



**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE THREE MONTHS ENDED

MARCH 31, 2019 AND 2018

(Unaudited - Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of Treasury Metals Inc. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards have been set out in the Note 2 of these interim condensed consolidated financial statements. Any applicable changes in accounting policies have also been disclosed in these financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate control over its financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2019.

CONCLUSION RELATING TO DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of management, including the Chief Executive and Chief Financial Officers, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at March 31, 2019.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an entity's auditor.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	March 31, 2019	December 31, 2018
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 747,447	\$ 2,399,524
Accounts receivable and prepaid expenses (Note 5)	309,123	327,867
	<u>1,056,570</u>	<u>2,727,391</u>
Investments (Note 6)	78,003	79,599
Property and equipment (Note 7)	2,300,918	2,312,711
Mineral properties and related deferred costs (Note 8)	77,584,283	76,503,961
	<u>\$ 81,019,774</u>	<u>\$ 81,623,662</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 1,728,687	\$ 1,812,941
Current portion of long-term debt (Note 10)	32,009	32,405
Derivative liability (Note 10)	1,781,322	1,775,856
Unrenounced flow-through share premium (Note 11)	-	83,487
	<u>3,542,018</u>	<u>3,704,689</u>
Long-term debt (Note 10)	4,560,658	4,565,390
Deferred tax liability	1,619,324	1,597,200
	<u>9,722,000</u>	<u>9,867,279</u>
Shareholders' Equity		
Capital stock (Note 11)	93,148,530	93,119,530
Contributed surplus (Note 12) & (Note 13)	9,702,840	9,623,143
Deficit	(31,309,374)	(30,743,664)
Accumulated other comprehensive loss	(244,222)	(242,626)
	<u>71,297,774</u>	<u>71,756,383</u>
	<u>\$ 81,019,774</u>	<u>\$ 81,623,662</u>

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations and Contingencies (Note 16)

SIGNED ON BEHALF OF THE BOARD

(Signed) "Doug Bache"
Director

(Signed) "Marc Henderson"
Director

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31,	2019	2018
Income		
Other income	\$ 883	\$ 699
	<u>883</u>	<u>699</u>
Expenses		
Administrative, office and shareholder services	\$ 243,551	\$ 192,914
Professional fees	35,835	474,641
Salary and benefits	145,609	190,808
Stock-based compensation (Note 13)	56,940	34,098
Accretion and amortization of long-term debt transaction costs (Note 10)	93,265	110,952
Interest	140,334	137,950
Foreign exchange loss (gain)	(93,043)	138,402
Fair value change in derivative liability (Note 10)	5,466	(123,195)
	<u>627,957</u>	<u>1,156,570</u>
Loss before income taxes	(627,074)	(1,155,871)
Deferred income tax recovery	61,364	280,035
Net loss for the period	\$ (565,710)	\$ (875,836)
Loss per share - basic and diluted	\$ 0.00	\$ (0.01)
Weighted average number of shares outstanding	145,090,001	123,061,498

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31,	2019	2018
Net loss for the period	\$ (565,710)	\$ (875,836)
Other comprehensive income (loss)		
Unrealized loss on equity investments, net of taxes (Note 6)	(1,596)	(14,293)
Other comprehensive loss for the period	(1,596)	(14,293)
Total comprehensive loss for the period	\$ (567,306)	\$ (890,129)

TREASURY METALS INC.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2018	123,061,498	\$ 87,238,185	\$ 7,824,194	\$ (26,232,053)	\$ (4,983)	\$ 68,825,343
Stock-based compensation	-	-	50,550	-	-	50,550
Net loss for the period	-	-	-	(875,836)	-	(875,836)
Other comprehensive income	-	-	-	-	(14,293)	(14,293)
Balance, March 31, 2018	123,061,498	\$ 87,238,185	\$ 7,874,744	\$ (27,107,889)	\$ (19,276)	\$ 67,985,764
Units issued for cash in private placements (Note 11)	11,904,762	5,000,000	-	-	-	5,000,000
Flow through private placements (Note 11)	8,348,741	2,254,160	-	-	-	2,254,160
Share issue cash costs (Note 11)	-	(282,790)	-	-	-	(282,790)
Issuance of warrants (Notes 11 and 12)	-	(1,732,027)	1,732,027	-	-	-
Stock options and warrants exercised (Notes 12 and 13)	1,775,000	621,250	-	-	-	621,250
Fair value of stock options and warrants exercised (Notes 12 and 13)	-	188,150	(188,150)	-	-	-
Warrants issued with respect to term loan	-	-	36,127	-	-	36,127
Fair value adjustment of extended warrants	-	(83,911)	83,911	-	-	-
Unrenounced flow-through shares premium	-	(83,487)	-	-	-	(83,487)
Stock-based compensation (Note 13)	-	-	84,484	-	-	84,484
Net loss for the period	-	-	-	(3,635,775)	-	(3,635,775)
Other comprehensive loss	-	-	-	-	(223,350)	(223,350)
Balance, December 31, 2018	145,090,001	\$ 93,119,530	\$ 9,623,143	\$ (30,743,664)	\$ (242,626)	\$ 71,756,383
Shares issued with respect to a services agreement (Note 11)	100,000	29,000	-	-	-	29,000
Stock-based compensation (Note 13)	-	-	79,697	-	-	79,697
Net loss for the period	-	-	-	(565,710)	-	(565,710)
Other comprehensive loss	-	-	-	-	(1,596)	(1,596)
Balance, March 31, 2019	145,190,001	\$ 93,148,530	\$ 9,702,840	\$ (31,309,374)	\$ (244,222)	\$ 71,297,774

