TREASURY METALS

INCORPORATED

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIODS ENDED
JUNE 30, 2016 AND 2015

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 2015 included exploration, an updated resource calculation, advancing 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 and a Project Office at the Goliath Gold Project. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol "TML". 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 June 30, 2016 and 2015, 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 August 9, 2016. 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 progressed related to its Goliath Gold Project to complete the steps required to facilitate a decision on its construction:

- A new updated gold mineral Resource Estimate report (the "2015 Resource Estimate") was announced in August 2015. Highlights are an Open Pit and Underground 2015 Resource Estimate of:

  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).
  Further information on the updated Resource Estimate is contained later in this report under the section on the Goliath Gold Project – Highlights.

- The Environmental Impact Statement ("EIS") was initially submitted to the Canadian Environmental Assessment Agency ("CEAA") in October 2014. On April 10, 2015 the Company was notified that the EIS conformed to the CEAA guidelines. The EIS covers all aspects of the Project's development, operational and closure stages, and addresses all matters related to socioeconomic and environmental effects, and is used to avoid, mitigate and reduce the environmental impact.

- 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.

- On June 30, 2015, CEAA submitted a series of Information Requests and comments to the Company as a normal part of their technical review of the EIS. The Company has reviewed these and is in the process of preparing the responses. To aid in the preparation of the responses, the company has engaged AMEC Foster Wheeler (AMEC). The team at AMEC brings a strong background of successful Environmental Assessments with a focus on recent work in Ontario and the company is confident that this team will bring value towards receiving a successful outcome in its federal permitting process.

- The 5,000 metre drill program that commenced in November 2014 was completed on March 17, 2015, with 7,263 metres drilled. The drill program was the final drilling to be included in the 2015 Resource Estimate. Actual drilling costs per metre were lower than budgeted, allowing more metres to be drilled for the same dollars. Drill contractors are quoting lower costs in the current economic climate.

- On July 11, 2016, the Company announced that it has 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 will provide Treasury with a second high-quality asset in northwestern Ontario. The transaction is expected to close in Q3 2016.

- Throughout the first half of 2016, the Company continued to collect baseline environmental data and to work with external consultants to design a new exploration program, and to better refine the Project scope and Project economics.

Other recent key milestones include:

- On June 17, 2016, the Company closed two long-term loan agreements for US$4.4 million with Loinette Company Leasing Ltd. and Extract Capital with Extract Advisors LLP acting as agent ("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 $502,450 through the issuance of a further 1,435,572 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.

- In the third quarter of 2015, the Company closed a non-brokered private placement of 2,629,744 units, at a price of $0.45 per unit and a 1.43 million flow-through financing at a price of $0.50 per share for aggregate gross proceeds of $1,898,385. The net proceeds of the financing are for the advancement of the Company's Goliath Gold Project and for general working capital purposes.

- The Company has drawn $5 million from the feasibility funding facility (the "Facility") with RMB Resources Inc. ("RMB") which matures on June 20, 2016. An additional funding of $500,000 ("bridge loan") was provided by RMB during the second quarter of 2015, which was repaid on July 31, 2015 and replaced with another $500,000 bridge loan from a different arm's length investor due on December 31, 2015 and subsequently repaid in October 2015. The Facility and equity financings that were completed in September 2015 and in December 2013 and in 2014 were used to complete steps to advance permitting and engineering programs. The proceeds from the Lenders were used to repay the Facility.

- In December 2014, the Company closed a non-brokered private placement of 2,000,000 flow-through common shares at an issue price of $0.40 per share for aggregate gross proceeds of $800,000. The net proceeds of the financing were used for the advancement of the Company's Goliath Gold Project and specifically the drill program commenced in November.

- As mentioned, in November 2014, the Company initiated a 5,000 metre program that consisted of definition drilling of the main resource area, exploration of the new shallow high-grade zone discovered late during the last drill program and, drilling of several regional targets within the Goliath claims. This drilling program was completed on March 17, 2015 with 7,263 metres drilled.

- In January 2014, the Company recommenced drilling at the Goliath Gold Project with completion of 10,746 metres by late June 2014. The 10,000 metre program consisted of infill and expansion drilling of the Main and C Zones, further delineation of the new high-grade zone discovered in the C Zone and drilling of several targets on the Norman property, acquired in 2012.

- The Company engaged key consultants to oversee completion of its EIS; to conduct a plant optimization and infrastructure study as it pertains to the EIS; and, to design the tailings storage facility and conduct an alternatives assessment review to be included in the environmental assessment study.

