**MANAGEMENT DISCUSSION AND ANALYSIS**
**FOR THE NINE MONTHS ENDED**
**SEPTEMBER 30, 2017 AND 2016**

## INTRODUCTION

Treasury Metals Inc. (TSX: TML) ("Treasury Metals" or "Treasury" or the "Company") is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Project. The Project has access to first-rate infrastructure at its location near Dryden in northwestern Ontario. Treasury Metals is advancing Goliath through the Canadian permitting process to begin mining production for an open-pit gold mine and subsequent underground operations to be developed in the latter years of mine life. Key programs during 2017 and 2016 include diamond drilling and field exploration, an updated PEA, engineering activities, and continuation of the permitting process towards the Company's stated goals of completing a feasibility study and mine permits on the Goliath Gold Project.

Established in 2008, Treasury Metals operates corporate headquarters in Toronto, Ontario, and a Project Office at the Goliath Gold Project in the Kenora Mining Division in northwestern Ontario. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol "TML", and on the OTCQX® Best Market under the symbol "TSRMF". Additional corporate information can be found on Treasury Metals Inc.'s website at www.treasurymetals.com.

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Treasury Metals should be read in conjunction with the Company's financial statements for the periods ended September 30, 2017 and 2016, including the related notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is presented as of November 9, 2017. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains "forward-looking" statements that are subject to risk factors set out in a cautionary note contained herein.

## OVERVIEW

During the period, the Company's work programs on its Goliath Gold Project continued with a focus on the steps to complete a decision on mine construction:

- On March 8, 2017, Treasury Metals announced a new updated PEA showing significantly improved economics at the Goliath Project. Highlights include:
  - After-Tax NPV of CAD$306 million and IRR of 25% at US$1,225 per ounce
  - A 44% increase in the Life of Mine ("LOM") gold production profile, while taking a conservative approach with respect to operating and capital costs compared with the 2012 PEA;
  - Average annual production of 87,850 oz Au over a 13 year combined open pit and underground mine life; peak production exceeding 100,000 oz per year Au from years three to six;
  - LOM head grade of 3.8 g/tonne (Au), an increase of 33% from the 2012 PEA; and
  - Total cash cost is estimated at US$525 per equivalent gold ounce ("AuEq") and an all-in sustaining cost ("AISC"), as defined by the World Gold Council, estimated at US$611 per AuEq.

  Further details on the Project economics and development plan are included later in this report.

- Treasury Metals announced a project development strategy contingent on financing, to further advance the Company's Goliath Gold Project located in northwestern Ontario. The Company aims to be in a position to make a construction decision in 2018, pending the successful recommendation of a Feasibility Study. See "Plans for 2017/18" later in this report in the "Exploration" section.

- The Company has also completed its field exploration and mapping program that was focused on exploring for evidence of surface gold mineralization (1) following the easterly strike extension of the Goliath Gold Deposit for an additional 2.0 kilometres; and, (2) covering areas where mining infrastructure might be considered as part of a condemnation program. A combination of the geological re-interpretation of both the geology and historical drilling results in concert with the recently completed field mapping program has identified a number of near surface high potential targets for future drill testing. A 39-hole 5,000 metre diamond drilling program was started in January 2017 to test the best exploration targets defined from the newly interpreted longitudinal sections and results of the field mapping investigations. This drilling focused on multiple structural targets with highest potential to host gold mineralization along strike to the northeast for a distance of 1,500 m from the proposed open pit. Details of this program are detailed later this report under the "Exploration" section.

- On August 1, 2017, the Phase II drilling exploration program commenced at Goliath Gold Project. The Phase II program will consist of 15,000 metres of infill drilling in the Main Zone resource area allowing for further resource conversion from inferred to the indicated category, extending the shoots down-dip. These 15,000 metres of infill drilling will be broken into two separate phases as well in order to take into consideration the Company's cash position at the time of the program launch. Phase IIA – 5,000 metres of infill drilling on the Main Zone Central Shoot and Phase IIB – 10,000 metres of infill drilling on the Main Zone Eastern and Western Shoots. In addition, an expansion and exploration program of 15,000 metres will focus on "high priority" step out targets outside of the known Goliath resource area along strike to the northeast to test near surface targets as well as extending down-dip below the current resource in both the Main and C Zone areas. Initial results of the first program of the Phase II drilling program are detailed later in this report under the "Exploration" section.

- In November 2016, Treasury announced that it had extended the drilling program from the initially planned 5,000 metres to continue to target and convert additional deep underground "Inferred" resources and also announced initial results from the first phase of the ongoing infill drilling program; and, on February 6, 2017, the Company announced additional results from its infill drilling program. In total, 13,535 metres were drilled as part of this infill drilling program.

- A Phase I 5,000 metre drill program was initiated in August 2016, focusing primarily on converting deep underground "Inferred" mineral resource blocks into the "Indicated" category. This drilling program initially targeted high grade blocks (those with grades of >5.0 g/t AuEq) that reside mainly within, adjacent to and down dip of known Main Zone gold-bearing shoots at vertical depths in excess of 400 m from surface to a maximum depth of around 600 m over a strike length of around 950 m along the main gold deposit. Successful results of this program would enhance the underground resources in the mine plan for upcoming Feasibility level design studies. Results of this program are not factored into the updated 2017 Preliminary Economic Assessment ("PEA") Technical Report due to the timing of the new PEA report that was announced in March 2017. Further, C Zone resource conversion drill targets have also been identified for testing. Certain holes will also evaluate possible down dip shoot extensions of known gold mineralization in the main resource area. In addition to this drill program, and as a transition to the next phase of condemnation/exploration drilling, a geological mapping and sampling program was also completed in an area directly adjacent to and following the easterly extension of the main resource area for another 1.6 kilometres.

- Throughout 2016, the Company continued to collect baseline environmental data as part of ongoing permit requirements and continued to work with external consultants to design a new exploration program, and to optimize the Project scope and Project economics.

- The Company, along with assistance and direction from Wood Environmental, previously AMEC Foster Wheeler, submitted a draft of the Information Request responses ("IRs") to CEAA for review prior to a formal submission of responses as part of the Federal Government of Canada's Environmental Assessment process ("Federal EA"). Treasury, along with Wood Environmental ("Wood"), have since completed a formal submission of the IRs and a fully revised Environmental Impact Statement ("EIS") with accompanying appendices. With feedback given from CEAA the formal submission provided an updated Impact Assessment that describes all potential impacts of the Project and proposed mitigation measures for each impact. Some of the required work also included an updated assessment of the general site layouts and overall water balance as well as completing a geotechnical field program to support onsite infrastructure for both permitting and the Feasibility Study. This body of additional technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public. The Company expects the Federal EA should be completed with a formal decision towards the end of 2018. This timeline includes the anticipated time for the Company to develop and submit responses to requests from the Federal EA process as well as the allotted time for the government's review.

- On a parallel process with the Federal EA, Treasury continues to work on technical reports to support the provincial permitting process. Communication is ongoing with various provincial ministries to confirm the application formats and technical support required for each specific permit that will be granted under provincial authority. Both provincial mine closure plan and tailings storage facility construction reports continue to be advanced. Treasury expects the provincial permitting process to move in a similar timeline to the Federal EA and will provide updates as work progresses.

- As a result of the EIS meeting conformity, the Project entered the 30-day public comment period starting April 25, 2015, and technical reviews conducted by various federal government agencies. CEAA hosted several Public Open House meetings in Wabigoon and Dryden, which Treasury Metals personnel and the respective technical consultants attended to act as technical support to CEAA. The meetings were well attended by local residents as an opportunity to provide comment and ask questions about the project.

Other recent key milestones and events in 2016 and 2017:

- On June 8, 2017, the Company announced that the Company and its lenders, Extract Advisors LLC ("Extract") and Loinette Company Leasing Ltd. ("Loinette" and together with Extract, the "Lenders"), completed an amendment (the "Loan Extension") to the existing US$4.4 million convertible term loan which is comprised of two tranches (the "Term Loan"). The Loan Extension amended, among other terms, the maturity date of the Term Loan, extending it to April 2, 2019, from September 20, 2017. Pursuant to the terms of the Loan Extension, US$2.2 million of the Term Loan has been amended to be convertible at the election of the Lenders into common shares in the capital of the Company (the "Common Shares") at a conversion price fixed at CAD$0.90 per Common Share, representing approximately a 37.5% premium to the closing price of the Common Shares on May 5, 2017 prior to entering into the binding term sheet ("Tranche 1"). The remaining principal amount of US$2.2 million of the Term Loan is unchanged and continues to be convertible into Common Shares at a price equal to CAD$0.588 per Common Share and will have no further amendments ("Tranche 2"). The Loan Extension has been superseded with a definitive agreement entered into by the Company and the Lender on June 7, 2017. Further details related to the Term Loan Extension were provided in a press release issued by the Company on June 8, 2017 and May 8, 2017.

- On May 15, 2017, the Company closed the $8,060,000 financing which had been announced on April 20, 2017. The Offering was co-led by Haywood Securities Inc. and PI Financial Corp., and included Canaccord Genuity Corp. The Offering consisted of a maximum of 12,400,000 Units, at a price of $0.65 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each full warrant exercisable into one common share of the Company at a price of $0.95 for a period of 24 months from the closing date.

- The Company exercised in March 2017 an option to repurchase an outstanding US$10/oz Au production fee from Extract Capital Master Fund Ltd. and Loinette Leasing Ltd. for total consideration of US$350,000, thereby eliminating the future cost of the fee in its entirety and enhancing the overall project economics at Goliath.

- On December 7, 2016, the Company announced a non-brokered private placement issuing up to 2,739,726 flow-through common shares ("Flow-Through Share") of the Company at a price of $0.73 per Flow-Through Share, for aggregate gross proceeds of up to $2.0 million (the "Offering"). On December 9, the Company announced that due to strong investor demand, the Company had increased the aggregate gross proceeds to $2.5 million and on December 21, 2016 announced that the Company had closed the private placement of flow-through common shares for aggregate gross proceeds of $2,618,595.

- Former Kirkland Lake Gold executive Chris Stewart, P.Eng., was appointed President and Chief Executive Officer effective December 5, 2016. Mr. Stewart, who is a senior executive with more than 24 years of diversified experience in the mining industry, will lead the Company's transition through the development stage into production. At the Company's last shareholders' meeting in June 2017, Mr. Stewart was elected to the Board of Directors of the Company.

- On July 11, 2016, the Company agreed to a proposal with respect to the acquisition of Goldeye Explorations Limited (TSXV: GGY). Goldeye's principal asset is the Weebigee Project, a high-grade project located near Sandy Lake in northwestern Ontario. The acquisition provides Treasury with a second high-quality asset in northwestern Ontario. The transaction closed November 24, 2016.

- On June 17, 2016, the Company closed two long-term loan agreements for US$4.4 million with Loinette Company Leasing Ltd. ("Loinette"), Extract Capital Master Fund Ltd. and Extract Lending LLC ("Extract"), with Extract Advisors LLP acting as agent (collectively "The Lenders"). The proceeds were used to repay the $5 million RMB loan, to continue the advancing of the Project feasibility study and permitting, and general working capital purposes.