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31,	2019	2018
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss for the period	\$ (565,710)	\$ (875,836)
Adjustments for:		
Deferred income tax recovery	(61,364)	(280,035)
Stock-based compensation	56,940	34,098
Accretion and amortization of long-term debt transaction costs (Note 10)	93,265	110,952
Fair value change in derivative liability	5,466	(123,195)
Foreign exchange on long-term debt (Note 10)	(92,205)	136,837
Net change in non-cash working capital items:		
Accounts receivable and prepaid expenses	18,744	146,207
Accounts payable and accrued liabilities	(84,254)	33,221
	<u>(629,118)</u>	<u>(817,751)</u>
Financing Activities		
Long-term debt repayments (Note 10)	(6,187)	(5,671)
Investing Activities		
Acquisition of mineral properties and related deferred costs	(1,016,772)	(1,797,277)
Increase (decrease) in cash and cash equivalents	(1,652,077)	(2,620,699)
Cash and cash equivalents, beginning of the period	2,399,524	4,654,896
Cash and cash equivalents, end of the period (Note 4)	\$ 747,447	\$ 2,034,197

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31,	2019	2018
Supplementary cash flow information		
Changes in non-cash activities:		
Shares issued with respect to a services agreement (Note 11)	<u>\$ 29,000</u>	<u>\$ -</u>
Stock-based compensation capitalized to mineral properties and related deferred costs (Note 13)	<u>\$ 22,757</u>	<u>\$ 16,452</u>
Amortization capitalized to mineral properties and related deferred costs	<u>\$ 11,793</u>	<u>\$ 11,178</u>

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three months ended March 31, 2019 and 2018

1. NATURE OF OPERATIONS AND GOING CONCERN

Treasury Metals Inc. (the "Company" or "Treasury Metals") is incorporated under the laws of Ontario and listed on the Toronto Stock Exchange under the symbol "TML". The address of the Company's registered office is 130 King Street West, Suite 3680, Toronto, Ontario, Canada. The mineral properties of Treasury Metals are all located in Canada and are in the exploration stage and, on the basis of information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in its properties and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the properties. The Company's success depends on the successful development of the properties and corresponding permitting and feasibility study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Project.

At March 31, 2019, the Company had a working capital deficiency of \$704,126 (December 31, 2018 – working capital of \$882,045) excluding the non-cash unrenounced flow-through share premium liability and the derivative liability, had cash outflow from operations of \$629,118 (December 31, 2018 - \$817,751) has not yet achieved profitable operations, had accumulated losses of \$31,309,374 (December 31, 2018 - \$26,232,053) and expects to incur further losses in the development of its business, all of which casts significant doubt upon the Company's ability to continue as a going concern.

On May 14, 2019, the Board of Directors approved the interim condensed consolidated financial statements for the years ended March 31, 2019 and 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and do not include all the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018 which includes the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies are presented as Note 2 in the audited consolidated financial statements for the year ended December 31, 2018, and have been consistently applied in the preparation of these interim condensed consolidated financial statements.

Principles of Consolidation

The interim condensed consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated on the date control ceases.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries Goldeye Explorations Ltd. and Silvereye Explorations Ltd.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three months ended March 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the interim condensed consolidated financial statements.

Basis of Preparation

These interim condensed consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its wholly owned Canadian subsidiaries.

The financial statements are prepared on the historical cost basis except for financial instruments which are measured at their fair value, as explained in the accounting policies set out in this note.

The accounting policies set out below have been applied consistently to the periods presented in the interim condensed consolidated financial statements, except as noted.

3. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following items:

Impairment in mineral properties and related deferred costs - Management uses significant judgment in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

Debt modification - From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Stock-based compensation, warrants and derivative liabilities - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments, warrants and derivative liabilities. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three months ended March 31, 2019 and 2018

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Flow-through shares – The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a liability. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

Deferred income taxes - In assessing the probability of realizing deferred income taxes, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred taxes. The Company reassesses unrecognized income tax at each reporting period.

Equity vs. Liability - The Company makes estimates and utilizes assumptions in determining whether warrants issued by the Company as part of a unit should be classified as an equity instrument or a liability.

Going Concern - The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

4. CASH AND CASH EQUIVALENTS

The balances are comprised as follows:

	March 31, 2019	December 31, 2018
Cash	\$ 699,947	\$ 2,352,024
Cashable GIC	47,500	47,500
	\$ 747,447	\$ 2,399,524

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

The balances are comprised as follows:

	March 31, 2019	December 31, 2018
Advances to consultants	\$ 25,477	\$ 14,910
Prepaid expenses and other advances	84,380	113,227
Harmonized sales tax	199,266	188,625
Due from Laramide Resources Ltd. (Note 14)	-	11,105
	\$ 309,123	\$ 327,867

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three months ended March 31, 2019 and 2018

6. INVESTMENTS

The Company's investments in shares are classified as fair value through other comprehensive income ("FVTOCI") and are carried at fair value. The balance is comprised of the following:

	Number of Shares	March 31, 2019	Number of Shares	December 31, 2018
Zinc One Resources Inc. - Shares	552,036	\$ 41,403	552,036	\$ 38,643
Goldgroup Mining Inc. - Shares	377,775	17,000	377,775	17,000
Millrock Resources Inc. - Shares	217,778	19,600	217,778	23,956
Total FVTOCI investments		78,003		79,599

7. PROPERTY AND EQUIPMENT

Cost	Land	Building	Furniture and equipment	Vehicles (i)	Total
At January 1 and March 31, 2019	\$ 1,456,092	\$ 1,061,062	\$ 164,983	\$ 143,181	\$ 2,825,318
Accumulated amortization					
At January 1, 2019	\$ -	\$ (265,312)	\$(122,188)	\$ (125,107)	\$ (512,607)
Amortization for the year	-	(7,958)	(2,140)	(1,695)	(11,793)
At March 31, 2019	\$ -	\$ (273,270)	\$(124,328)	\$ (126,802)	\$ (524,400)
Net book value at March 31, 2018	\$ 1,456,092	\$ 787,792	\$ 40,655	\$ 16,379	\$ 2,300,918

(i) Includes the fair value of the right-of-use of a leased vehicle as per IFRS 16, see note 10.