- Gekko Systems Pty. Ltd. of Australia ("Gekko Systems") analysed an alternative possible processing method focused on the use of gravity flotation circuits. The results highlighted effective recovery by floatation methods yielding 90-92% gold recovery. These results complement the previous feasibility level metallurgy for a Carbon In Leach (C.I.L.) processing circuit that yielded greater than 95% total recovery of gold (see press release dated September 17, 2012). Although the process identified in the EIS is the originally conceived C.I.L. processing circuit, the EIS requires the Company to study and identify alternative possible processing methods that could be put forward in the event that cyanide is opposed, for example.

- Baseline work for the Project continues on surface water, ground water, geochemistry, and collection of meteorological data.

2016 Plan and Activity include:

- Pursuant to the acceptance of the EIS by the federal regulatory agencies for concordance with the requirements of the EIS guidelines, CEAA organized a series of public and Aboriginal consultation meetings involving the government, Treasury Metals and the technical consultants which contributed to the EIS. These meetings took place the weeks of May 4 and May 11, 2015. Arising from these consultations were a series of Informations Requests relating to the EIS as presented in the meetings. The Company, along with the recently engaged team at AMEC and other technical consultants, is in the process of preparing responses to the Information Requests received from CEAA as a normal part of their technical review of the EIS.

- The environmental assessment on the Goliath Gold Project conducted by CEAA must be completed within 365 days. This timeline started when a notice of the commencement of the environmental assessment was approved by CEAA. On April 10, 2015, the Company was notified that the EIS conformed to the CEAA guidelines. This timeframe is CEAA's commitment to finalize their review and issue an EIS decision. The 365 day "clock" is stopped throughout the process in order for the Company to satisfy defined milestones and as CEAA requests further information on the Company's submissions. The time, which currently sits at 238 days of government time remaining, is restarted at the point where the requested information is received by CEAA.

- Company personnel continue to collect baseline environmental data to aid in the completion of both federal and provincial permitting requirements. Throughout the last half of 2015 and the first half of 2016 the company has been engaged with KBM Resources of Thunder Bay to complete these studies. This updated environmental baseline will be included as part of the Information Request responses to the federal government.

- The geological team at Treasury Metals has been working with P&E Mining Consultants Inc., headquartered in Brampton, Ontario, to define upcoming exploration programs. Highlights of these programs will be targeting further conversion of resources into the Measured and Indicated categories, definition of condemnation drilling required for upcoming pre-feasibility level studies and defining regional trends to aid in the exploration of previously untested areas of the Goliath property.

- The Company's engineering team continues to work with select consultant groups to engage and prepare for future studies to better refine the project and project economics. Much of this optimization work remains for internal use only and the company hopes to engage these groups for the completion of an NI 43-101 compliant report in the near term.

- The Company continues to advance towards the goal of mine permits and completion of a Feasibility Study; key components of this goal were completed during 2015, including the 2015 Resource Estimate and Optimization Studies. As the Company progresses through the process with CEAA toward an approved EIS, it will accelerate plans regarding feasibility and engineering work taking into consideration not only the EIS timetable but also market conditions relating to gold prices, funding alternatives, and overall opportunities.

- The Company will also continue to pursue property consolidations and land acquisitions in the immediate area of the Goliath Gold Project. During the maximum extent of operations, the Project footprint will cover approximately 188 hectares (ha) with 133 ha or 71 per cent of the mine and infrastructure footprint on Treasury Metals private lands.

- The Company continues to analyze and source a variety of funding transactions to enable the continued development of the Goliath Gold Project including the initial capital required for mine construction.

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 $103,500 per year.

Goldcliff Project

The Goldcliff Project ("Goldcliff" or the "Property") represents a new gold discovery in the Kenora Gold District and is located approximately 40 kilometres south-southeast of Dryden, Ontario. Goldcliff is accessible via Provincial Highway #502. Goldcliff lies within the Eagle-Wabigoon-Manitou Lakes greenstone belt located in the Superior Province of the Canadian Shield. Current government mapping shows the Property as comprising mainly mafic volcanic and related intrusive rocks, cut locally by quartz-feldspar porphyry dykes. There is local strong carbonatization of both mafic volcanic rocks and quartz-feldspar porphyry. Prospecting, trenching and sampling have proven both rock types to be gold-bearing.

During 2015, as the claims came up for renewal, only the significant claims were renewed and the Company did not make any expenditures on the project nor are there any plans to make any investment in the short-term. Therefore, the Company decided to record an impairment of $472,180 to the book value of this property.

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 and in early 2014, as the claims came up for renewal, only the significant claims were renewed and the Project currently consists of 59 mineral claims.

GOLIATH GOLD PROJECT - HIGHLIGHTS

- A new updated gold mineral Resource Estimate report (the "2015 Resource Estimate") was completed 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 1.9 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. The following table summarizes the NI 43-101 Mineral Resource Estimate in the "Measured", "Indicated" and "Inferred" Resource categories:

[Chart follows on next page]

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.