- On May 18, 2016, the Company closed a brokered private placement for which it issued 6,258,000 units at a price of $0.48 per unit for aggregate gross proceeds of $3.0 million. In addition, the Company issued, on a non-brokered basis, 2,083,333 units at a price of $0.48 per unit to a strategic financial investor for additional gross proceeds of $1 million, resulting in total gross proceeds raised of $4.0 million.

- In December 2015, the Company closed the first tranche of a non-brokered placement for gross proceeds of $482,500 through the issuance of 425,000 units at a price of $0.35 per unit and 741,667 flow-through shares at a price of $0.45 per flow-through common share. In January 2016, the Company closed the second tranche of the non-brokered placement for gross proceeds of $353,700 through the issuance of a further 1,010,527 units. Each unit of the non-brokered placement consists of one common share and one-half of one common share purchase warrant exercisable for a period of 36 months at $0.55 per share.

## PLANS FOR THE BALANCE OF 2017 AND INTO 2018

The Company aims to be in a position to make a construction decision in 2018, pending the successful recommendation of a Feasibility Study which the Company commenced in the third quarter of 2017. The Company's key objectives for Goliath and proposed timelines are provided, as follows:

- <u>Updated NI 43-101 Resource Estimate:</u> Upon the completion of the Phase II Exploration Program, an updated NI 43-101 Resource Estimate will be completed. This estimate will incorporate Treasury's 2016 exploration, and 2017 Phase I and Phase II drilling programs. The first part of this program (Phase IIA) was started in early August 2017. Progress into the second stage of Phase II will be contingent on the availability of cash resources.

- <u>Feasibility Study:</u> The Company commenced a Feasibility Study on the Goliath Gold Project starting in the third quarter of 2017, targeting completion in 2018, which will incorporate an updated NI 43-101 Resource Estimate as well as additional engineering, optimization work, finalized metallurgical and grinding testwork and earthworks geotechnical support studies.

- <u>Permitting Progress:</u> The Company continues to make permitting progress, including the submission of Information Request responses as part of the Federal Government of Canada's Environmental Impact Statement ("EIS") review. The Company along with its technical consultants have recently completed a substantial body of technical work necessary for a formal submission of the IR responses. This body of technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public.

- <u>Community Engagement:</u> Indigenous and community engagement continues to progress in step with the stage of the project and long-term relationship agreements are anticipated as the above milestones are completed.

## MINERAL EXPLORATION PROPERTIES

### Goliath Gold Project

The Goliath Gold Project ("Goliath" or "the Project") is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. Goliath Gold Project consists of approximately 4,881 hectares (approximately 49 $km^2$ total) and covers portions of Hartman and Zealand townships. The Project is comprised of two historic properties now consolidated under the common name Goliath Gold Project, which consists of: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide Resources Ltd. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling about $105,000 per year.

### Lara Polymetallic Project

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property was comprised of 90 mineral claims at the end of 2013. In 2017, as the claims came up for renewal, only the significant claims were renewed and the Project currently consists of 53 mineral claims.

### Goldeye

The acquisition of Goldeye Explorations Limited was completed on November 24, 2016. Effective upon closing, Goldeye became a wholly owned subsidiary of Treasury and all of the issued and outstanding common shares of Goldeye were acquired by Treasury. The acquisition provides Treasury with a second high-quality asset, the Weebigee Project, in northwestern Ontario.

The Weebigee Project, Goldeye's principal asset, is a high-grade gold project located near Sandy Lake in northwestern Ontario. Goldeye's most recent exploration program, consisting of a 2,200 metre shallow drill program, reported significant gold results. The Weebigee Project is subject to an earn-in option agreement between GPM Metals Inc. / Sandy Lake Gold Inc. (formerly Lago Dourado Minerals Ltd.) and Goldeye.

Three other gold exploration properties were inherited with the Goldeye acquisition, the Goldrock/Thunder Cloud, Shining Tree (Fawcett Lake) and Van Hise (Larder Lake) properties, all of which reside in the Province of Ontario. All of these properties are grassroot with no exploration permits in place for more advanced field work, such as diamond drilling.

**GOLIATH GOLD PROJECT**

## TECHNICAL REPORTS

### I) Updated Preliminary Economic Assessment – March 2017

Highlights (all currencies are reported in Canadian dollars unless otherwise specified):

- After-Tax NPV of CAD$306 million and IRR of 25% at US$1,225 per ounce
- The PEA benefits from a 44% increase in the Life of Mine ("LOM") gold production profile, while taking a conservative approach with respect to operating and capital costs compared with the 2012 PEA;
- Average annual production of 87,850 oz Au over a 13 year combined open pit and underground mine life; peak production exceeding 100,000 oz per year Au from years three to six;
- LOM head grade of 3.8 g/tonne (Au), an increase of 33% from the 2012 PEA; and
- Total cash cost is estimated at US$525 per equivalent gold ounce ("AuEq") and an all-in sustaining cost ("AISC"), as defined by the World Gold Council, estimated at US$611 per AuEq;

The optimized mining plan used in the PEA envisions an initial open pit generating immediate revenues to fund underground development. Underground ("UG") production begins in the second year with the open pit operating over an additional 7 years at a reduced output to supplement UG production to a total of 2,500 tonnes per day over the course of a 13-year total mine life. Total gold production is estimated at 1.14 million ounces of gold and 2.0 million ounces of silver. Initial capital to fund construction is estimated at CAD$133.2 million with an additional CAD$132.5 million in sustaining capital over the LOM primarily to fund the underground expansion.

The mine is proposed to produce an average head grade of 3.81 g/t gold and 10.55 g/t silver with Open Pit and UG mining producing average grades of 1.58 g/t and 4.87 g/t of gold, respectively. The infill diamond drilling programs completed to date since the PEA in 2012 (the "2012 PEA") have resulted in improved project economics and overall confidence in the mine plan. The stripping ratio of waste rock to mill feed has been reduced to 6:1, which represents a 35% improvement over the 2012 PEA. This stripping ratio does not include pre-production stripping of approximately 1.3 million metres cubed of overburden material.

All mined ounces in the open pit are within the Measured and Indicated categories. Seventy per cent of the mineable ounces within the Underground are classified within the Measured and Indicated categories which represent a significant increase from the 2012 PEA.

Underground production is envisioned to be carried out at an average rate of 1,600 tonnes per day using the long hole stoping method on 30 metre sublevels. Average underground operating costs have been estimated at $77/tonne, a 28 per cent increase over the cost assumption in the 2012 PEA.

## Goliath PEA Overview

The 2017 PEA was prepared by CSA Global Canada Geosciences Ltd. ("CSA Global") with the assistance of P&E Engineering Consultants and the Company's operations and exploration teams in collaboration with a range of industry consultants. The PEA was prepared in accordance with National Instrument 43-101 and the technical report that summarizes the results of the 2017 PEA is filed on the Company's website and on Sedar (www.sedar.com/).

### PEA Assumptions and Economic Results (Base Case Metrics)

Table 1 presents a summary of the life-of-mine gold production information and other key highlights of the Project. All amounts are in Canadian Dollars except the realized gold and silver price which is quoted in US Dollars. All grade and oz. values are quoted separately as gold and silver unless specified as equivalent ounces, with 1 oz Au = 110 oz Ag, calculated by base case metal prices as listed in Table 1.

**Table 1**

| **Project Parameters** | **Unit** | **Amount** |
|---|---|---|
| Gold Resources | | |
| Gold and Silver Production – Recovered Resources | Oz | 1,142,000 and 2,075,000 |
| Cut-off Grade – Open Pit and Underground | Au g/tonne | 0.55 and 2.10 |
| Average Mill Feed Gold Grade | Au (g/tonne) | 3.81 |
| Average Mill Feed Silver Grade | Ag (g/tonne) | 10.55 |
| Average Open Pit Gold Grade (Au) | Au (g/tonne) | 1.59 |
| Average Underground Gold Grade (Au) | Au (g/tonne) | 4.87 |
| Average Gold Grade | AuEq (g/tonne) | 3.91 |
| **Operating Metrics** | | |
| Total Tonnes Mill Feed Produced | Tonnes | 9.8 million |
| Tonnes Mill Feed Produced breakdown OP and U/G | | 3.18 and 6.60 million |
| Mill Feed Production Rate | tpd/tpa | 2,500 tonne/day or 875,000/yr |
| Dilution (Open Pit) | | 25% |
| Dilution (UG) | | 8% |
| Strip Ratio (excluding 1.3 million $m^3$ of pre-production overburden stripping) | Waste:Mill Feed | 6:1 |
| Gold Recovery (Processing) | % | 95.5% |
| Silver Recovery (Processing) | % | 62.6% |

| | | |
|---|---|---|
| Average Gold Production | Oz/year | 87,850 |
| Average Silver Production | Oz/year | 160,000 |
| Average Gold Production (Au Equivalent) | Au Eq | 90,000 |
| Peak Production (Year 6) | Au | 111,800 |
| Mine life | Years | 13 years |
| **Financial Metrics** | | |
| Realized Gold and Silver Price (Base Case) | US$/Oz | $1,225 and $17 |
| Total Initial Capital Expenditures | CAD$M | $133.2 |
| Total Sustaining Capital (Including U/G) | CAD$M | $132.5 |
| Cash Operating Cost | US$/Oz | $525 |
| All in Sustaining Cost (AISC) | US$/Oz | $611 |
| Mining Costs – Open Pit and UG | $/tonne | Open pit $3.45 and UG $77 |
| Milling Costs and G & A costs | $/tonne | $18.15 and $2.85 |
| Open Pit Waste Mining | $/tonne | $3.30 |
| Overburden Removal | $/m$^3$ | $6.00 |
| Exchange Rate | US$ | CAD$1.32 |

Cautionary statement required by NI 43-101

According to the cautionary statement required by NI 43-101, it should be noted that this assessment is preliminary in nature as it includes Inferred mineral resources that cannot be categorized as reserves at this time and as such there is no certainty that the preliminary assessment and economics will be realized.

**Project Economics**

CSA Global concluded that under base case assumptions of 2,500 tpd production and US$1,225 per ounce (base case – 3 year trailing average gold), the Life of Mine post-tax net present value (NPV) of CAD$306 million based on a 5% discount rate, internal rate of return (IRR) of 25.0% and a payback of 4.1 years. The payback includes the cash-flows being used for UG mine development costs. The "Pre-Tax NPV and IRR Sensitivity to Gold Price" table (see next page) summarizes the base case compared to various metal price assumptions.