Cost	Land	Building	Furniture and equipment	Vehicles (i)	Total
At January 1, 2017	\$ 1,456,092	\$ 1,061,062	\$ 162,047	\$ 125,107	\$ 2,804,308
Additions	-	-	2,936	18,074	21,010
At December 31, 2018	\$ 1,456,092	\$ 1,061,062	\$ 164,983	\$ 143,181	\$ 2,825,318
Accumulated amortization					
At January 1, 2017	\$ -	\$ (232,160)	\$(111,477)	\$ (125,107)	\$ (468,744)
Amortization for the period	-	(33,152)	(10,711)	-	(43,863)
At December 31, 2018	\$ -	\$ (265,312)	\$(122,188)	\$ (125,107)	\$ (512,607)
Net book value at December 31, 2018	\$ 1,456,092	\$ 795,750	\$ 42,795	\$ 18,074	\$ 2,312,711

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
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8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As at March 31, 2019 and December 31, 2018, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance January 1, 2019	Additions	Balance March 31, 2019
Goliath Gold Project	\$ 71,904,327	\$ 926,289	\$ 72,830,616
Weebigee Project	3,717,629	154,033	3,871,662
Lara Polymetallic Project - BC	882,005	-	882,005
	\$ 76,503,961	\$ 1,080,322	\$ 77,584,283

	Balance January 1, 2018	Additions net of recoveries (i)	Balance December 31, 2018
Goliath Gold Project	\$ 65,573,213	\$ 6,331,114	\$ 71,904,327
Weebigee Project	3,861,132	(143,503)	3,717,629
Lara Polymetallic Project - BC	856,329	25,676	882,005
	\$ 70,290,674	\$ 6,213,287	\$ 76,503,961

(i) In the year 2018, \$250,000 was received as per the option agreement with GPM which was credited to the cost of the Weebigee project. More detail is described below in the Weebigee Project section.

Goliath Gold Project

The Goliath Gold Project is located in the Kenora Mining Division in north-western Ontario, 20 km east of the City of Dryden and 325 km northwest of the port City of Thunder Bay.

The Goliath Gold Project, prior to claim conversion as part of the third phase of the Ontario Ministry of Northern Development and Mines' Mining Act Modernization process, consisted of 126 contiguous unpatented mining claims and 23 patented land parcels. The Company converted 11 mining claims into 3 mining leases during 2016 resulting in the decrease of the mining claims from 137 to 126. Post conversion, the project consists of 240 single cell mining claims and 30 boundary cell mining claims. Patented land and mining leases remain unaffected by the claim conversion process. The total area of the project is approximately 5,049 hectares (~50 km²) covering portions of Hartman and Zealand townships. The project comprises three historic properties which are now consolidated into one property: the larger Thunder Lake Property, purchased from Teck Resources ("Teck") and Corona Gold Corporation ("Corona") and the Laramide Property, transferred to the Company from Laramide Resources Ltd. ("Laramide"). The project area has been expanded from its original size through additional claim staking and land purchases/options. Certain underlying royalties and payment obligations remain on 13 of the 23 patented land parcels totaling approximately \$105,000 per year.

On October 21, 2014, the Company filed its Environmental Impact Statement ("EIS") with the Canadian Environmental Assessment Agency ("CEAA") and on April 25, 2015, the CEAA confirmed that the EIS conforms to its guidelines. As a result, the Project moved into the public comment period and technical reviews by various federal agencies.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

On June 30, 2015, CEAA submitted a series of Information Requests and comments back to the Company stemming from the public comment period and CEAA's own technical review process of the EIS. The Company and its consultants completed a draft submission of the Information Requests. Subsequently, a substantial body of technical work necessary for a formal submission of the Information Requests including a revised EIS document was submitted to CEAA in September 2017.

On May 14, 2018, Treasury Metals announced as part of the mine permitting process, the Company formally submitted responses to the Information Requests along with a revised Environmental Impact Statement ("EIS") to the Canadian Environmental Assessment Agency ("CEAA"). On May 11, 2018, CEAA confirmed the EIS meets their completeness requirements to move onto the technical review of the documentation. Subsequent to this technical review, as a normal part of the EA process on July 6, 2018 CEAA returned a further series of comments and questions as part of the 2nd round of Information Requests ("IR#2"). The IR#2 paused the legislated timeline for EA completion at approximately 26 weeks remaining of government time to complete the review and issue a decision notice. On March 14th, 2019 CEAA accepted the company's submitted responses to the IR#2. This acceptance means the EIS is undergoing formal review by CEAA and the Goliath Gold Project is now within the legislated timeline period for the completion of Federal Environmental Assessments. As of March 31, 2019 the timeline remains paused at approximately 24 weeks.

On October 17, 2018 the Company provided an updated National Instrument 43-101 Mineral Resource Estimate on Goliath Gold Project. The 2018 Mineral Resource Estimate is an update to the NI 43-101 Mineral Resource Estimate previously released on August 28, 2015.