- The Project completed its 30-day public comment period held by CEAA on May 24, 2015. As part of this process, Treasury Metals personnel and several of the key technical consultants involved in the preparation of the EIS attended public open house meetings hosted by CEAA to provide technical support and information. CEAA completed its technical review of the EIS and returned a series of "Information Requests" on June 30, 2015. Treasury personnel along with technical consultants are currently working on Information Request responses.

- On April 10, 2015, the EIS was accepted as meeting conformity by CEAA. As mentioned above, CEAA organized a series of public and Aboriginal consultation meetings involving the government, Treasury

Metals and the technical consultants who contributed to the EIS. The EIS covers all aspects of the Project's development, operational and closure stages, and addresses all matters related to socioeconomic and environmental effects, and is used to avoid, mitigate and reduce environmental impact.

- In November 2014, the Company initiated a 5,000 metre program that consisted of definition drilling of the main resource area, exploration of the new shallow high-grade zone discovered late during the last drill program and, drilling of several regional targets within the Goliath claims. This drill program was completed on March 17, 2015.

- In February 2014, a study by Gekko Systems Pty. Ltd. ("Gekko Systems"), focused on optimizing the use of gravity-flotation circuits at the Goliath Gold Project. The initial phase of the study concentrated on cyanide detox test work. Test work revealed that cyanide destruction is feasible going forward.

- After the closing of the flow-through share offering in late December 2013 and final approval of the Feasibility Finance Facility by RMB Resources Inc., the Company moved to engage several consulting engineering firms to complete the technical work required to support an Environmental Impact Statement ("EIS") and a Feasibility Study.

- A Project Description ("PD") for the Goliath Gold Project was submitted to the federal government's Canadian Environmental Assessment Agency ("CEAA") on November 27, 2012, and officially accepted by CEAA on November 30, 2012. The Company's PD initiated the official permitting and approvals process for mine development. Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an Environmental Assessment ("EA") and the Environmental Impact Statement ("EIS") guidelines.

- Preliminary Economic Assessment of July 2012 ("PEA") highlights include:
  - 10+ year combined open pit and underground mine life with processing throughput averaging 2,500 tonnes per day;
  - Avg. annual production of 80,000 oz gold equivalent, with a LOM head grade of 3.05 g/tonne;
  - Average operating cash cost of $698 per equivalent gold ounce;
  - Life of Mine pre-tax net present value of $199.0 million, internal rate of return of 39.3% and a payback of 2.2 years; Life of Mine after-tax net present value of $144.3 million, internal rate of return of 32.4% and a payback of 2.8 years;
  - Initial capital expenditure of $92 million, including 20% contingency;
  - Estimated gold processing recoveries of 95%.
  - Gold price used was US$1,375 per troy ounce; Exchange rate used US$1.00 = CAD$1.02.

  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 resource 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. The full PEA is available on the Company's website and on SEDAR (www.sedar.com).

- Since Treasury Metals began drilling Goliath Gold Project in 2008 to present day, a total of 435 diamond drill holes comprised of 402 newly collared holes, 3 wedge holes, and 30 re-entry holes for a total of 128,478 metres have been drilled on the property.

GOLIATH GOLD PROJECT - OPERATING ACTIVITIES

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

Goliath Gold Project	**Balance**	**Incurred in three months ending**				**Balance**
	30-Jun-15	**30-Sep-15**	**31-Dec-15**	**31-Mar-16**	**30-Jun-16**	**30-Jun-16**
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	233,771	-	-	-	-	233,771
Environmental	1,145,138	-	-	-	-	1,145,138
Feasibility	545,061	47,774	12,230	3,258	17,839	626,163
Drilling and other exploration expenses[2]	17,015,603	2,961	6,116	206	743	17,025,629
Community Relations	171,464	6,750	2,000	-	-	180,214
Property purchases and payments	27,589,437	-	-	104,844	-	27,694,281
Dryden - salaries and consultants	5,389,147	151,700	115,106	112,234	124,196	5,892,384
Dryden Infrastructure	2,325,344	18,076	25,800	8,586	15,628	2,393,435
Amortization	260,223	18,249	18,328	17,382	8,013	322,195
Black scholes on options compensation	689,308	32,274	18,698	10,543	7,003	757,826
Total Goliath Gold Project	57,194,021	317,067	209,900	258,384	209,241	58,188,612

[Chart continues on next page]