**Pre-Tax NPV and IRR Sensitivity to Gold Price**

| Gold Price (USD) | NPV (5%) (C$M) | NPV (7.5%) (C$M) | IRR | Payback from Production |
|---|---|---|---|---|
| US$1,150/oz | $356.7 | $268.3 | 26.3% | 4.0 |
| US$1,200/oz | $402.4 | $306.2 | 28.7% | 3.8 |
| Base Case US$1,225/oz | $425.3 | $325.2 | 29.9% | 3.7 |
| US$1,275/oz | $471.0 | $363.2 | 32.3% | 3.5 |
| US$1,350/oz | $539.4 | $420.1 | 35.7% | 3.2 |
| US$1,500/oz | $677.0 | $534.3 | 42.3% | 2.8 |

**Post-Tax NPV and IRR Sensitivity to Gold Price**

| Gold Price (USD) | NPV (5%) (C$M) | NPV (7.5%) (C$M) | IRR | Payback from Production |
|---|---|---|---|---|
| US$1,150/oz | $254.6 | $185.1 | 22.1% | 4.6 |
| US$1,200/oz | $288.9 | $213.6 | 24.1% | 4.3 |
| Base Case - US$1,225/oz | $306.1 | $227.9 | 25.0% | 4.1 |
| US$1,275/oz | $340.4 | $256.4 | 27.0% | 3.9 |
| US$1,350/oz | $391.8 | $299.1 | 29.8% | 3.6 |
| US$1,500/oz | $494.9 | $384.8 | 35.2% | 3.2 |

**Net Cash Flows**

| C$ Million | Yearly Average | Yearly Average for Yr 3 to 9 | LOM Total |
|---|---|---|---|
| Net Metal Revenue | $134.2M | $166.1M | $1,187M |
| Operating Cost | $58.5M | $67.2M | $812.7M |
| Transportation, Royalties and Refining | $0.6M | $0.78M | $9.3M |
| Capital Costs | $18.6M | $11.0M | $265.7M |
| Pre-Tax Cash Flows | $48.6M | $81.1M | $729.5M |
| Corporate Tax | $18.8M | $24.0M | $254.5M |
| After-Tax Cash Flow | $36.3M | $63.5M | $545.0M |

**Project Improvement and Future Trade-off Studies**

- Resource Expansion: The resource remains open both at depth and on strike. The PEA has also taken a conservative approach to the exclusion of several areas of inferred resources. Specifically, the PEA has excluded two zones of mineralized material that are separated approximately 300 metres from the underground main resource area to the east and west, respectively. These areas represent approximately 84,000 oz combined and highlight the potential of resource expansion via open strike extensions.

- Reduction and Optimization of Capital Expenditures: Availability of used equipment on the market and/or the option of leasing equipment have potential to significantly reduce capital costs. For example, used Open Pit, UG equipment, and used milling equipment such as a SAG Mill could be sourced and would replace more expensive and long lead time expenses used in the PEA. As the Project progresses, there will be continual options to explore using leased equipment and/or contract mining to lessen the upfront investment needed depending on the market conditions as the project is initiated. The Company will continue throughout the Feasibility Study to evaluate all potential options to increase the economics of the project.

- Mine Plan Optimization: Presently, the UG development costs in the PEA are based on contractor rates for certain equipment and personnel. With the purchase of equipment and use of company personnel, the overall UG development cost could be significantly reduced in the sustaining capital section. Further optimization of open pit mining phases, along with the current infill drilling programs, could help to reduce the stripping ratio in the initial years while providing optimized grade directly to the mill in the initial years of production. In conjunction with optimized phase design, the PEA has also elected to not use any low grade stockpile. Further optimization of mining could make use of a low grade stockpile to provide an increased open pit head grade being fed to the mill prior to the initiation of UG mining. The company is also currently exploring any possible efficiency gains by use of available technology such as battery mining equipment and automated/tele remote mining. As part of the Feasibility Study, the company will also be optimizing the start of UG mining to maximize project economics.

- Process Optimization: Further optimization of the gold processing plant could help to improve economics by reducing operating costs and increasing gold recoveries. It has been recommended to study the use of oxygen injection into the leaching circuit to both speed leaching times and reduce cyanide consumption. A further advantage is the ability to operate the slurry leach circuit at a lower pH that favours the carbon adsorption step and together with the accelerated leach kinetics can allow a significant drop in leach tank volume requirements, significantly lowering capital costs.

**Proposed Mining Plan**

In a similar method to previous studies, the PEA proposes an initial open pit mining plan to take advantage of mineralized material at surface. Revenues generated from open pit mining will be used in the development of the underground operations. In an effort to optimize the mill head grade, the PEA envisions that UG mine development will start immediately in year one with the objective of creating underground mill feed by year two. It has been proposed that once UG production is online the open pit production rate will be decreased over the remaining six-year period and will supplement the UG mill feed to the nameplate capacity. As proposed, the open pit will operate over an eight-year mine life and uses no significant stockpile from the storage of low grade material. This will have the additional benefit of reduced re-handle costs for the low grade stockpile that was proposed in previous studies.

Total gold production is estimated at 1,142,000 ounces of gold and 2,075,000 ounces of silver of which it is proposed that 154,700 ounces of gold will be from the Open Pit and 987,300 ounces of gold will be produced from the Underground. The PEA is based on an average milling rate of 875,000 tonnes per year, or 2,500 tonnes per day with an average head grade of 3.81 g/t gold and 10.55 g/t silver. Metallurgical and optimization studies continue to indicate high recoveries using a traditional Carbon in Leach (CIL) circuit and estimated overall recovery of 95.5% for gold and 62.6% for silver.

Initial capital to fund construction is estimated at C$133.2 million with an additional C$132.5 million in sustaining capital over the LOM primarily to fund the underground expansion. The main increases in the capital costs since the 2012 PEA came from advanced engineering studies to support the mine permit process and the major cost changes attributed to the tailings facility, closure costs and open pit pre-production costs. The total mill facility includes costs associated with a backfill plant for underground production and the Company will make use of existing office, warehousing and electrical facilities onsite to minimize capital costs needed for construction.

Supplemental technical studies that have been completed since the 2012 PEA were used to revise operating cost estimates. The PEA has defined a $18.15/tonne processing cost, $3.45/tonne for open pit ore mining, $3.30/tonne for open pit waste mining and $77/tonne for underground mining costs. Underground development costs have been estimated at $6,000/lateral metre and $4,500/lateral metre for contractor and owner rates, respectively, with a total of 14,725 total metres needed for capital development.

**Metallurgy and Processing**

A standard CIL circuit with gravity extraction is considered the base case for the proposed processing facility. An average of 2,500 tonnes per day will be primary crushed with a jaw crusher and then ground to the target leaching P80 of 106 microns using a single stage SAG mill and classifying cyclones. A gravity circuit consisting of a scalping screen and centrifugal concentrator will be fed from the cyclone feed distributor. The gravity concentrate will be batch treated in an intensive leach reactor ("ILR") with the pregnant solution treated by electrowinning. Cyclone overflow will pass through a trash screen prior to entering the CIL circuit.

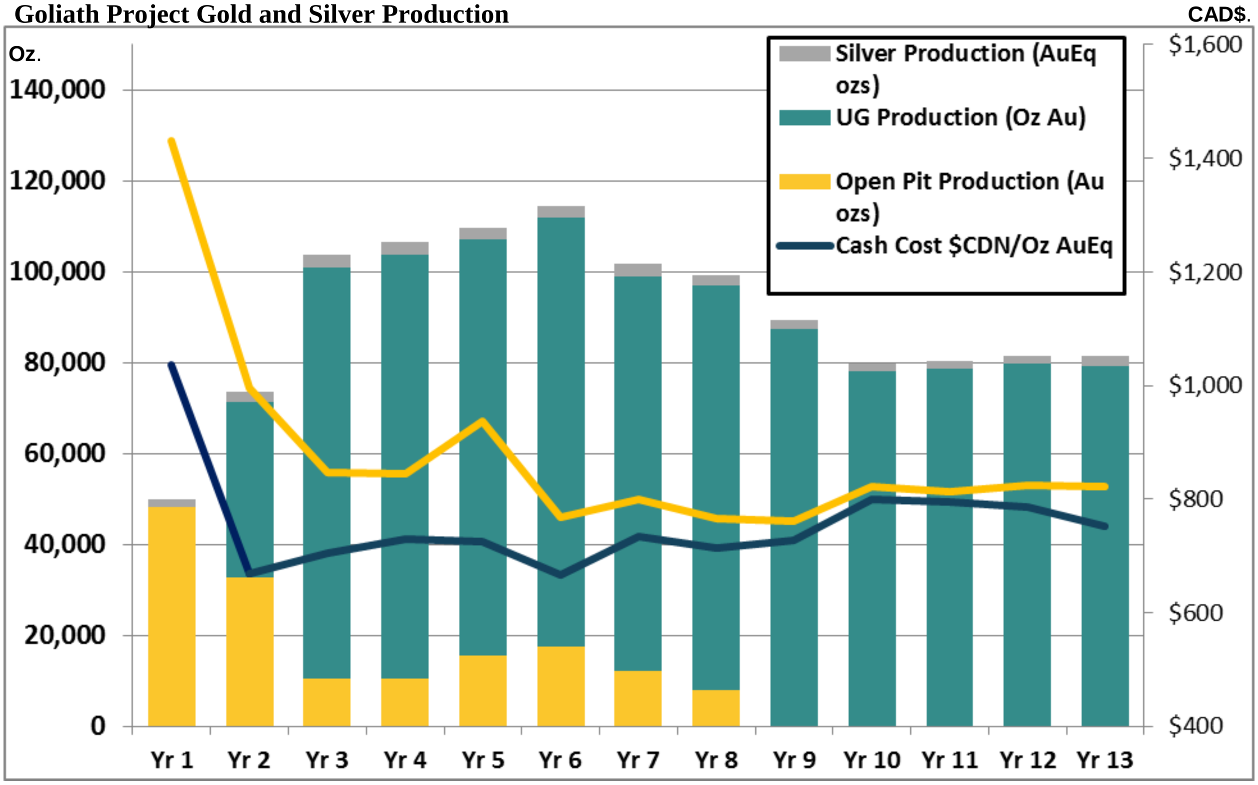
The PEA has provided for a 24 hour leaching residence time in the 6 tank CIL circuit with a cyanide detoxification circuit to be used prior to discharge to the tailings facility. Average processing costs have been estimated at $18.15/tonne over the course of the mine life.

All metallurgical testing to date, which includes Teck Resource's previous 2,375 tonne bulk sample and the most recent 420 kg representative sample, has shown extremely positive results for this proposed circuit. Recoveries are estimated to be 95.5% for gold and 62.6% for silver.

## Goliath LOM Production Profile

The following chart provides an overview of the gold and silver production.

**Goliath Project Gold and Silver Production**




**Pre-Production Capital and Sustaining Capital**

| C$M | Initial Capital Pre-production | Sustaining Capital Years 1-5 | Sustaining Capital Years 6-13 | Total |
|---|---|---|---|---|
| Processing Plant | $90.7 | $4.4 | $8.0 | $103.1 |
| Tailings | $11.1 | $10.0 | - | $21.1 |
| Open Pit Pre-Production | $12.5 | - | - | $12.5 |
| Open Pit Equipment | $17.0 | $1.6 | - | $18.6 |
| Underground | - | $77.2 | $19.1 | $96.3 |
| Other | $1.9 | $0.5 | $11.7 | $14.1 |
| Total | $133.2 | $93.7 | $38.8 | $265.7 |

## II) Updated 2015 Mineral Resource Estimate

A new updated gold mineral Resource Estimate report (the "2015 Resource Estimate") was completed by P&E Mining Consultants Inc., of Brampton, Ontario, and announced in August 2015. The 2015 Resource Estimate is an update to the NI 43-101 Resource Estimate previously released on November 9, 2011 (the "2011 Resource Estimate") and includes results from a database representing an additional 173 diamond drill holes and 29 old re-entered drill holes totalling 50,048 m that were completed between 2012 and 2015.