An updated Preliminary Economic Assessment ("PEA") was completed and the results announced in March 2017.

The Goliath Gold Project comprises three underlying properties: the Laramide Property, Thunder Lake Property and the Brisson Property.

Laramide Property, Ontario

In 2007, the Company acquired from Laramide Resources Ltd., a related party company, a 100% interest in certain parcels of land, including surface and mineral rights totaling 411 acres in 3 patented land parcels, located in Zealand Township near Dryden, Ontario (collectively the "Laramide Property"). This interest is subject to a 2.0 - 2.5% net smelter returns ("NSR") retained by the owners.

Thunder Lake Property, Ontario

In 2007, the Company and Laramide Resources Ltd. finalized and signed an agreement pursuant to which, Treasury Metals purchased 100% of Corona's and Teck's respective interests in the Thunder Lake West, Thunder Lake East and certain adjacent properties in and around Dryden, Ontario (collectively the "Thunder Lake Property").

Brisson Property, Ontario

In December 2009, the Company acquired a 100% interest in certain parcels of land in the District of Kenora. Under the terms of the agreement, the Company made option payments totaling \$100,000 and issued common shares of the Company equal to \$100,000 based on the market price at the date of issue.

Lara Polymetallic Project, British Columbia

In 2007, the Company acquired from Laramide Resources Ltd. a 100% interest in the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The Lara Polymetallic Project comprises 59 mineral claims covering approximately 6,392 hectares (~64 km²) at March 31, 2019.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three months ended March 31, 2019 and 2018

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

The Company is committed to a 1.0% NSR, held by Argus Metals Corp. (formerly Bluerock Resources Ltd) on 8 of the mineral claims, historically known as the Chemainus claims, located on Vancouver Island.

In early 2011 the annual mining leases on a significant portion of the property were not renewed. As a consequence, the estimated non-recoverable costs associated with this project were written off in 2010. At present, the Company has renewed the mining leases of the most significant areas of this property. The expenditures are mainly related to the property renewals; there was no work done on the property.

Goldeye Explorations

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited ("Goldeye") a public company that holds certain properties.

Goldeye consists of three projects, the Weebigee Project, Sandy Lake, the West Shining Tree Project, Larder Lake Mining Division, Ontario, and the Gold Rock Project, Kenora Mining Division, Ontario. Also included in Goldeye are NSR interests in Sonia-Puma NSR, Region V, Chile; McFaulds Lake NSR, Thunder Bay Mining Division, Ontario; and MacMurchy Township NSR, Larder Lake Mining Division, Ontario

The principal asset of Goldeye was the Weebigee Project in Northwestern Ontario and all of the consideration paid in the Goldeye's acquisition was allocated to the Weebigee Project. The Company decided not to renew the Van Hise Project claims which expired in July 2017. Van Hise was not considered a strategic nor valuable project at the time of the Goldeye acquisition transaction; therefore, no charge to operations has been recorded by the Company.

Weebigee Project

The Weebigee Project is located near Sandy Lake, north of Red Lake in Northwestern Ontario. The Company holds a 100% interest in the property through its wholly owned subsidiary Goldeye, which comprises 225 claims. Certain claims are subject to a 2% net smelter return ("NSR") that is held by a former director of Goldeye. On November 12, 2013, the Company entered into an exploration agreement with Sandy Lake First Nations ("SLFN") with respect to the Company's exploration of the Weebigee Project. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014 and again on November 12, 2016 and in November 15, 2018 was renewed for a further one year. All claims are in good standing until 2019 or later.

On April 15, 2015, Goldeye entered into an option agreement (the "GPM Option Agreement") with GPM Metals Inc. ("GPM") whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of \$550,000 in cash (\$50,000, \$100,000, \$150,000 and \$250,000 received in 2015, 2016, 2017 and 2018, respectively) and \$25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of \$5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM's option, paying Goldeye an additional \$1,500,000 in cash and completing a minimum additional \$3,000,000 in exploration expenditures over the next two years. This option agreement is subject to the terms of the exploration agreement signed between Goldeye and GPM on November 12, 2013. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc. ("SLG").

Subsequent to the acquisition of Goldeye, issues arising from the Option Agreement went through an arbitration process which resulted in a decision that a Force Majeure event had occurred and therefore the first year's expenditure deadline was extended, that the first year's expenditure requirement was met, and that Goldeye had not met the conditions to participate in specific additional property purchases.

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8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

During the course of the above-described arbitration, SLG brought a counterclaim against Goldeye for \$2,000,000 plus pre-judgment and post-judgment interest and costs on a full indemnity basis for breach of contract, including breach of certain representations, warranties, and covenants. No further steps have been taken by SLG to advance the counterclaim so full discovery has not yet taken place.

On January 16, 2019, the Arbitration Panel ruled that SLG is entitled to costs award of \$926,960 (HST included). At December 31, 2018, the Company recorded the expense accordingly.

Gold Rock Project, Kenora Mining Division, Ontario

The Company's 100% owned Gold Rock Project is located near Dryden, Ontario and comprises two properties, the Gold Rock property, consisting of 20 claims and the Thunder Cloud property consisting of 1 claim. All claims at the Gold Rock Project are in good standing until November 2018 with the exception of the claim at Thunder Cloud property, which is in good standing until August 2019.

