goliath Gold Complex, please refer to the preliminary economic assessment, prepared in accordance with NI43-101, entitled "NI 43-101 Technical Report & Preliminary Economic Assessment of the Goliath Gold Complex: and dated March 10, 2021 with an effective date of January 28, 2021, led by independent consultants Ausenco Engineering Canada Inc. The technical report is available on SEDAR at www.sedar.com, on the OTCQX at www.otcm Markets.com and on the Company website at www.treasuremetals.com.

To view further details about Treasury, please visit the Company's website at www.treasuremetals.com.

Forward-Looking Statements

This release includes certain statements that may be deemed to be "forward-looking information" or "forward-looking statements" pursuant to applicable laws, including, but not limited to, the completion of the financing and timing related thereto, use of the proceeds, future financings of the Company and the Company's development activities. All statements in this release, other than statements of historical facts, that address events or developments that management of the Company expect, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "plans", "projects", "intends", "estimates", "envisages", "potential", "possible", "strategy", "goals", "objectives", or variations thereof or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions. Actual results or developments may differ materially from those in forward-looking statements. Treasury disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, save and except as may be required by applicable securities laws.

Since forward-looking information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the satisfaction of the conditions in the royalty agreement; exploration and production for precious metals; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource estimates; health, safety and environmental risks; worldwide demand for gold and base metals; gold price and other commodity price and exchange rate fluctuations; environmental risks; competition; incorrect assessment of the value of acquisitions; ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws, royalties and environmental regulations.

Actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits may be derived therefrom and accordingly, readers are cautioned not to place undue reliance on the forward-looking information.

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CNW 06:30e 14-FEB-22