Highlights of the 2015 Resource Estimate are:

- Open Pit and Underground 2015 Resource Estimate:
  Measured: 90,300 ounces Au Eq (1.12 Mt at 2.51g/tonne Au Eq);
  Indicated: 1,075,500 ounces Au Eq (19.44 Mt at 1.72 g/tonne Au Eq);
  Inferred: 341,300 ounces Au Eq (3.47 Mt at 3.06 g/tonne Au Eq).
- New "Measured" Resources identified totalling 90,300 ounces AuEq (Open Pit and Underground).
- Total "Measured" and "Indicated" Mineral Resources now totals 1,165,800 ounces AuEq (20.56 Mt at 1.76 g/t AuEq), an increase of 44% from the 2011 Resource Estimate.
- Open Pit Resources increased from 348,000 "Indicated" ounces AuEq in 2011 to a combined "Measured" and "Indicated" Resource of 775,600 ounces AuEq, in 2015 that more than doubles the near surface gold Resources.
- The combined "Measured" and "Indicated" underground gold resource totals 2,367,000 tonnes and grades 5.13 g/t AuEq for a total of 390,100 AuEq ounces.
- Gold Resources at Goliath remain open at depth and along strike.

Resources were defined using a block cut-off grade of 0.35 g/tonne AuEq within an optimized pit shell for Open Pit Resources (to an approximate depth of >130 metres elevation above sea level or <260 metres depth from surface) and 1.90 g/tonne AuEq for Underground Resources. Open Pit plus Underground "Measured" and "Indicated" Resources total 20.6 million tonnes with an average grade of 1.69 g/tonne Au and 6.4 g/tonne Ag for 1,114,400 ounces gold and 4,245,000 ounces silver for a total of 1,165,800 ounces AuEq. "Inferred" Resources for Open Pit and Underground total 3.47 million tonnes with an average grade of 2.96 g/tonne Au and 8.3 g/tonne Ag for 330,100 ounces gold and 928,300 ounces silver for a total of 341,300 ounces AuEq.

The Main Zone and C Zone contain the majority of mineral resources from all categories. The 2015 Resource Estimate, which uses a combination of historical and current drilling results, does not incorporate potential metal credits from by-product metals of lead or zinc.

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The following table summarizes the NI 43-101 Mineral Resource Estimate in the "Measured", "Indicated" and "Inferred" Resource categories:

**Mineral Resource Estimate Statement** (1-8)

| | Category | Cut-off AuEq (g/t) | Tonnage | Au (g/t) | Contained Au (oz) | Ag (g/t) | Contained Ag (oz) | AuEq (g/t) | Contained AuEq (oz) |
|---|---|---|---|---|---|---|---|---|---|
| **Open Pit** | Measured | 0.35 | 1,015,000 | 1.90 | 62,100 | 7.8 | 256,000 | 2.00 | 65,200 |
| | Indicated | 0.35 | 17,174,000 | 1.22 | 675,700 | 5.2 | 2,869,000 | 1.29 | 710,400 |
| | **M+I** | **0.35** | **18,189,000** | **1.26** | **737,800** | **5.3** | **3,125,000** | **1.33** | **775,600** |
| | Inferred | 0.35 | 1,351,000 | 0.99 | 42,800 | 4.3 | 186,000 | 1.04 | 45,000 |
| **Underground** | Measured | 1.90 | 103,000 | 7.32 | 24,200 | 23.1 | 76,000 | 7.60 | 25,100 |
| | Indicated | 1.90 | 2,264,000 | 4.84 | 352,400 | 14.4 | 1,044,000 | 5.02 | 365,000 |
| | **M+I** | **1.90** | **2,367,000** | **4.95** | **376,600** | **14.7** | **1,120,000** | **5.13** | **390,100** |
| | Inferred | 1.90 | 2,120,000 | 4.22 | 287,300 | 10.9 | 743,000 | 4.35 | 296,300 |
| **Total** | Measured | 0.35 &1.90 | 1,117,000 | 2.40 | 86,300 | 9.2 | 332,000 | 2.51 | 90,300 |
| | Indicated | 0.35 &1.90 | 19,437,000 | 1.65 | 1,028,100 | 6.3 | 3,913,000 | 1.72 | 1,075,500 |
| | **M+I** | **0.35 &1.90** | **20,554,000** | **1.69** | **1,114,400** | **6.4** | **4,245,000** | **1.76** | **1,165,800** |
| | Inferred | 0.35 &1.90 | 3,470,000 | 2.96 | 330,100 | 8.3 | 928,000 | 3.06 | 341,300 |

1. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
2. *The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.*
3. *The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.*
4. *A gold price of US$1,397/oz and silver price of US$22.93/oz based on the April 30, 2015 three year trailing average prices and an exchange rate of US$1.06=Cdn$1.00 were utilized in the AuEq cut-off grade calculations of 0.35 g/t AuEq for Open Pit and 1.90 g/t AuEq for Underground mineral resources.*
5. *Open Pit mining costs were assumed at Cdn$5.00/t for mineralized material, Cdn$3.15/t for waste rock and Cdn$2.00/t for overburden, while Underground mining costs were assumed at Cdn$70.00/t, with process costs of Cdn$13.81/t, G&A of Cdn$2.72/t, and process recoveries of 95% for gold and 70% for silver.*
6. *The Au:Ag ratio used for AuEq was 82.68.*
7. *A bulk density model averaged 2.76 t/m$^3$ for mineralized material.*
8. *Totals in the table may not sum due to rounding.*

*Qualified Person*

The 2015 Mineral Resource Estimate was prepared by Eugene Puritch, P.Eng., Antoine Yassa, P.Geo., and Yungang Wu, P.Geo. of P&E Mining Consultants Inc. of Brampton, Ontario, Independent Qualified Persons ("QP"), as defined by National Instrument 43-101.

## ENVIRONMENTAL, PERMITTING AND DEVELOPMENT ACTIVITIES

A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project, as outlined in their respective sections below.

### Environmental Impact Statement

A Project Description ("PD") for the Goliath Gold Project was submitted on November 27, 2012 and accepted on November 30, 2012 by the federal government's Canadian Environmental Assessment Agency ("CEAA"). The Company's PD initiated the official permitting and approvals process for mine development. This milestone marked a significant advancement in the development of the Goliath Gold Project and officially began the federal government's 365-day legislated period for the completion of the Environmental Assessment ("EA") by CEAA. The 365-day review and approval window includes 45 days CEAA used to determine that an EA for the Goliath Project was required. CEAA used the PD to develop the guidelines for an Environmental Impact Statement ("EIS") that Treasury Metals is required to complete as an integral part of the EA process. These guidelines were received from CEAA on February 21, 2013.

Pursuant to the Canadian Environmental Assessment Act 2012, the PD outlines the proposed Project development plan and will provide a greater understanding of the Project to the appropriate agencies and authorities. The scope of the Project as submitted in 2012 included initially an open pit for three years followed by a combination of both open pit and underground mining methods that will continue to the end of the total years of mine life. Any associated infrastructure needed to successfully develop and operate the project is described within the document. The PD also outlines the results of more than two years of Treasury Metals environmental baseline studies, which are ongoing, as well as anticipated socioeconomic and environmental impacts, and consultations and communications to date with local, provincial and federal government agencies, Indigenous peoples, communities, and the general public. The Company's environmental baseline studies, initiated in the fall of 2010, support the permitting process. Environmental baseline studies are ongoing and to date have identified "no fatal flaws" for the Goliath Gold Project.

Following the initial submission of the EIS to CEAA in October 2014, CEAA returned with several comments and questions to complete for the document, as a whole, to be accepted for concordance with the requirements of the EIS guidelines. During this year the legislated timeline for completion was officially paused while the Company made the requested edits. The Company, along with its consultants lead by Tetra Tech WEI Inc., answered comments and questions in the document for CEAA. Part of this process included submission of an updated draft V2 of the EIS document to CEAA for review on December 23, 2014, followed by official V3 of the document on March 9, 2015, which subsequently re-started the legislated timeline for completion. Subsequent to this, CEAA returned another round of comments which the Company completed and submitted in April 2015. On April 10, 2015, CEAA confirmed that the Treasury Metals Goliath Project EIS conforms to the CEAA Guidelines. As a result, the Project moved on to the public comment period and technical reviews conducted by various federal government agencies. The public comment period took place in a 30-day period from April 25 to May 24, 2015, and included Indigenous peoples and general public open house meetings lead by CEAA. Treasury Metals and the Company's consultants who have provided input into the EIS were represented at these meetings to provide technical content for these sessions. Most meetings occurred in the Dryden, Ontario and Wabigoon, Ontario areas.

On June 30, 2015, as a normal part of the EA process, CEAA returned a series of Information Requests stemming from the public comment period and CEAA's own technical review of the EIS. In June 2016, Wood Environmental ("Wood") was engaged as a principal consultant to lead the technical work to return responses to CEAA. The Company and its consultants completed a draft submission of the IR responses. Subsequent to a review by CEAA, a substantial body of technical work necessary for a formal submission of the IR responses including a revised EIS document has been submitted to CEAA as of September 2017. As part of the process, CEAA has given a preliminary review of the submission and has provided further technical comments. Treasury continues to work with Wood to complete this final submission. Once complete, CEAA will review the document for conformance and then move into its formal review of the revised EIS document which also includes all of the responses to the Information Requests. This review would restart the legislated timeline for completion of the EA permitting process.

This body of additional technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public. The provincial permitting application process for the Goliath Gold Project is ongoing and will run in a parallel fashion along with the federal environmental assessment process. Treasury Metals continuously communicates with provincial agencies (MNDM, MOE, MNR) via phone, correspondence and other meetings, as required.

A meeting was held with Hydro One to confirm power requirements and discuss the connectivity permitting process. Treasury has received verbal confirmation that capacity is available on the local 115 kV line on site and that this location is ideal for a power connection. Contact has been made with the Independent Electricity Systems Operator to begin the electrical connection process.

Treasury Metals also continues to advance technical engineering and environmental programs that support the Goliath Gold Project's Environmental Impact Statement. These technical programs will also flow into the Feasibility Study.

Scoping/Optimization Study:

A scoping/optimization study is designed to narrow the ore processing and tailings storage options and is complementary to both the EIS and the Feasibility Study work. The purpose of evaluating all additional options is to improve project economics by significantly reducing CAPEX requirements for the project and simplifying environmental permitting, especially if cyanide extraction could be eliminated. These study results are also included in the "Alternatives Assessment" as required for the EIS to demonstrate that "all technically feasible" options for the project have been considered.

Metallurgical work and initial testing has indicated that very good gold recovery values could be expected using gravity separation and flotation alone. Approximately 220 kg of Goliath Project ore has been tested with Gekko Systems of Australia to verify recoveries using gravity separation and flotation. This study continues to show positive results for metallurgical processes with the Goliath Project. Recoveries using floatation were on the order of 90-92% as compared with previous testing showing greater than 95% gold recovery for a CIL process. The potential use of a gravity-flotation circuit has been included in the metallurgical alternatives assessment as part of the EIS to compare both economic and environmental factors. The CIL processing method was selected as the preferred alternative for submission in the EIS. Gekko has also completed the initial phase of cyanide detox test work out of their Australia labs. Test work revealed that cyanide destruction is feasible going forward for the CIL circuit and Gekko has initiated the second phase of testing. Nickel and ammonia were not reduced to the specified levels for direct water discharge. Further treatment is therefore required before direct discharge in Blackwater Creek. As part of the EIS, the Company proposes to use reverse osmosis in order to meet regulatory requirements.