West Shining Tree Project – Larder Lake Mining Division, Ontario

The West Shining Tree Project consists of 53 claims in Fawcett, Leonard, MacMurchy and Tyrell townships, near Timmins in Northeastern Ontario. 52 of the claims are 100% owned by Goldeye and 1 claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until December 2019. The property is subject to NSR ranging from 2% to 3% on certain claims in this area.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balances are comprised as follows:

	March 31, 2019	December 31, 2018
Trade accounts payable	\$ 536,436	\$ 587,761
Accrued liabilities	256,400	274,814
Provision for legal and arbitration costs	926,960	926,960
Taxes and payroll deductions payable	7,949	23,406
Due to Laramide Resources Ltd. (Note 14)	942	-
	\$ 1,728,687	\$ 1,812,941

10. LONG-TERM DEBT

The present value of the long-term debt at March 31, 2019 and December 31, 2018 is as follows:

	Convertible Debt	Mortgage and lease payable	Total Debt March 31, 2019
Loan amount	\$ 5,879,720	\$ 64,090	\$ 5,943,810
Unaccreted amount	(1,345,659)	(5,484)	(1,351,143)
Carrying value of the debt	4,534,061	58,606	4,592,667
Current portion of the debt	-	(32,009)	(32,009)
Long-term debt	\$ 4,534,061	\$ 26,597	\$ 4,560,658

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10. **LONG-TERM DEBT** (Continued)

	Convertible Debt	Mortgage and lease payable	Total Debt December 31, 2018
Loan amount	\$ 5,960,145	\$ 70,351	\$ 6,030,496
Unaccreted amount	(1,427,143)	(5,558)	(1,432,701)
Carrying value of the debt	4,533,002	64,793	4,597,795
Current portion of the debt	-	(32,405)	(32,405)
Long-term debt	\$ 4,533,002	\$ 32,388	\$ 4,565,390

Convertible Debt

On November 30, 2018, a second loan extension agreement was closed extending the maturity to November 30, 2021. Pursuant to the terms of the extension, US\$2.2 million (CAD\$2.9 million) of the Tranche 1 loan was repaid by Extract Lending LLC and Extract Capital Master Fund Ltd. ("Extract" or "Tranche 2") to Loinette Company Leasing Ltd. ("Loinette" or "Tranche 1"); therefore, the total debt of USD\$4.4 million (CAD\$5.9 million) is entirely owed to Extract; also, the conversion price of the share has been fixed to \$0.36.

As consideration, the Company paid to Extract an extension fee of US\$110,000 (CAD\$146,993) and issued 600,000 warrants entitling Extract to purchase common shares at an exercise price of \$0.40 per share for a three-year term.

The original loan agreement was closed on June 17, 2016 for US\$4.4 million (CAD\$5.9 million) with Loinette and Extract. Each company contributed US\$2.2 million (CAD\$2.9 million) of the loan. The proceeds were used in the repayment of the existing RMB Resources Inc. ("RMB") loan, the advancing of the Goliath Gold Project, and for general corporate purposes.

The terms set out in the loan agreement were as follows:

- Maturity 15 months from the closing date.
- The Extract portion of the loan may be converted at Extract's option, in part or in full, at any time, into common shares of the Company at \$0.588 per share.
- The annual interest rate on the Extract portion is the 12-month LIBOR plus 8.5% and on the Loinette portion is the 12-month LIBOR plus 9%. Minimum LIBOR is set at 2%. The interest is payable monthly, in arrears.
- The Facility is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath Gold Project property, land, and mining claims in Kenora.
- An arrangement fee of US\$175,000 (CAD\$225,365) was paid from the proceeds on the closing date.
- The Company issued 220,000 common shares of the Company to the lenders.
- Extract received 250,000 warrants with an exercise price of CAD\$0.94 per common share valid for three years.
- The Company assigned to the lenders 3.0 million warrants previously owned by RMB which were subsequently extended by 12 months from their initial maturity. As a result of their expiry date extension, the fair value of the warrants has increased by \$532,500 which was included as transaction cost of financing.

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10. LONG-TERM DEBT (Continued)

- The Company will provide the lenders a production fee of US\$10 (CAD\$13.43) per each ounce of gold and US\$0.125 (CAD\$0.17) per each ounce of silver produced from the Goliath Project ("Production Fee"). The Company shall have the option to repurchase the Production Fee. The repurchase price varies from US\$750,000 (CAD\$1,007,025) if the loan is repaid after six months from the closing date and on or before the maturity date, or US\$1.0 million (CAD\$1.34 million) if the loan is repaid after the maturity date. Notwithstanding the forgoing, during the first nine months of the term loan, the Company had the option to repurchase the Production Fee for US\$350,000 while any indebtedness remains outstanding under the term loan. In the first quarter of 2017 the Company repurchased the Production Fee for US\$350,000 (CAD\$470,783) which has been capitalized in the mineral properties and related deferred costs account.

On June 7, 2017, a loan extension agreement was closed extending the maturity of both tranches to April 2, 2019, from September 20, 2017. Pursuant to the terms of the extension, US\$2.2 million (CAD\$2.8 million) of the Tranche 1 loan is convertible, at the election of the lenders, into common shares of the Company at a conversion price fixed at CAD\$0.90 per common share. Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 1 was reduced to LIBOR (minimum 200 basis points) plus 6.5% from 9%.

The Tranche 2 principal amount of US\$2.2 million (CAD\$2.8 million) of the term loan continued to be convertible into common shares at a price equal to CAD\$0.588 per common share and have no further amendments.