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Jun-14	30-Sep-14	31-Dec-14	31-Mar-15	30-Jun-15	30-Jun-15
Metallurgy	188,812	-	51,655	-	-	240,467
Geochemistry	104,102	17,286	-	-	-	121,388
Geotechnical	97,180	40,468	-	-	-	137,649
Hydrogeology	220,071	13,700	-	-	-	233,771
Environmental	1,115,462	17,858	3,234	3,020	5,565	1,145,138
Feasibility	410,405	89,868	14,731	-	30,057	545,061
Drilling and other exploration expenses[2]	15,950,164	93,489	185,128	656,141	130,682	17,015,603
Community Relations	91,806	27,682	16,600	18,071	17,306	171,464
Property purchases and payments	27,485,366	0	0	104,070	0	27,589,437
Dryden - salaries and consultants	4,475,154	278,528	235,402	189,849	210,214	5,389,147
Dryden Infrastructure	2,020,356	74,317	66,505	102,057	62,109	2,325,344
Amortization	185,355	19,185	19,185	18,249	18,249	260,223
Black scholes on options compensation	605,136	37,860	15,302	10,977	20,033	689,308
Total Goliath Gold Project	53,458,649	905,832	828,803	1,185,339	815,397	57,194,021

Environmental, Permitting, and Development Activities

A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project.

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 was required to complete as an integral part of the EA process.

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 includes 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 10 to 12 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, First Nations, the Métis Nation of Ontario and other Aboriginal 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.

Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an EA and on February 21, 2013, the Company received guidelines for the preparation of an EIS pursuant to the Canadian Environmental Assessment Act 2012. The Company prepared the EIS which describes a gold mine to process up to 2,700 tonnes per day of mineralized rock from both open pit and subsequent underground operations. The rock will be processed using a conventional C.I.L. plant to produce a gold doré bar.

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 period 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 Aboriginal groups 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/Wabigoon area.

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. The Company is now working to compile replies to these information requests. As of June 2016, AMEC Foster Wheeler ("AMEC") has been engaged as a principal consultant to lead the technical work to return responses to CEAA.

The provincial permitting application process for the Goliath Gold Project is ongoing and will run in a parallel fashion along with the Federal EA process. Treasury Metals continuously communicates with provincial agencies (MNDM, MOE, MNR) via weekly conference call 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:

The scoping/optimization study that is designed to narrow the ore processing and tailings storage options ahead of commencing the feasibility study has been completed, and is complementary to both the EIS and the Feasibility Study work. Additional work is included in these respective key areas: EIS, Feasibility Study, and Provincial Permitting. The purpose of evaluating the 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 C.I.L. 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 C.I.L. 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 C.I.L. 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.

Environmental Impact Statement and Feasibility Study

Treasury engaged several consulting engineering firms to complete the technical studies necessary related to the EIS and Feasibility Study. Tetra Tech-WEI Inc. (“TT”) was the lead consultant for the preparation of the EIS. Based in Winnipeg, TT has vast experience in mining and environmental permitting and a thorough knowledge of the local area. The company has since engaged AMEC Foster Wheeler to aid in the completion of the EIS process. The team at AMEC brings significant experience in the completion of Environmental Assessments in Ontario and the company expects to see similar success with the federal EA for the Goliath Project.

Phase 1 of the Feasibility Study has started with the Optimization Study and TSF Alternatives Assessment by Lycopodium and WSP. Phase 2 of the Feasibility Study will now follow on the back of the successful submission of the EIS. Infill drilling to upgrade inferred resources into the measured or indicated categories has been completed for the updated resource calculation that was announced on August 28, 2015. The Company expects with progress through the CEAA process toward an approved EIS, it will accelerate plans regarding feasibility and engineering work taking into consideration not only the EIS timetable but also market conditions relating to gold prices, funding alternatives, and overall opportunities.

Exploration

On March 17, 2015, the 5,000 metre drill program that began in November 2014, was completed having drilled 7,263 metres. The program consisted of definition drilling of the main resource area, exploration of the new shallow high-grade zone discovered late during the last drill program and, drilling of several regional targets within the Goliath claims. The program was focusing on resource category conversion and expansion of the Main and C Zone mineralization. This program will enable Treasury to finalize the underground engineering plans for the future feasibility study as well as to delineate the final open pit outline. The infill program was initially focused on the Western Area of the Main Zone, which remains the least drilled of all zones at the Goliath Gold Project. This drilling to date has returned significant grades over mineable widths at a drill spacing of roughly 30 m.

- Highlights from the initial Phase II program include drilling several specks of visible gold on Hole **TL14-374**, returning **2.0 m at 199.75 g/t** Au, with visible gold noted. **TL14-374** was drilled approximately 41 m down plunge of previous highlight Hole **TL11-204A**, which intercepted **6.0 m at 22.3 g/t Au** (See Press Release August 30, 2011).