## EXPLORATION

Since Treasury Metals began drilling Goliath Gold Project in 2008 to present day, a total of 497 diamond drill holes comprised of 463 newly collared holes, 4 wedge holes, and 30 re-entry holes for a total of 149,148 metres have been drilled on the property.

In August 2016, the Company initiated a 5,000 metre program focused primarily on converting underground "Inferred" resource blocks to the "Indicated" category within the main resource area. This program was designed by Treasury Metals and P&E Mining Consultants Inc. ("P&E") who prepared the 2015 NI 43-101 Mineral Resource Estimate for the Goliath Deposit (Press Release dated August 28, 2015). The drilling program initially targeted high grade blocks (those with grades of >5.0 g/t AuEq) that reside mainly within, adjacent to and down dip of known Main Zone gold- bearing shoots at vertical depths in excess of 400 m from surface to a maximum depth of around 600 m over a strike length of around 950 m along the main gold deposit. Further, C Zone resource conversion drill targets were also identified for testing.

**Drill Hole Intersection Highlights**

| Drill Hole | Section | Zone | | From (m) | To (m) | *Intercept (m) | Au (g/t) | Ag (g/t) |
|---|---|---|---|---|---|---|---|---|
| TL16403B | 527775E | M1-MSS | | 541.00 | 545.00 | 4.00 | 3.94** | 4.28 |
| | | | *Including* | 541.00 | 544.00 | 3.00 | 5.15** | 4.83 |
| TL16404D | 527825E | HW | | 610.00 | 612.00 | 4.54* | 35.10 | 2.00 |
| TL16405 | 527750E | M2 - MSS | | 548.00 | 551.00 | 3.00 | 3.59** | 1.40 |
| TL16406 | 527975E | M2 - MSS | | 555.10 | 560.00 | 4.90 | 5.50** | 78.97 |
| TL16407 | 527725E | B2 Zone | | 492.62 | 494.72 | 2.10 | 2.13** | 8.06 |
| TL16408A | 527875E | HW Zone | | 453.86 | 457.00 | 3.14 | 4.42** | 16.41 |
| | | M1-MSS | | 518.00 | 524.00 | 6.00 | 3.66** | 2.32 |
| | | M2 - MSS | | 536.00 | 538.24 | 2.24 | 2.06** | 34.07 |
| TL16410 | 527925E | M2-MSS | | 544.00 | 551.00 | 7.00 | 10.95* | 12.44 |
| TL16412B | 527325E | M1-MSS | | 438.00 | 444.00 | 6.00 | 4.45** | 7.50 |
| TL16413 | 528125E | M2-MSS | | 657.00 | 668.50 | 11.50 | 6.54** | 7.04 |
| TL16414A | 527350E | M1-MSS | | 479.00 | 481.00 | 2.00 | 2.39** | 10.40 |
| TL16415W1 | 527325E | M2-MSS | | 489.30 | 491.00 | 2.38* | 3.92 | 1.70 |
| TL16416 | 527275E | M2-MSS | | 561.00 | 564.00 | 3.00 | 2.37** | 10.77 |
| | | | *Including* | 561.00 | 563.00 | 2.00 | 3.12** | 14.95 |
| TL16417 | 528150E | M1-MSS | | 638.00 | 641.00 | 3.00 | 2.26** | 104.03 |
| TL16419 | 527575E | C2-MSS | | 528.00 | 532.00 | 4.00 | 2.21** | 8.92 |
| TL16420 | 527525E | C1-MSS | | 545.00 | 551.00 | 6.00 | 2.80* | 14.18 |
| | | | *Including* | 547.00 | 551.00 | 4.00 | 3.79* | 19.70 |

*1. The company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.*
*2. Holes are generally drilled 350-360°Azimuth with inclinations ranging -55 to -80°.*
*3. All assays are rounded to two decimal places.*
*4. *Intervals do not necessarily indicate true widths.*
*5. ** Metallic Screen Fire Assay Results*
*6. Full Table of Assays is provided on the Company's website.*

Highlights from the initial Phase I drill program include hole TL16413 that intersected 6.54 g/t Au and 7.04 g/t Ag over an intersection length of 11.5 m in a section of the Main Zone containing visible gold confirming the presence of high grade mineralization in this area of the eastern shoot. Hole TL16410 intersected a well mineralized section of the central Main Zone shoot containing significant concentrations of visible gold and returning 10.95 g/t Au and 12.44 g/t Ag over a sample length of 7.0 metres (m). This hole is located 40 m east of the new hole TL16406 that returned 5.50 g/t Au and 78.97 g/t Ag over a sample length of 4.9 m. Hole TL16-403B returned 3.94 g/t Au and 4.28 g/t Ag over a sample length of 4.0 m in association with visible gold also within the Main Zone (M1-MSS). Other highlights include drill hole TL16405 that contained visible gold and returned 13.3 g/t Au and 6.68 g/t Ag over a sample length of 5.15 m (from 582.85 to 588.0 m) in the B1 Zone in an area of the deposit not previously tested providing new resource expansion opportunities in that portion of the deposit.

Drilling has also intersected some significantly high silver values in association with the gold mineralization. The high grade silver intersections include hole TL16417 that assayed the highest silver content of the current program returning 2.26 g/t Au and 104.03 g/t Ag over 3.0 m. TL16406 returned 5.50 g/t Au and 78.97 g/t Ag over a sample length of 4.9 m. This latter hole intersected significant gold and silver mineralization in an area where mineral resources were not previously defined. Hole TL16410 returned 10.95 g/t Au and 12.44 g/t Ag over a longer intersection length of 7.0 m. This hole tested a sparsely drilled section of the central shoot area. Visible gold was also observed in hole TL16408A where a section of the C Zone returned 3.66 g/t Au and 2.32 g/t Ag over a core length of 6.0 m. A hanging wall (HW) zone encountered in the same hole returned 4.42 g/t Au and 16.41 g/t Ag over a sample length of 3.14 m.

Increased sample size and increasing the number of gold fire assays taken on metallic screen fire assayed samples have resulted in significant improvements to a number of the Phase 1 high-grade gold intersections. For example, the intersection length of hole TL16410, which originally assayed 11.55 g/t Au over a sample length of 6.0 metres (Press Release dated Nov. 11, 2016), has now returned 10.95 g/t Au and 12.44 g/t Ag over a longer intersection length of 7.0 metres. The metallic assaying method also recovered additional gold in the Main Zone intersection of hole TL16403B increasing the gold intercept from 3.55 g/t Au to 5.15 g/t Au and 4.83 g/t Ag over 3.0 metres. The Company has also completed its field exploration and mapping program that was focused on exploring for evidence of surface gold mineralization (1) following the easterly strike extension of the Goliath Gold Deposit for an additional 2.0 km and (2) covering areas where mining infrastructure might be considered as part of a condemnation program. A combination of the geological re-interpretation of both the geology and historical drilling results in concert with the recently completed field mapping program has identified a number of near surface high potential targets for future drill testing. A 39-hole 5,000 metre diamond drilling program was started in January 2017 to test the best exploration targets defined from the newly interpreted longitudinal sections and results of the field mapping investigations. This drilling will test multiple structural targets that have the highest potential to host gold mineralization along strike to the northeast for a distance of 1,500 metres from the proposed open pit.

On August 1, 2017 the Phase II drilling exploration program commenced at Goliath Gold Project. The Phase II program will consist of 15,000 metres of infill drilling in the Main Zone resource area allowing for further resource conversion from inferred to the indicated category, extending the shoots down-dip. These 15,000 metres of infill drilling will be broken into two separate phases as well in order to take into consideration the Company's cash position at the time of the program launch. Phase IIA – 5,000 metres of infill drilling on the Main Zone Central Shoot and Phase IIB – 10,000 metres of infill drilling on the Main Zone Eastern and Western Shoots. In addition, an expansion and exploration program of 15,000 metres will focus on "high priority" step out targets outside of the known Goliath resource area along strike to the northeast to test near surface targets as well as extending down-dip below the current resource in both the Main and C Zone areas.

On October 2, 2017, the Company announced results from its recently completed 4,360 metre condemnation and exploration drilling program at the Company's flagship Goliath Gold Project. The condemnation program drilled several areas where future mining infrastructure will be situated, including milling and mining operations, and is encouraged by a number of new near surface intersections northeast of the proposed open pit. Gold mineralization was intersected in several drill holes approximately 80 to 350 metres from the proposed open pit. Due to the proximity to the proposed open pit, these and future drilling results, may lead to an eastern expansion of the pit and/or underground operations ("East Resource Target"). There were a number of near surface highlights within the C Zone, located approximately 20-60 metres behind the Main Zone.

*East Resource Target Intercepts:*

| Drill Hole | Section | | From (m) | To (m) | *Intercept (m) | Au (g/t) | Ag (g/t) | Comments |
|---|---|---|---|---|---|---|---|---|
| TL17423 | 528600E | | 30.00 | 33.40 | 3.40 | 0.72** | 2.29 | C Zone |
| TL17425 | 528650E | | 57.40 | 61.30 | 3.90 | 0.66** | 3.29 | C Zone |
| TL17445 | 528475E | | 43.17 | 49.00 | 5.83 | 2.26** | 3.89 | C1 Zone |
| | | Including | 47.00 | 48.00 | 1.00 | 9.92** | 3.60 | Visible Gold |
| | | | 57.20 | 59.00 | 1.80 | 2.56** | 5.38 | C2 Zone |
| | | | 68.00 | 70.00 | 2.00 | 16.79** | 1.90 | D Zone |
| | | Including | 69.00 | 70.00 | 1.00 | 33.30** | 2.10 | |
| TL17455 | 528675E | | 63.00 | 68.00 | 5.00 | 0.79 | 2.02 | Main Zone |
| | | Including | 66.00 | 68.00 | 2.00 | 1.50 | 3.45 | |
| TL17456 | 528700E | | 132.00 | 139.00 | 7.00 | 0.94 | 5.81 | Main Zone |
| | | Including | 137.00 | 139.00 | 2.00 | 2.11 | 6.60 | |
| TL17457 | 528550E | | 58.00 | 60.00 | 2.00 | 3.21** | 1.95 | Main Zone |
| | | Including | 59.00 | 60.00 | 1.00 | 6.09** | 2.10 | |
| TL17458 | 528525E | | 100.00 | 108.00 | 8.00 | 0.71 | 2.83 | C Zone |
| | | Including | 102.00 | 104.00 | 2.00 | 1.71 | 5.20 | |
| TL17459 | 528450E | | 32.00 | 34.00 | 2.00 | 0.82 | 2.60 | Main Zone |
| | | | 102.00 | 106.00 | 4.00 | 0.84 | 4.38 | C1 Zone |
| | | | 122.00 | 127.60 | 5.60 | 2.84** | 4.96 | C2 Zone |
| | | Including | 122.00 | 123.00 | 1.00 | 13.80** | 19.90 | |

*1. Notes: The company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.*
*2. For duplicate samples, an average of the two gold assays are used to calculate the intersection grade; all grades un-cut, no-capping*
*3. Holes are generally drilled 320-330° Azimuth with inclinations ranging -45 to -60°*
*4. All assays are rounded to two decimal places*
*5. *Intervals do not indicate true widths*
*6. **Metallic Screen Fire Assay Results*
*7. Full Table of Assays will be provided on the company's website*

Other encouraging results from the condemnation program are drill holes, approximately 1.5 km northeast of the proposed open pit and directly east of the tailing storage facility. TL17-439 intersected 1.08 g/t over 2.30 m and

0.49 g/t over 6.80 m, TL17-442 intersected 1.65 g/t over 3.00 m, and TL17-443 intersected 0.79 g/t over 3.18 m and 0.76 g/t over 4.00 m. These holes occurred over a strike length of approximately 100 metres with minimal past drilling. The previous drilling in the 2011 program found several envelopes of gold mineralization including TL11-225 which intersected 1.29 g/t over 3.65 m, and historical Teck hole TL271 encountered 17.36 g/t over 1.60 m and 1.20 g/t over 3.00 m. Additional drilling in future programs will help delineate this mineralization and develop its potential.

