

## Investment Thesis

Teryl Resources presents an opportunity to invest in an undervalued junior precious metals exploration company with valuable properties. The Company has a proven history as an accomplished explorer and impressive track record of developing and marketing its properties. In 2011, Teryl sold its 20% stake in Gil Properties to Kinross Gold for US\$15 million which validates the Company's long term strategy of successfully developing and profitably selling properties to major mining companies. Teryl owns a larger 50% stake in the potentially more valuable Fish Creek Property, which is adjacent to the Gil Properties and is attracting interest from several buyers. Similarly, Teryl's Silverknife Property in British Columbia has several interested buyers.

The Company has four excellent properties in Alaska and British Columbia with strong potential for discovery of gold, silver, and other resources. The properties are strategically located adjacent to operating mines or significant deposits operated by major mining companies - Kinross Gold in Alaska and Silvercorp in British Columbia. The Company's three properties in Alaska are in the Fairbanks Mining District which is one of the largest gold producing areas in the state with over 40 million ounces of gold produced. The Fairbanks Mining District contains Kinross Gold's Fort Knox Mine which is the second largest gold producer in Alaska with over 3.6 million ounces of proven and probable reserves. The Alaskan properties lie in the same area as the Gil Properties and have high potential for similar or better mineralization levels. Teryl's Silverknife Property in British Columbia, Canada is near Silvercorp's active Silvertip silver-zinc-lead project with an estimated 35 million ounces of silver (indicated and inferred).

At the current stock price of \$0.03 per share and market capitalization of \$2.1 million, the stock is undervalued given its recent sale of the Gil Properties and potential future sales of its other valuable properties. Our valuation analysis yields a market capitalization of \$9.7 million for Teryl and a target price of \$0.14 per share. This potential price represents significant upside of 4.6 times the current stock price and over 2.0 times the 52 week high of \$0.07 per share. At the current price of \$0.03 per share, there seems to be limited downside risk with a 52 week low of \$0.02 per share and future price support from the Company's recently announced 3.5 million share repurchase program (5% of shares outstanding).

The future success and viability of any early stage exploration mining company is dependent on the Company's access to capital to fund its operations and exploration activities. After sale of its Gil Properties to Kinross Gold, the Company is in a strong financial position to further explore and develop its properties and has no near-term financing needs. The Company has \$1.1 million in cash and expects an upcoming US\$1.5 million Gil advance royalty payment when production commences at the property and a 1% NSR payment when in production until \$15 million then reverts to 0.5% NSR.

Gold prices directly affect the profits, financial health, and stock valuations of gold mining production companies. In rising gold price environments, those companies will be more active in acquiring and investing in exploration and development companies. Gold prices are likely to sustain or increase from current levels in the mid-term given the recent price rebound/momentum, a favorable supply/demand situation and supportive macro-economic factors. Stocks in the gold mining sector have severely underperformed over the last year and seem poised to recover with improved operating focus by companies, compressed valuations, and low investor expectations.