- Other highlights from the Western Main Zone include Hole **TL14-375,** which intersected **4.87 g/t Au over 3.5 m** through a Hanging Wall zone, and **3.81 g/t Au over 8.0 m** through the Main Zone**. TL14-372** returned an interval of **4.5 m at 3.86 g/t Au** in the Main Zone**.**

- This drilling has intersected a new high-grade zone (the B Zone) which is situated between the Main and C Zones. The Company also reported another high-grade intersection in the B Zone – Hole **TL15-390B**, which intersected **286.23 g/t Au** and **26.0 g/t Ag** over a core length of 1.0 m in the newly established zone with visible gold observed in a well mineralized quartz vein.

- An expanded infill sampling program of existing drill core has been completed to further evaluate the gold potential of the B Zone and other zones along the main deposit. This included assaying 95 holes to test 110 new target zones. As recently reported, the B Zone has been intersected by other holes throughout the deposit that have also returned significant gold assays; Holes **TL14-373-15RE** (6.32 g/t Au over a core length of 5.0 m), **TL15-381B** (24.18 g/t Au over 3.0 m), **TL11-220** (8.78 g/t Au over 4.0) and **TL08-22** (10.19 g/t Au and 52.22 g/t Ag over 0.25 m). Overall, 58% (228 samples) of the samples experienced a gain in gold in the range of 0 to 3.26 g/t Au over average sample lengths of 1.10 m. As an example, Hole **TL14-375**'s original Main Zone intersection increased from 2.04 g/t Au to 3.15 g/t Au over a sample length of 5.0 m. The C Zone intersected near surface by **Hole TL13-305** with an original grade of 0.52 g/t Au increased to 1.89 g/t Au over a sample length of 2.6 m.

- In the Main Central Zone, Hole **TL15-396** intersected a well mineralized and quartz veined unit that returned **7.93 g/t Au** over a sample length of 2.74 m at a depth of just 36.0 m vertically from surface. This result is within the proposed reserve pit. The result came from an area considered to contain low gold concentration.

- In an area located 400 metres west of the main proposed pit, the Company completed seven infill holes to discover and potentially delineate additional shallow, open pit-able resources. The program was following up on **TL 14-367,** which intersected 12.8 m at 2.71 g/t in the Main Zone at a vertical depth of 52 m during the Phase 1 program (see Press Release dated August 5, 2014). Hole **TL15-400** returned 6.68 g/t Au over a sample length of 3.6 m in a Hanging Wall Zone at a depth of 21.0 m from surface. Main Zone intersections included Holes **TL15-395** that returned 1.60 g/t Au over 7.0 m, and Hole **TL15-397** that assayed 3.38 g/t Au over 2.6 m followed by 6.20 g/t Au over 2.0 m. The latter hole also returned the best C Zone intersection of 2.07 g/t Au over a sample length of 2.0 m.

A total of 374 reject samples were selected from nineteen holes drilled between 2013 and 2015 for 1,000 gm bottle roll testing. All samples contained original gold concentrations less than 5.0 g/t Au and were dispatched to Accurassay and Actlabs for analyses. Overall, 58% (228 samples) of the samples experienced a gain in gold in the range of 0 to 3.26 g/t Au over average sample lengths of 1.10 m. As an example, Hole TL14-375's original Main Zone intersection increased from 2.04 g/t Au to 3.15 g/t Au over a sample length of 5.0 m. The C Zone intersected near surface by Hole TL13-305 with an original grade of 0.52 g/t Au increased to 1.89 g/t Au over a sample length of 2.6 m.

In January 2014, the Company announced the recommencement of a 10,000 metre drill program at the Goliath Gold Project. The 10,000 metre program consisted of infill and expansion drilling of the Main and C Zones, further delineation of the new high-grade zone discovered in the C Zone and drilling of several targets on the Norman property. The program concluded in June 2014 having completed a total of 10,746 metres.

The 10,000 metre drilling program targets included:

- A number of targets on the Norman property acquisition, which is adjacent to the current deposit. The property is contiguous to and located along strike and downdip of the eastern end of the mineral resource at Goliath. The Norman acquisition provides first-time access for drilling of an additional 1.6 kilometres of potential deposit strike length. The current resource is interpreted to project towards the NE portion of this property.

- Several EM targets across the Goliath property. The conductors were compiled and ranked from a property-wide airborne EM survey flown in 2011.

- Drilling of the recently discovered high-grade area in the C Zone. Previous intersections in the area include the re-entry Hole TL164-12RE, which returned values of 18.6 g/t Au over 5.2 metres (see press releases dated December 11, 2012 and January 29, 2013 for further details). This particular zone, encountered in the central area of the deposit, was a result of extending previous drill holes by approximately 30 to 50 metres past the Main Zone and through the C Zone of the deposit.