As consideration for entering into the loan extension, the Company paid the lenders the following:

- a total extension fee of US\$88,000 (CAD\$118,730) for both tranches in consideration for an extension to the maturity date,
- US\$14,000 (CAD\$18,889) for Tranche 1 loan in connection with the reduction to the applicable interest rate; and
- issue to the lenders of both tranches an aggregate of 1 million common share purchase warrants, entitling the lenders to purchase common shares as set out below:
 - Issuance an aggregate of 300,000 warrants on the closing date for a period of 3 years, to purchase a common share at an exercise price of the lesser of CAD\$0.75 per share or 20% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance;
 - Issuance an aggregate of 400,000 warrants on the closing date for a period of 3 years, to purchase a common share at an exercise price of the lesser of CAD\$0.80 per share or 35% above the value weighted average price of the shares for the 20 immediately preceding days for a period of 3 years from issuance; and
 - Issuance an aggregate of 300,000 warrants on the closing date for a period of 18 months, to purchase a common share at an exercise price of CAD\$0.77 per share.

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10. **LONG-TERM DEBT** (Continued)

Activity of the financial instrument (Debt and derivative liability)	March 31, 2019	December 31, 2018
Beginning balance - Debt portion	\$ 4,533,002	\$ 2,420,573
Beginning balance - Convertible portion	1,775,856	907,743
Carrying value of financial instruments	6,308,858	3,328,316
Accretion	-	218,301
Changes in fair value	-	(907,743)
Foreign exchange adjustment	-	152,360
Carrying value prior to amendment	6,308,858	2,791,234
Debt balance transferred from tranche 1	-	2,848,062
Loss on extinguishment (i)	-	56,130
Fair value of new debt instrument	6,308,858	5,695,426
Accretion	93,265	41,452
Changes in fair value	5,466	458,357
Foreign exchange adjustment	(92,206)	113,623
Financial instrument - Ending balance	\$ 6,315,383	\$ 6,308,858

(i) Does not include transaction costs incurred on amendment of \$186,189 in 2018.

Under IFRS the amendments were considered to be an extinguishment of debt, and accordingly the new debt instruments were recorded at fair value on the amendment dates.

Due to the loan being denominated in U.S. dollars, the conversion feature has been presented as a derivative liability. As at March 31, 2019, the derivative liability of the debt was assigned a fair value of \$1,781,322 (December 31, 2018 - \$1,775,856) using the Black-Scholes option pricing model with the following assumptions: share price \$0.31 (2018 - \$0.30), dividend yield 0%, expected volatility, based on historical volatility 65.54% (2018 - 65.95%), a risk free interest rate of 1.9% (2018 - 1.5%) and an expected life of 32 months (2018 - 35 months). The fair value loss \$5,466 (2018 - \$458,357) has been recognized in the statements of operations. The effective interest rate of the debt is 18.5%.

Lease agreement

Lease agreement	March 31, 2019	December 31, 2018
Lease payable	\$ 21,416	\$ 23,632
Unamortized discount	(5,484)	(5,558)
Fair value of the lease payable	15,932	18,074
Current portion of the lease payable	(7,556)	(7,952)
Long-term portion of the lease payable	\$ 8,376	\$ 10,122

In August 2017, the Company signed a four-year lease agreement for a vehicle used at the Goliath Project. At March 31, 2019 the Company is committed to pay \$21,416 through monthly payments until the end of the lease agreement in August 2021. Under IFRS 16, the Company recorded the payable at fair value based on incremental borrowing rate of 20.41%.

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10. **LONG-TERM DEBT** (Continued)

Mortgage

	March 31, 2019	December 31, 2018
Short-term	\$ 24,453	\$ 23,615
Long-term	18,221	48,282
	\$ 42,674	\$ 71,897

The mortgage is related to a purchase of land and building located on the Goliath Gold Project property for a total of \$200,000. The purchase was made in November 2010 consisting of 120 monthly payments with annual interest rate of prime plus 3% expiring in October 2020.

11. **CAPITAL STOCK**

- a) *AUTHORIZED*
 Unlimited common shares
- b) *ISSUED*

COMMON SHARES	Number of Shares	Stated Value
Balance, January 1, 2018	123,061,498	\$ 87,238,185
Units issued for cash in private placements	11,904,762	5,000,000
Flow through private placements	8,348,741	2,254,160
Share issue cash costs	-	(282,790)
Issuance of warrants	-	(1,732,027)
Stock options and warrants exercised	1,775,000	621,250
Fair value of stock options and warrants exercised	-	188,150
Fair value adjustment of extended warrants	-	(83,911)
Flow-through shares premium	-	(83,487)
Balance, December 31, 2018	145,090,001	\$ 93,119,530
Shares issued with respect to a services agreement	100,000	29,000
Balance, March 31, 2019	145,190,001	\$ 93,148,530

On February 7, 2019, the Company issued 100,000 common shares in consideration for an exploration services agreement signed with a third party entity. The fair value of the shares at issuance date was \$0.29 per common share.

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11. **CAPITAL STOCK** (Continued)

Private Placements

On December 17, 2018, the Company closed a private placement for aggregate gross proceeds of \$2,254,160 through the issuance of 8,348,741 flow-through common shares at a price of \$0.27 per share. The Flow-Through Shares are subject to a four-month hold period. The Company incurred in \$144,202 of issue costs regarding this private placement. The proceeds will be used to incur Canadian Exploration Expenses qualified as "flow-through mining expenditures" under the Income Tax Act.

On June 25, 2018, the Company closed a private placement for aggregate gross proceeds of \$5,000,000 through the issuance of 11,904,762 units at a price of \$0.42 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles his holder to acquire one common share at an exercise price of \$0.60 for a period of 60 months from the date of issuance. The proceeds are to be used in the advancement of the Company's Goliath Gold Project and for general working capital purposes. The Company incurred in \$138,588 of issue costs regarding this private placement.