As anticipated, a number of the condemnation results, where planned mine infrastructure will go, did not identify significant gold mineralization. These included holes TL17-431, TL-17432, TL17-433A and TL17-446 through TL17-454, all of which are situated within the proposed tailings storage facility.

*Infill Sampling Program:*

This program is designed to assay previously drilled but un-sampled drill core in all zones, prioritizing intervals within and near the proposed open pit. Core samples were assayed from 141 drill holes. The goal of the program is to: first, potentially increase gold ounces in the next resource estimate expected in first half of 2018; second, extend existing gold mineralization; and, third, uncover potential new zones.

The program is reporting a number of significant intersections including:

- TL10-96 intersecting 11.37 g/t over an intersection length of 4.20 m including 34.80 g/t over 1.30 m within the D Zone.
- TL10-108 intersecting 31.38 g/t over 3.00 m including 93.40 g/t over 1.0 m in a HW Zone
- TL11-171 intersecting 4.97 g/t over 4.43 m including 18.20 g/t over 1.00 m in the B Zone
- TL11-209A intersecting 8.61 g/t over 4.00 m including 29.80 g/t over 1.00 m in a HW Zone.

The next steps for the program will be to re-visit the portions of the geological model wherein these new results are located to better understand their impact and develop a follow-up program which may include additional infill core sampling and new drill holes.

## *Infill Sampling Program Intercepts:*

| Drill Hole | Section | | From (m) | To (m) | *Intercept (m) | Au (g/t) | Ag (g/t) | Comments |
|---|---|---|---|---|---|---|---|---|
| TL0849 | 527600E | | 100.00 | 104.00 | 3.00 | 1.61** | 15.97 | E Zone |
| TL1096 | 527250E | | 206.80 | 211.00 | 4.20 | 11.37** | P | D Zone |
| | | Including | 208.00 | 209.30 | 1.30 | 34.80** | P | |
| TL10108 | 527475E | | 250.00 | 253.00 | 3.00 | 31.38** | 21.63 | HW Zone |
| | | Including | 252.00 | 253.00 | 1.00 | 93.40** | 64.10 | |
| TL11145 | 528500E | | 49.50 | 52.00 | 2.50 | 1.36** | 9.90 | BMS HW |
| TL11167 | 527275E | | 134.30 | 137.00 | 2.70 | 4.52** | 5.18 | |
| | | Including | 134.30 | 135.00 | 0.70 | 15.90** | 11.70 | HW Zone |
| TL11171 | 527225E | | 279.57 | 284.00 | 4.43 | 4.97** | 1.16 | B Zone |
| | | Including | 283.00 | 284.00 | 1.00 | 18.20** | 0.70 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| TL11209A | 527075E | | 43.00 | 47.00 | 4.00 | 8.61** | 0.99 | HW Zone |
| | | Including | 44.00 | 45.00 | 1.00 | 29.80** | 2.20 | |
| TL12287 | 527275E | | 292.00 | 294.00 | 2.00 | 4.12** | 2.09 | HW Zone |
| | | Including | 292.70 | 294.00 | 1.30 | 6.07** | 2.40 | |
| TL13306 | 527850E | | 86.00 | 90.00 | 4.00 | 1.12** | 1.65 | C Zone |
| TL15387 | 527550E | | 143.00 | 145.00 | 2.00 | 3.70** | 5.38 | HW Zone |
| TL164-12RE | 527625E | | 417.00 | 419.30 | 2.25 | 3.01** | N/A | B Zone |

1. *The company has not used a Gold Equivalent (AuEq) for the contained silver for this release but would expect the recovery of silver to increase the overall contained AuEq by a small amount in future studies.*
2. *For duplicate samples, an average of the two gold assays are used to calculate the intersection grade; all grades un-cut, no-capping*
3. *Holes are generally drilled 320-330° Azimuth with inclinations ranging -45 to -60°*
4. *All assays are rounded to two decimal places*
5. **Intervals do not indicate true widths*
6. ***Metallic Screen Fire Assay Results*
7. *P – Assays Pending*
8. *Full Table of Assays will be provided on the company's website*

## Goliath Gold Project latest eight quarters of exploration and development program expenditures

| Goliath Gold Project | Balance | Incurred in three months ending | | | | Balance |
|---|---|---|---|---|---|---|
| | 30-Sep-16 | 31-Dec-16 | 31-Mar-17 | 30-Jun-17 | 30-Sep-17 | 30-Sep-17 |
| Metallurgy | 240,467 | - | - | - | - | 240,467 |
| Geochemistry | 121,388 | - | - | - | - | 121,388 |
| Geotechnical | 137,649 | - | - | - | - | 137,649 |
| Hydrogeology | 206,336 | - | - | - | - | 206,336 |
| Environmental | 1,145,138 | - | - | - | 5,858 | 1,150,996 |
| Environmental Assessment | 1,459,427 | 238,659 | 504,338 | 321,138 | 287,151 | 2,810,713 |
| Feasibility | 632,551 | 62,824 | 172,700 | 127,924 | 69,477 | 1,065,475 |
| Drilling and other exploration exp. | 17,257,278 | 998,804 | 578,531 | 162,037 | 655,959 | 19,652,608 |
| Community Relations | 180,214 | 14,278 | 5,999 | 515 | 6,657 | 207,664 |
| Property purchases and payments | 27,694,281 | - | 575,484 | - | - | 28,269,765 |
| Dryden - salaries and consultants | 6,034,575 | 359,991 | 237,385 | 234,858 | 6,828 | 6,873,637 |
| Dryden Infrastructure | 2,466,133 | 135,152 | 95,281 | 58,651 | 44,891 | 2,800,109 |
| Amortization | 333,322 | 12,346 | 10,893 | 10,893 | 10,893 | 378,347 |
| Black scholes on options compensation | 977,844 | 1,719 | 5,949 | - | 65,019 | 1,050,531 |
| **Total Goliath Gold Project** | 58,886,604 | 1,823,773 | 2,186,560 | 916,016 | 1,152,732 | 64,965,685 |

| Goliath Gold Project | Balance | Incurred in three months ending | | | | Balance |
|---|---|---|---|---|---|---|
| | 30-Sep-15 | 31-Dec-15 | 31-Mar-16 | 30-Jun-16 | 30-Sep-16 | 30-Sep-16 |
| Metallurgy | 240,467 | | | | | 240,467 |
| Geochemistry | 121,388 | | | | | 121,388 |
| Geotechnical | 137,649 | | | | | 137,649 |
| Hydrogeology | 233,771 | | | | (27,435) | 206,336 |
| Environmental | 1,145,138 | | | | - | 1,145,138 |
| Environmental Assessment | 1,369,303 | 11,621 | 1,330 | 35,818 | 41,355 | 1,459,427 |
| Feasibility | 592,835 | 12,230 | 3,258 | 17,839 | 6,388 | 632,551 |
| Drilling and other exploration exp. | 17,018,564 | 6,116 | 206 | 743 | 231,649 | 17,257,278 |
| Community Relations | 178,214 | 2,000 | | | | 180,214 |
| Property purchases and payments | 27,589,437 | - | 104,844 | - | - | 27,694,281 |
| Dryden - salaries and consultants | 5,540,847 | 115,106 | 112,234 | 124,196 | 142,191 | 6,034,575 |
| Dryden Infrastructure | 2,343,420 | 25,800 | 8,586 | 15,628 | 72,698 | 2,466,133 |
| Amortization | 278,472 | 18,328 | 17,382 | 8,013 | 11,127 | 333,322 |
| Black Scholes on options compensation | 721,582 | 18,698 | 10,543 | 7,003 | 220,018 | 977,844 |
| **Total Goliath Gold Project** | 57,511,087 | 209,900 | 258,384 | 209,241 | 697,992 | 58,886,604 |

## LARA POLYMETALLIC PROJECT

**Lara Project latest eight quarters of exploration program expenditures**

| Lara Polymetallic Project - BC | Balance | Incurred in three months ending | | | | Balance |
|---|---|---|---|---|---|---|
| | 30-Sep-16 | 31-Dec-16 | 31-Mar-17 | 30-Jun-17 | 30-Sep-17 | 30-Sep-17 |
| Consultants | 129,117 | - | - | - | - | 129,117 |
| Surveys | 18,034 | - | - | - | - | 18,034 |
| Camp field and land costs | 518,973 | - | - | - | 190,205 | 709,178 |
| **Total Lara Polymetallic Project - BC** | 666,124 | - | - | - | 190,205 | 856,329 |
| | **Balance** | **Incurred in three months ending** | | | | **Balance** |
| | **30-Sep-15** | **31-Dec-15** | **31-Mar-16** | **30-Jun-16** | **30-Sep-16** | **30-Sep-16** |
| Consultants | 124,917 | - | - | - | 4,200 | 129,117 |
| Surveys | 18,034 | - | - | - | - | 18,034 |
| Camp field and land costs | 362,735 | - | 219 | - | 156,019 | 518,973 |
| **Total Lara Polymetallic Project - BC** | 505,686 | - | 219 | - | 160,219 | 666,124 |

The Company inherited the Lara Project in early 2008, as part of the spin-out transaction from Laramide Resources Ltd. The Company, as a gold focused exploration and development company, does not consider this project to be a high priority in terms of its overall corporate strategy. Due to current market conditions, only minimal geological fieldwork has been done on the property. The Company would consider seeking a purchaser or joint venture partner for this non-core project.

## GOLDEYE EXPLORATIONS LIMITED

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 the Weebigee Project. The details of the acquisition are disclosed in Note 9 of the interim condensed consolidated financial statements. The principal project of Goldeye is the Weebigee Project; Goldeye also has various NSR interests shown below.

### 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, which comprises 225 claims. Certain claims are subject to a 1% net smelter return ("NSR") that is held by a former director of the 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. This agreement was renewed on the same terms for a further two-year period. All claims are in good standing until 2017 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 and $150,000 received in 2015, 2016 and 2017, 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.