- Infill and expansion drilling of both the Main Zone and C Zone has focused on increasing the resource size and upgrading current Inferred resources into the Indicated category. The drill program included:

    - Final delineation of the open pit and infilling areas of possible pit expansion.
    - Delineation of the newly discovered C Zone ore shoot including the extension of previously drilled holes through the Main Zone which were terminated short of the C Zone.
    - Infill of the Main Zone where required to finalize the underground engineering plan for the Feasibility Study.

Full Table of Assays and updated Main Zone and C Zone long sections can be found on the Company's website at www.treasurymetals.com

GOLDCLIFF PROJECT

Goldcliff Project latest eight quarters of exploration program expenditures

Goldcliff Property	Balance	Incurred in three months ending				Balance
	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Jun-16
Drilling and geology	34,357	-	(34,357)	-	-	-
Acquisitions of properties and data	143,460	-	(143,460)	-	-	-
Camp field and land costs	294,363	-	(294,363)	-	-	-
Total Goldcliff Property	472,180	-	(472,180)	-	-	-

Goldcliff Property	Balance	Incurred in three months ending				Balance
	30-Jun-14	30-Sep-14	31-Dec-14	31-Mar-15	30-Jun-15	30-Jun-15
Drilling and geology	34,357	-	-	-	-	34,357
Acquisitions of properties and data	138,460	-	5,000	-	-	143,460
Camp field and land costs	294,363	-	-	-	-	294,363
Total Goldcliff Property	467,180	-	5,000	-	-	472,180

In June 2010, the Company acquired the right to earn a 100% interest in four unpatented mining claims in the District of Kenora (S. Johnson-Barkauskas Mineral Property Agreement). Under the terms of the Agreement, the Company is to make option payments totalling $90,500 and issue 80,000 common shares of the Company over a four-year period. These payments are required as follows: $8,500 and 20,000 common shares paid on signing of the agreement (paid), $12,000 and 20,000 common shares on or before June 23, 2011 (paid), $20,000 and 20,000 common shares on or before June 23, 2012 (paid), and $50,000 and 20,000 common shares on or before September 1, 2014 (extended to June 1, 2015 and in process of negotiation at date of this report). The four unpatented mining claims, totalling 12 units and 192 hectares, are subject to a 2% NSR, of which 1% can be purchased by the Company for $750,000.

In 2012, Treasury conducted a trench mapping and sampling program followed by a drilling program at its 100% owned Goldcliff Project, located approximately 40 kilometres south-southeast of the City of Dryden, northwestern Ontario in the Kenora Mining District. The initial program commenced in August 2012 and focused on three mineralized showings identified and trenched during the 2011 summer program referred to as the Goldcliff showing, the Ange showing, and the Sulphide showing. Detailed mapping, channel sampling and several 1-2 metre holes were drilled using a handheld drill in an effort to further understand the geology and identify drill targets.

Based on the results of the mapping program and data from the geophysics flown in 2011, the Company initiated a 9-hole, 1,386 metre drill program in October 2012. One hole was drilled on the Goldcliff showing, six holes on the Ange showing, and two on the Sulphide showing. Various anomalous gold envelopes were intersected as well as an extremely high grade sample from the Ange showing. The third drill hole, GC12-03, intersected a narrow vein with abundant coarse visible gold which produced a sample grading 1,763.4 g/t over 75 cm along with many other anomalous hits. In light of the high-grade intersection, the Company commissioned a staking program. Recently, only minimal work has been applied to Goldcliff, and as claims came up for renewal only the significant claims have been renewed, due to the Company's focus on Goliath and market conditions. The Project currently consists of six mineral claims covering approximately 1,168 hectares. In addition, the Johnson-Barkauskas Property has four claims covering 192 hectares. Goldcliff's proximity to the Goliath Project could be used to provide feed to an existing mill and provide additional income to the Company.

Due to the Company's focus on the Goliath project, during 2015 the Company did not make any expenditures on the Goldcliff Project and there are no plans to explore this project in the short-term. Therefore, the Company decided to record an impairment of $472,180 to the book value of this property.

LARA POLYMETALLIC PROJECT

Lara Project latest eight quarters of exploration program expenditures

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-15	30-Sep-15	31-Dec-15	31-Mar-16	30-Jun-16	30-Jun-16
Consultants	124,917	-	-	-	-	124,917
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	362,559	176	-	219	-	362,954
Total Lara Polymetallic Project - BC	505,510	176	-	219	-	505,905

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-14	30-Sep-14	31-Dec-14	31-Mar-15	30-Jun-15	30-Jun-15
Consultants	63,557	1,925	37,624	21,810	-	124,917
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	333,033	10,000	19,526	-	-	362,559
Total Lara Polymetallic Project - BC	414,624	11,925	57,150	21,810	-	505,510

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.