12. **WARRANTS**

In connection with the extension of the debt agreements signed with Extract (Note 10), on November 30, 2018, the Company issued 600,000 warrants exercisable within 36 months at a price of \$0.40 per share and were assigned a fair value of \$36,127 using the Black-Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility, based on historical volatility 58.24%, a risk free interest rate of 1.5% and an expected life of 3 years.

In connection with the private placement (Note 11), on June 25, 2018, the Company issued 11,904,762 warrants exercisable within 60 months at a price of \$0.60 per share and were assigned a fair value of \$1,732,027 using the Black-Scholes option pricing model with the following assumptions: share price \$0.45, dividend yield 0%, expected volatility, based on historical volatility 71.32%, a risk free interest rate of 1.6% and an expected life of 5 years.

The following table reflects the continuity of warrants:

	Number of Warrants 2019	Number of Warrants 2018	Weighted Average Exercise Price 2019	Weighted Average Exercise Price 2018
Balance, at beginning of year	26,247,789	16,618,770	\$ 0.69	\$ 0.74
Issued, on private placement units	-	11,904,762	-	0.60
Issued on debt agreement (Note 10)	-	600,000	0.40	0.40
Expired	(212,500)	-	0.45	-
Expired	(505,286)	-	0.55	-
Expired	-	(1,500,000)	0.40	0.40
Expired	-	(507,263)	0.56	0.56
Expired	-	(351,480)	0.70	0.70
Expired	-	(217,000)	0.55	0.55
Expired	-	(300,000)	0.77	0.77
Balance March 31 and December 31	25,530,003	26,247,789	\$ 0.70	\$ 0.69

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12. **WARRANTS** (Continued)

The issued and outstanding warrants are comprised as follows:

Expiry Date	Type	Warrants at March 31, 2019	Warrants at December 31, 2018	Exercise Price
January, 13, 2019	Warrants	-	212,500	\$ 0.45
January, 13, 2019	Warrants	-	505,286	\$ 0.55
May 15, 2019	Warrants	6,200,000	6,200,000	\$ 0.95
May 15, 2019	Agent warrants	573,575	573,575	\$ 0.65
May 18, 2019	Financier warrants	750,000	750,000	\$ 0.35
May 18, 2019	Warrants	4,170,666	4,170,666	\$ 0.70
June 17, 2019	Warrants	250,000	250,000	\$ 0.94
December 21, 2019	Agent warrants	381,000	381,000	\$ 0.67
June 7, 2020	Warrants	300,000	300,000	\$ 0.75
June 7, 2020	Warrants	400,000	400,000	\$ 0.80
June 25, 2023	Warrants	11,904,762	11,904,762	\$ 0.60
November 30, 2021	Financier warrants	600,000	600,000	\$ 0.40
		25,530,003	26,247,789	

The weighted average life of the outstanding warrants at March 31, 2019 is 2.1 years (December 31, 2018 - 2.3 years).

13. **STOCK-BASED COMPENSATION**

On September 18, 2018, the Company granted a total of 4,825,000 options to directors, officers, employees and consultants to buy common shares at an exercise price of \$0.40 each and expire on September 18, 2020. The stock options vest 50% at the date of granting and the remaining 50% vest on March 18, 2019. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.32, dividend yield 0%, expected volatility 59.32% based on historical volatility, a risk free interest rate of 1.20%, and an expected life of 2 years. As a result, the fair value of the options was estimated at \$401,835 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

Treasury Metals has a 10% rolling stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. As at March 31, 2019, the Company has an additional 9,244,000 (December 31, 2018 – 9,084,000) options available for issuance under the plan.

During the period ended March 31, 2019, the stock-based compensation charged to mineral properties and related deferred costs amounted \$22,757 (2018 - \$16,452).

The Company estimates expected life of options and expected volatility based on historical volatility, which may differ from actual outcomes.

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13. STOCK-BASED COMPENSATION (Continued)

Continuity of the unexercised options to purchase common shares is as follows:

	Number of Stock Options 2019	Number of Stock Options 2018	Weighted Average Exercise Price 2019	Weighted Average Exercise Price 2018
Balance, at beginning of year	5,425,000	6,525,933	\$ 0.42	\$ 0.52
Options granted	-	4,825,000	-	0.40
Exercised	-	(1,775,000)	-	0.35
Expired	-	(175,000)	-	0.38
Expired	-	(350,000)	-	0.35
Expired	-	(125,933)	-	0.56
Cancelled	-	(2,150,000)	-	0.63
Expired	-	(1,350,000)	-	0.62
Expired	(150,000)	-	0.40	-
Balance March 31 and December 31	5,275,000	5,425,000	\$ 0.42	\$ 0.42

The weighted average life of the outstanding options at March 31, 2019 is 1.2 years (December 31, 2018 - 1.4 years). The weighted average market value of the shares when the options were exercised in 2018 was \$0.42

The outstanding options are comprised as follows:

Grant Date	Expiry Date	Number of Stock Options at March 31, 2019	Number of Stock Options at December 31, 2018	Exercise Price
January 16, 2016	January 16, 2019	-	150,000	0.40
June 29, 2017	June 29, 2020	450,000	450,000	0.62
September 18, 2018	September 18, 2020	4,825,000	4,825,000	0.40
		5,275,000	5,425,000	

At March 31, 2019, 2,862,500 of the outstanding options are fully vested and exercisable (December 31, 2018 - 3,012,500).