Subsequent to the GPM Option Agreement, GPM with support and assistance from Goldeye, staked additional claim units (the "Additional Interest") at Weebigee. On September 3, 2015, Goldeye elected, pursuant to the GPM Option Agreement to have the Additional Interest included as part of the Weebigee property. In April 2016, the Company received $100,000 pursuant to the option agreement with GPM. Goldeye tendered to GPM the amount required to pay for its share of the costs of the Additional Interest but GPM refused to accept the payment on the purported ground that Goldeye had forfeited its rights to the Additional Interest due to untimely payment of such amount. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc.

In September 2016, the Company served Sandy Lake with a notice of arbitration claiming that the force majeure declared by Sandy Lake was not valid; that Sandy Lake had not properly met the contracted spending requirements; and, that the Company had properly met its obligations for acquiring 50% of the Additional Interest which Sandy Lake had staked on contiguous property to Weebigee. The arbitration to determine the force majeure commenced in May 2017 and concluded that a force majeure had existed between July 27, 2016 and June 7, 2017. A second phase of the arbitration to conclude on the Additional Interests and the spending requirements is planned to commence in December 2017.

Weebigee is a large, relatively unexplored property which covers the most prospective portions of the Sandy Lake Greenstone belt, with similarities to the geology in the Red Lake District. In the Northwest Arm area, numerous gold showings occur within shoreline exposures of quartz-rich felsic pyroclastic units, proximal to a major deformation zone that crosses a folded ultramafic unit under the lake.

Where high strain zones are evident, the felsic units show hydrothermal biotite-silica alteration, quartz veining and patchy to pervasive silica flooding, along with the development of distinct blue quartz eyes. It should be noted that much of the geology is obscured by shallow lakes and clay deposits, and the main deformation zones have never been drill tested. In the past, shoreline mapping/prospecting located a number of auriferous quartz tourmaline veins and silicified zones controlled by mafic-ultramafic dyke filled splays or high strain zones crosscutting regional foliations.

Crack and seal textures, drag folded and dismembered veins, multi-stage quartz veining and local strong silica replacement zones indicate that hydrothermal alteration occurred during periods of active brittle-ductile deformation along the high strain zones. Geophysics and recent drilling indicates that a folded ultramafic horizon is located just offshore of several of these auriferous high strain zones.

Previous drilling (1988 and earlier) was limited to short holes targeting quartz tourmaline veins on the Bernadette, Wavano and Tully showings. Drilling indicated that the vein hosted gold mineralization persisted to depth, but was generally narrow where intersected (gold intercepts of 7.5 g/t over 0.8 metres, 27 g/t over 0.1 metres and 25.9 g/t over 0.1 metres). Wider zones of auriferous silicification and biotite alteration had seen limited chip sampling (eg. Knoll zone); at Knoll, two historic chip samples had been taken along a sample line across the zone, returning gold values of 19.3 and 8.2 g/t over a total composite length of 5.5 metres.

This area was the focus of the 2013 channel sampling and mapping programs, which confirmed the high grade nature of the showing (individual 0.3 m channels assayed 20.9, 22.0 and 34.1 g/t) as well as much more widespread highly anomalous gold mineralization (27 gold channel sample assays greater than 1 g/t). Several 2 to 5 metre wide areas of the Knoll zone show complete silica-biotite replacement of the quartz crystal tuff units, indicating a widespread, long-lived structural and hydrothermal event.

On May 7, 2016, Goldeye received an exploration permit from Ontario's Ministry of Northern Development and Mines ("MNDM"). The permit was valid through May 6, 2016. On August 10, 2016, MNDM issued a new permit valid through August 9, 2019. The permit can be renewed for an additional three-year period.

The other areas of interest on the Weebigee project include Sandborn Bay, which hosts numerous Cu-Zn showings, some with highly elevated silver values in cherty and cordierite-rich horizons. The Canoxy area and Tully and Tully West showings host gold mineralization related to sulphide and sulphidized iron formation.

**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 2018 or later, with the exception of the claim at Thunder Cloud property, which is in good standing until late 2017.

**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. Fifty-two of the claims are 100% owned by Goldeye and one claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until 2017 or later. The property is subject to net smelter returns ranging from 2% to 3% on certain claims in this area.

On August 6, 2014, Goldeye received $30,000 from Creso Resources Inc. ("Creso") as settlement towards the dispute relating to Creso's termination of an option agreement on February 1, 2012. The option agreement was originally entered into in January 2010 whereby the Company optioned up to 75% of 23 claims in Tyrrell Township in the Shining Tree Project to Creso.

**Other Goldeye interests**

The Company has also the following NSR interests which were held by Goldeye: Sonia-Puma NSR – Region V, Chile; McFaulds Lake NSR – Thunder Bay Mining Division, Ontario; and, MacMurchy Township NSR – Larder Lake Mining Division, Ontario.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the September 30, 2017 interim condensed consolidated financial statements and the related notes thereto, prepared by management in accordance with International Financial Reporting Standards. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

| | Q3<br>Sep-17 | Q2<br>Jun-17 | Q1<br>Mar-17 | Q4<br>Dec-16 | Q3<br>Sep-16 | Q2<br>Jun-16 | Q1<br>Mar-16 | Q4<br>Dec-15 |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Royalty & other revenue | 375 | - | 51,858 | (953) | 1,246 | 2,288 | 1,257 | 1,716 |
| Loss on sale of investments | - | - | - | - | - | - | - | (20,065) |
| Expenses | 1,193,830 | 1,545,281 | 991,277 | 1,241,922 | 1,142,986 | 1,181,447 | 598,064 | 675,717 |
| Investments write-off | - | - | - | - | - | - | 29,084 | - |
| Mineral property write-off | - | - | - | - | - | - | - | 472,180 |
| Fair value change of derivative liability | (39,491) | (289,260) | 487,533 | (44,487) | | | | |
| Income tax expense (recovery) | - | - | (553,671) | (1,052,936) | - | - | 83,536 | (332,700) |
| Net loss | (1,153,964) | (1,256,021) | (873,281) | (145,452) | (1,141,740) | (1,179,159) | (709,427) | (833,546) |
| Net loss per share (basic and diluted)$ | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | (0.01) | 0.00 |
| Other comprehensive income (loss) | (146,665) | (143,175) | 105,795 | (109,736) | 87,619 | 22,644 | 25,328 | 29,265 |
| Total comprehensive loss | (1,300,629) | (1,399,196) | (767,486) | (255,188) | (1,054,121) | (1,156,515) | (684,099) | (804,281) |
| Mineral properties and deferred costs | 69,680,819 | 68,551,003 | 67,567,403 | 65,366,680 | 59,552,728 | 58,694,517 | 58,485,276 | 58,226,673 |
| Total current liabilities | 3,447,936 | 3,345,656 | 10,250,349 | 9,213,979 | 5,573,621 | 830,746 | 5,893,526 | 6,037,755 |
| Total assets | 75,514,507 | 76,318,505 | 72,597,447 | 71,733,433 | 64,511,924 | 63,919,476 | 61,153,051 | 61,338,390 |

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances, the $390,872 gain on the RMB debt settlement which was recorded in Q4 2016 and the $472,180 impairment of the Goldcliff mineral property recorded in Q4 2015. Starting on Q4 2016 there are gains or losses due to the fair value variances of the derivative liabilities. In Q2 2016, the amortization of transaction costs of the loan from Extract and Loinette commenced, as detailed in Note 11 to the Financial Statements. Also, in the second quarter of 2016, a payment of $258,000 was made to the former CEO as severance. There is $409,867 of the vesting cost of stock options granted in Q3 2016. In Q2 and Q3 2017 there is $486,032 and $191,664, respectively, of expenses regarding the legal issues of Goldeye Explorations Ltd. The quarterly variations in the other comprehensive income (loss) result from the quarter end adjustment to market value of the shares and warrants of Goldgroup Mining Inc. and Forrester Metals Inc. (formerly Vena Resources Inc.). In Q4 2015, $0.6 million of Goldgroup shares were sold resulting in a loss on the sale of investments of $20,065.

The fluctuation in total assets from one quarter to the next is primarily a function of cash increases through the financing transactions, issuance of shares, the exercise of warrants and options, the valuation at fair market value of the long-term investments, and the use of cash for operating expenses.

## FINANCIAL RESULTS OF OPERATIONS

*Three months ended September 30, 2017 compared with three months ended September 30, 2016*

The net loss for the three-month period ended September 30, 2017 was $1,153,964 (2016 – $1,141,740). The variance is explained as follows:

- In Q3 2017, office and administrative expenses were $166,500 higher than Q3 2016, mainly due to $153,794 of higher investor relations expenses consisting of $96,803 of higher marketing services, and $46,642 of higher expenses related to attendance at roadshows and prospective investor meetings in Vancouver, London and Colorado, $11,992 of business development meetings, and $10,162 of leadership development training not incurred in Q3 2016.
- Professional fees expense in Q3 2017 is $246,191 higher than Q3 2016 mainly due to the legal expenses regarding the legal issues of Goldeye incurred in Q3 2017.
- In Q3 2017, the salary and benefits expense is $125,583 higher than Q3 2016, mainly due to the effect of the CEO vacant position in Q3 2016 in addition to some Goldeye Q3 2017 payroll expenses not applicable in Q3 2016.
- In Q3 2017, the amortization of transaction costs on financing debt is $67,927 higher than Q3 2016 mainly due to the inclusion of additional transaction costs for the convertible debt of tranche1 and the maturity extension of tranches 1 and 2 of the Extract/Loinette debts, partially offset by the longer amortization period.

The above noted higher expenses were partially offset by the following items:

- In Q3 2017, there is $101,836 of stock-based compensation expense against $419,867 in Q3 2016 due to the full vesting of the options granted in Q3 2016.
- There is $1765,024 of foreign exchange gain in Q3 2017 against a $73,467 loss in Q3 2016 due to the effect of the 2.8% strengthening of the Canadian dollar against the US dollar as the Extract/Loinette debts are denominated in U.S. currency; in the same period of the previous year there was a 1.5% devaluation of the Canadian Dollar against the US Dollar.
- In Q3 2017, there is a $39,491 unrealized gain from the change of the fair value of the derivative liability compared to the value of June 30, 2017. The derivative liability is a result of the conversion feature of the US dollar denominated convertible loans with Extract/Loinette; there were no derivative liabilities in Q3 2016.

*Nine months ended September 30, 2017 compared with nine months ended September 30, 2016*

The net loss for the nine-month period ended September 30, 2017 was $3,283,266 (2016 – $3,030,326). The variance is explained as follows:

- In 2017, the office and administrative expenses were $375,757 higher than 2016, mainly due to $154,739 of higher investor relations expenses related to attendance at roadshows and prospective investor meetings in London, USA, and Vancouver, $68,526 of higher IR marketing services, $12,776 of higher filing, transfer and listing fees in 2017; $20,800 of higher rent allocation expenses charged to the Company, $16,613 higher insurance costs due to a timing of expensing, $13,767 of accrued expenses to resolve a HST interpretation with CRA, $11,992 of the business development meeting and $10,162 of the leadership development training not incurred in 2016.
- Professional fees expense in 2017 is $694,341 higher than 2016 mainly due to the legal issues of Goldeye incurred in 2017.
- In 2017, the amortization of transaction costs on financing debt is $442,858 higher than 2016 mainly due to the inclusion of the Extract/Loinette debts, which have higher transaction costs than the previous RMB debt. These costs will subsequently decrease due to the extension agreement closed in June 2017.
- Interest expenses in 2017 are $58,985 higher than 2016 mainly due to the higher interest on the new loan as compared to the former RMB facility. The higher expenses will subsequently decrease as a result of the new agreement with the lenders closed in June 2017.
- In 2017, there is a $158,782 unrealized loss from the change of the fair value of the derivative liability compared to the value of December 31, 2016. The derivative liability is a result of the conversion feature of the US dollar denominated convertible loans with Extract/Loinette; there was no such expense in the previous year.