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 June 30, 2016 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.

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14
	$	$	$	$	$	$	$	$
Royalty & other revenue	2,288	1,257	1,716	2,076	2,038	2,214	2,465	19,120
Loss on sale of investments	-	-	(20,065)	(70,100)	-	-	-	-
Expenses	1,181,447	607,242	675,717	786,215	587,225	592,758	631,527	598,571
Investments write-off	-	29,084	-	-	-	-	-	-
Mineral property write-off	-	-	472,180	-	-	-	-	-
Income tax expense (recovery)	-	83,536	(332,700)	-	-	(8,000)	(439,583)	-
Net loss	(1,179,159)	(718,605)	(833,546)	(854,239)	(585,187)	(582,544)	(189,479)	(579,451)
Net loss per share (basic and diluted)$	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Other comprehensive income (loss)	22,644	25,328	29,265	2,363	(40,754)	(79,508)	(104,016)	10,735
Total comprehensive loss	(1,156,515)	(693,277)	(804,281)	(851,876)	(625,941)	(662,052)	(293,495)	(568,716)
Mineral properties and deferred costs	58,694,517	58,485,276	58,226,673	58,488,953	58,171,711	57,356,313	56,149,163	55,258,210
Total current liabilities	830,746	5,893,526	6,037,755	6,802,652	6,425,599	1,094,028	1,317,421	934,847
Total assets	63,919,476	61,153,051	61,338,390	62,670,091	61,202,340	60,737,020	60,230,923	59,269,588

Royalty revenue ended in July 2014 when production stopped due to lower ore grade, a higher strip ratio and a lower recovery rate. In Q3 and Q4 2015, 1.7 and 0.6 million of Goldgroup shares were sold, respectively, resulting in an aggregated loss of $90,165.

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances, the $472,180 impairment of the Goldcliff mineral property recorded in Q4 2015 and the $29,084 write-off of the Goldgroup Mining Inc. warrants recorded in Q1 2016. In Q2 2014, amortization of a portion of the financing and transaction costs of the RMB Facility commenced, in Q2 2016 it started the amortization of transaction costs of the loan from Extract and Loinette, as detailed in Note 10 to the Financial Statements. Also, in the second quarter of 2016, a payment of $300,000 was made to the former CEO as severance. 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 Vena Resources Inc.

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 June 30, 2016 compared with three months ended June 30, 2015

The net loss for the three-month period ended June 30, 2016 was $1,179,159 (2015 - $585,187). The variance is explained as follows:

- In Q2 2016, the office and administrative expenses were $168,581 higher than Q2 2015, mainly due to the $108,018 increase of investor relations activities, mainly European IR advisors, attendance to a European Roadshow and the Montreal Capital Conference. In addition, there was $39,035 of listing and transfer agent fees relating to current year private placements.
- Professional fees in Q2 2016 are $37,761 higher than the same period of 2015 mainly due to $66,061 of legal fees paid in respect to the repayment of the RMB loan, $7,500 of executive search fees incurred in the current period, partially offset by the reversal of $35,800 of over accrued audit expenses.
- In Q2 2016, the salary and benefits expense is $267,701 higher than Q2 2015, due to severance costs in the current quarter.
- In Q2 2016, the amortization of transaction costs on financing debts is $42,892 higher than Q2 2015 due to the inclusion of the Extract/ Loinette debts, which have higher costs than the previous RMB debt.
- Interest expenses in Q2 2016 are $112,733 higher than Q2 2015, mainly due to the $100,000 closing fee paid to RMB at the date of its debt repayment.

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

- In Q2 2016, there is stock-based compensation of $19,050 versus $54,496 for Q2 2015 due to the lower balance of unvested options in the current period.

Six months ended June 30, 2016 compared with six months ended June 30, 2015

The net loss for the six-month period ended June 30, 2016 was $1,888,586 (2015 - $1,167,731). The variance is explained as follows:

- In the six months period ended June 30, 2016, the office and administrative expenses were $164,105 higher than the six months period ended June 30, 2015 mainly due to the $93,023 increase of investor relations activities, mainly European IR advisors, attendance to European Roadshow and the Montreal Capital Conference. In addition, there was $43,372 of higher listing and transfer agent fees relating to the current year private placements.