14. RELATED PARTY DISCLOSURES

Certain corporate entities that are related to the Company's officers and directors provide services to Treasury Metals. At March 31, 2019, there is \$942 of net accounts payable to Laramide Resources Ltd., (December 31, 2018 – receivable of \$11,105), a company that has a director and an officer in common with Treasury Metals. During the period, Laramide charged \$51,472 (2018 - \$42,365) for office space rent, and other expenditures paid by Laramide on behalf of the Company and the Company charged \$4,036 of shared expenditures paid on behalf of Laramide (2018 - \$3,953).

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15. KEY MANAGEMENT COMPENSATION

Key management includes the Chief Executive Officer, Chief Financial Officer and directors of the Company. The compensation payable to key management is shown below:

Periods ended March 31	2019		2018	
Salaries	\$	86,250	\$	111,875
Director fees		32,000		32,000
	\$	118,250	\$	143,875

16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

1) The Company is committed to spend \$2,254,160 on Canadian exploration expenses ("CEE") as part of its flow-through funding agreement dated on December 17, 2018; at March 31, 2019, the Company has spent \$554,434. All flow-through spending commitments from previous flow-through financings have been fulfilled.

2) Following an audit commenced by the Canada Revenue Agency (the "CRA") in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013, on March 7, 2018 the Company was advised by the CRA that out of the total of \$12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately \$1.8 million of CEE to operating expenses and a further approximately \$2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE.

The Company disputes the CRA's proposed re-characterizations of expenses from CEE to either CDE or operating expenses and has filed a Notice of Objection with the CRA. Due to the uncertainty of the final outcome, no liability has been recorded in the interim condensed consolidated financial statements.

17. FINANCIAL RISK FACTORS

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers capital from two perspectives: its working capital position and its capital stock, warrant, and stock option components of its shareholders' equity.

At March 31, 2019, the Company has a working capital deficiency of \$704,126 excluding the non-cash unrenounced flow-through share premium liability and derivative liability (December 31, 2018 - working capital of \$882,045); Capital stock and contributed surplus total \$102,851,370 (December 31, 2018 - \$102,742,673).

To effectively manage the Company's capital requirements, the management has in place a rigorous planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities and planned future capital raises to meet its short-term business requirements, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and marketable securities.

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17. FINANCIAL RISK FACTORS (Continued)

At March 31, 2019, the Company expects its capital resources and projected future cash flows from financing to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. At March 31, 2019, there were certain externally imposed capital requirements related to the long term debt, to which the Company is subject and with which the Company was not in compliance. A waiver was obtained to confirm that the Company was not in default on the long-term debt.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended March 31, 2019.

Risk Disclosures

Exposure to credit, interest rate and currency risks arises in the normal course of the Company's business.

Credit Risk

The Company has cash and cash equivalents balance of \$747,447 (December 31, 2018 - \$2,399,524) and accounts receivable of \$283,646 (December 31, 2018 - \$312,957). The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. There is no significant credit risk with respect of receivables.

Interest Rate Risk

The Company has exposure to interest rate risk since its long-term debt has an interest rate based on 12-month LIBOR, subject to an interest floor.

Market Price Risk

The Company has convertible long-term debt denominated in US Dollars. The convertible feature of this long-term debt has been classified as a derivative liability. Among other variables, the fair value of this derivative liability is affected by changes in the market price of the Company shares.

Foreign Currency Risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the U.S. dollar, the balance of net monetary liabilities in such currency as of March 31, 2019 is \$4,518,686 (December 31, 2018 - \$4,751,323).

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17. **FINANCIAL RISK FACTORS** (Continued)

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable and its debt. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company had a cash and cash equivalents balance of \$747,447 (December 31, 2018 - \$2,399,524) to settle current liabilities of \$1,760,696 (December 31, 2018 - \$1,845,346), excluding the non-cash unrenounced flow-through share premium liability. All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company relies on external financing to generate sufficient operating capital and the management believes it will be able to raise any required funds in the short-term.

Sensitivity Analysis

As at March 31, 2019 and 2018, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the Company believes the following movement is "reasonably possible" over a twelve-month period.

- i) The Company is exposed to interest rate risk on LIBOR fluctuations for its long-term debt. A variance of 1% in the 12-month LIBOR will affect the annual Company's net comprehensive loss by approximately \$58,797.
- ii) The Company is exposed to foreign currency risk on fluctuations of balances that are denominated in US currency related to cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive loss by \$451,869.
- iii) The Company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their March 31, 2019 fair market value positions, the comprehensive loss would have varied by \$7,800.

Fair Value Hierarchy

The Company has designated its investments in shares as FVTOCI, which are measured at fair value. The derivative liability is classified as FVTPL and is measured at fair value with unrealized gains or losses reported in the consolidated statement of operations.

Accounts payable and accrued liabilities and the long-term debt are considered as other financial liabilities, which are measured at amortized cost which also approximates fair value. The fair value of long-term debt approximates their carrying amount due to the effective interest rate being close to the market rate.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where fair value measurement is required. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and investments approximate their fair value.

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17. **FINANCIAL RISK FACTORS** (Continued)

March 31, 2019:	Level One	Level Two	Level Three
Investments	\$ 78,003	\$ -	\$ -
Derivative liability	-	(1,781,322)	-
	\$ 78,003	\$ (1,781,322)	\$ -
December 31, 2018:	Level One	Level Two	Level Three
Investments	\$ 79,599	\$ -	\$ -
Derivative liability	-	(1,775,856)	-
	\$ 79,599	\$ (1,775,856)	\$ -

There have been no transfers between levels 1, 2 or 3 during the periods.