The above noted lower income and higher expenses were partially offset by the following items:

- In 2017, the salary and benefits expense is $40,502 lower than 2016, mainly due to the severance payment made to the former CEO in Q2 2016, partially offset by the higher charges for the new CEO.
- There is a $328,486 foreign exchange gain in 2017 versus a $102,008 loss in 2016 due to the effect of the 2017 strengthening of the Canadian dollar against the US dollar as the Extract/Loinette debt is denominated in U.S. currency; in most of the 2016 period debt was Canadian dollar denominated until its repayment in June 2016.
- In 2017, there is $183,840 of stock-based compensation expense against $476,894 in 2016 due to the full vesting of the options granted in 2016.
- In the previous year, the Company recorded a $29,084 write-off of the Goldgroup Mining Inc. warrants due to their continued loss of value. In the current year there is no loss on impairment of investments.
- In 2017 there is $51,498 of unrealized gain for the fair value increase of the warrants of Forrester Metals.
- The deferred tax in 2017 has a favourable effect of $553,761 as a result of the renunciation filing regarding the flow-through shares issued in December 2016.

## FINANCINGS

The financing transactions executed in 2017 and 2016 are, as follows:

On May 15, 2017, the Company closed the $8,060,000 financing which had been announced on April 20, 2017. The Offering was conducted through Haywood Securities Inc. and PI Financial Corp., on behalf of a syndicate of agents. The Offering consisted of a maximum of 12,400,000 Units at a price of $0.65 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant, with each warrant exercisable into one common share of the Company at a price of $0.95 for a period of 24 months from the closing date.

On March 13, 2017, a short-term loan of US$400,000 was received from a related party. This loan is unsecured, bears an annual interest of 12% and due on May 31, 2017; this loan was repaid on maturity.

On December 21, 2016, the Company closed a non-brokered placement for aggregate gross proceeds of $2,618,595 through the issuance of 3,587,117 flow-through common shares at a price of $0.73 per flow-through share. The proceeds are to be used in the advancement of the Company's Goliath Gold Project and for general working capital purposes. The Company paid an aggregate cash finder's fee of $101,526 to certain parties in connection with this financing and $26,884 of other issue costs.

On September 30, 2016, the Company repaid the $200,000 mortgage balance regarding the Norman property acquisition.

On June 17, 2016, the Company closed a long-term loan agreement for US$4.4 million with Extract Advisors LLC. and Loinette Company Leasing Ltd. ("the Lenders"). The proceeds were used in the repayment of the RMB loan, with the balance to be used in the advancing of the Project feasibility study and permitting, and for general corporate purposes.

On May 18, 2016, the Company closed a brokered private placement for which it issued 6,258,000 units at a price of $0.48 per unit for aggregate gross proceeds of $3.0 million. In addition, the Company issued, on a non-brokered basis, 2,083,333 units at a price of $0.48 per unit to a strategic financial investor for additional gross proceeds of $1 million, resulting in total gross proceeds raised under the brokered and the non-brokered placements of $4.0 million. Each unit sold under the placements consists of one common share of the Company and one half of one common share purchase warrant. The Company paid cash commission of $184,550, $176,597 of other issue costs and issued an aggregate of 351,480 Agent Warrants to the broker in connection with the brokered financing.

In January 2016, the Company closed the final tranche of the private placement initiated in December 2015, and received $353,700 for 1,010,572 units, at a price of $0.35 per unit. Each Unit consists of one common share and one-half a common share purchase warrant of the Company exercisable for a period of 36 months at $0.55 per share. The Company paid a cash finder fee of $22,960 and $9,178 of other issue costs.

## LIQUIDITY

As at September 30, 2017, the Company had a working capital of $1,436,885. As disclosed in the Financings section of this report, on May 15, 2017, the Company closed an $8,060,000 financing. Details of the sources and uses of funds for the three and nine month periods ending September 30, 2017 are presented in the Interim Consolidated Statement of Cash Flows contained in the Company's Interim Condensed Consolidated Financial Statements for the nine months ended September 30, 2017.

Regarding the Extract/Loinette loan or Tranches 1 and 2 of the loan, on June 7, 2017, an extension agreement was closed extending the maturity of the loan to April 2, 2019, from September 20, 2017. Pursuant to the terms of the extension, US$2.2 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 C$0.90 per Common Share. The Tranche 2 principal amount of US$2.2 million of the term loan continue to be convertible into common shares at a price equal to CAD$0.588 per common share and will have no further amendments. Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 2 has been reduced to LIBOR plus 6.5% from 8.5%.

As at September 30, 2017 and at the date of this report,

- The cash resources of the Company are held in cash with major Canadian financial institutions;

- Accounts receivable and prepaid expenses are comprised mainly of advances to contractors, sales tax receivables from the Government of Canada and receivables from related parties. Accounts receivable and prepaid expenses have increased mainly due to the HST receivable regarding our payments to contractors as a result of higher exploration activities in the current year, partially offset by the collection from shareholders related to the final tranche of the December 2016 private placement.

- Investments in marketable securities as at September 30, 2017 consist of 552,036 shares of Zinc One Resources Inc. which the Company holds as a result of the exchange of 3,036,200 shares of Forrester Metals Inc., 377,775 shares of Goldgroup Mining Inc., and 217,778 shares of Millrock Resources Inc., all of which have a current market value of $345,563. The Company may sell its investments to access funds to settle its obligations as they arise;

- The Company's debt to Extract/Loinette is $4.4 million at September 30, 2017, which consists of the CAD$5.6 million loan received offset by the unamortized transaction costs of $0.5 million and unaccreted costs of $0.7 million. There is also a $77,468 mortgage balance for which the Company must make annual payments of approximately $23,000, until the year 2020. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company relies on external financing to generate sufficient operating capital. Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and as such, alternative funding programs are also being pursued by the Company. The Company's management believes it will be able to raise any required funds in the short term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

The Company's success depends on the successful development of the Goliath Gold Project 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.

## LOAN EXTENSION AND RESTRUCTURING

On June 7, 2017, the Company closed a loan extension agreement in connection with the Company's existing US$4.4 million term loan which is comprised of two tranches with the Lenders. The loan extension amended, among other terms, the maturity date of the Term Loan, extending it to April 2, 2019, from September 20, 2017.

Pursuant to the terms of the loan extension, US$2.2 million of the loan is now convertible at the election of the Lenders into common shares in the capital of the Company at a conversion price fixed at CAD$0.90 per common share, representing approximately a 37.5% premium to the closing price of the common shares on May 5, 2017 prior to entering into the binding term sheet ("Tranche 1"). The remaining principal amount of US$2.2 million of the loan remains unchanged and continues to be convertible into common shares at a price equal to CAD$0.588 per common share and will have no further amendments ("Tranche 2").

Pursuant to the terms of the Loan Extension, the applicable interest rate in respect of Tranche 2 has been reduced to LIBOR (minimum 200 basis points) plus 6.5% from 8.5%.

As consideration to the Lenders for entering into the Loan Extension, the Company paid the Lenders the following (a) an extension fee of US$88,000 in consideration for an extension to the maturity date, (b) US$14,000 in connection with the reduction to the applicable interest rate; and (c) issue to the Lenders an aggregate of 1 million common share purchase warrants, entitling the lenders to purchase common shares as set out below:

- Issuance of 300,000 warrants for a period of 3 years, to purchase a Common Share at an exercise price of CAD$0.75 per Common Share;
- Issuance of 400,000 warrants for a period of 3 years, to purchase a Common Share at an exercise price of CAD$0.85 per Share; and
- Issuance of 300,000 warrants for a period of 18 months, to purchase a Common Share at an exercise price of CAD$0.77 per Share.

## DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets forth information concerning the outstanding securities of the Company at the date of this report:

| Common Shares of no par value | Number |
|---|---|
| Shares | 116,651,498 |
| Warrants | 15,664,195 |
| Options | 6,685,933 |

See Notes 11 to 13 to the September 30, 2017 financial statements for more detailed disclosure of outstanding share data.

## OFF-BALANCE SHEET TRANSACTIONS

During the period ended September 30, 2017, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

## CONTINGENCIES AND COMMITMENT

The Company has made the following commitments as of the date of this MD&A:

- Certain underlying royalties and payment obligations of $103,500 per year remain on 14 of the 19 patented land parcels.

## RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals.
At September 30, 2017, there is $16,409 of accounts payable (December 31, 2016 – net receivable of $23,341) to/from Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. The details of the transactions with Laramide are, as follows:

| Period ended September 30 | 2017 | 2016 |
|---|---|---|
| Office rent paid by Laramide | $95,597 | $74,796 |
| Shared expenses paid by Laramide on behalf of the Company | 89,587 | $40,974 |
| Shared expenses paid by the Company on behalf of Laramide | ($8,797) | ($35,659) |
| **Net Total** | **$ 176,387** | **$80,111** |

At December 31, 2016, there is $16,780 of accounts receivable from Forrester Metals Inc., a company having a former director and former officer, Martin Walter, and an officer, Dennis Gibson, in common with Treasury Metals. In the comparative period there were transactions for $3,382 and $nil in the current period with Forrester Metals Inc. for shared administrative and general expenses paid by the Company on its behalf.

Transactions with related parties were conducted in the normal course of operations and are measured at the exchange amounts.

## DIVIDENDS

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## FINANCIAL INSTRUMENTS

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 0.8%.

The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash, which it receives from interest and royalty payments, its investment portfolio and any financing transactions entered into by the Company. These sources of revenue are subject to various risks, including production risks with respect to the royalty payments and market risks with respect to the investment portfolio. The investment portfolio is managed by the Company.

## RISKS AND UNCERTAINTIES

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated March 31, 2017, which is filed on SEDAR and is herein incorporated by reference. Risks are reviewed and updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis. There have been no new risks identified to the date of this MD&A.

## OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at September 30, 2017 should be read in conjunction with the interim condensed financial statements for the periods ended September 30, 2017 and 2016. Additional information can be accessed at the Company's website www.treasurymetals.com or through the Company's public filings at www.sedar.com.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

## DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of September 30, 2017 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting".

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of September 30, 2017 pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein. There have been no changes in internal control over financial reporting during the period ended September 30, 2017 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Chris Stewart
President and Chief Executive Officer
November 9, 2017

***Qualified Person***
*Mark Wheeler, the Company's Director, Projects, is a Qualified Person as defined by NI 43-101, and is responsible for the preparation of, and has reviewed and approved, the technical disclosure in this Management's Discussion and Analysis, unless otherwise indicated.*

***Cautionary Note Regarding Forward-Looking Statements***
*This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting', "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.*

*Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.*