- Professional fees in the six months period ended June 30, 2016 are $53,842 higher than the same period of 2015 mainly due to $66,842 of legal fees incurred in respect to the repayment of the RMB loan, $9,600 of geology due diligence fees, and $15,000 of executive search fees incurred in the current period, partially offset by a $35,800 reversal of over accrued audit fees.
- In the six-month period ended June 30, 2016, the salary and benefits expense is $256,752 higher than the six months period ended June 30, 2015, mainly due to the incurred severance costs.
- Interest and commitment fees in the six months period ended June 30, 2016 are $109,268 higher than the six-month period ended June 30, 2015, mainly due to the $100,000 closing fee paid to RMB at the date of its debt repayment.
- In the six-month period ended June 30, 2016, as a result of the impairment evaluation of the investments, the Company recorded a $29,084 write-off of the Goldgroup Mining Inc. warrants due to their continued loss of value. Such warrants expire in August of the current year.

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

- In the six-month period ended June 30, 2016, there is stock-based compensation of $57,027 versus $84,358 for the same period of 2015 due to the lower balance of unvested options in the current period.
- The deferred tax in the six-month period ended June 30, 2016 is a net expense of $83,536 against a recovery of $8,000 in the six-month period ended June 30, 2015; the variance is due to the negative difference between the premium and the income tax expense regarding the 2015 Flow Trough transactions renounced in 2016.

FINANCINGS

The following are the financing transactions executed in 2016 and 2015:

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 a cash commission of $170,150 and issued an aggregate of 351,480 compensation options 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.

In the fourth quarter of 2015, the Company closed the first tranche of a non-brokered private placement of 425,000 units, at a price of $0.35 per unit and a 741,667 flow-through financing at a price of $0.45 per share for aggregate gross proceeds of $482,500. Each unit consists of one common share and one-half of a common share warrant of the Company. The warrants have a term of three years and an exercise price of $0.55. In January 2016, the Company closed the second tranche of the non-brokered placement for gross proceeds of $502,450 through the issuance of a further 1,435,572 units. The Company paid an aggregate cash finder's fee of 7% to certain arm's length parties. The net proceeds of the financing are for the advancement of the Company's Goliath Gold Project and for general working capital purposes.

In the third quarter of 2015, the Company closed a non-brokered private placement of 2,629,744 units, at a price of $0.45 per unit and a 1.43 million flow-through financing at a price of $0.50 per share for aggregate gross proceeds of $1,183,835 and $715,000, respectively. Each unit consists of one common share and one-half of a common share warrant of the Company. The warrants have a term of three years and an exercise price of $0.56. The net proceeds of the financing are for the advancement of the Company's Goliath Gold Project and for general working capital purposes.

In the year 2015, the Company received a $75,000 short-term loan from Wacyba Ltd., a company which has a director in common with the Company, bearing a monthly interest of 1.5%. This loan was repaid in the second quarter of 2016.

In September 2015, the $300,000 debt related to the acquisition of the Norman property was restructured. The debt had a maturity of October 1, 2015. Under the new arrangement, the Company has paid $100,000 on October 1, 2015 and the balance is to be paid on October 1, 2016, with quarterly payments at an annual interest rate of 10%.

Up to March 31, 2015, the end of the availability date of the Facility, the Company received $3 million from the first tranche and $2 million from the second tranche of the Facility with RMB Resources Inc. The Facility has a term of 2.5 years and bears interest at CDOR plus 7.50% per annum; also, a commitment fee of 2.0% per annum fee was paid on the available but undrawn amount of each tranche. In connection with the first tranche, 1.5 million financier warrants were issued to RMB on February 18, 2014, with an exercise price of $0.395 per common share and an expiry date of August 18, 2017. A second set of 1.5 million financing warrants were issued at the drawdown of the second tranche of the Facility. These warrants are exercisable at a price of $0.35 per share until May 18, 2018 and were assigned a fair value of $167,044 using the Black Scholes option pricing model with the following assumptions: Share price $0.30, dividend yield 0%, expected volatility, based on historical volatility 75.96%, a risk free interest rate of 1.30% and an expected life of 2 years. A $375,000 arrangement fee was paid at the time of the initial draw. The Facility is secured by a General Securities Agreement, a debenture, and Collateral Security over the assets of the Company. Additional terms related to the Facility are the ability to pre-pay at any time without penalty, and to cancel all or a part of the undrawn commitment. The Facility requires ongoing regular operational and financial reporting to RMB Resources and also contains default provisions which are normal for this type of transaction and are not considered to be onerous or restrictive for the normal operations of the Company.

On June 10, 2015, the Company received from RMB a bridge loan of $0.5 million, which matured and was repaid on July 31, 2015. The bridge loan was replaced by another bridge loan in July 2015 of US$390,082 from an arm's length party which was repaid, together with its interests and transaction costs, on October 1, 2015.

In December 2014, the Company closed a non-brokered private placement of 2,000,000 flow-through common shares at an issue price of $0.40 per share for aggregate gross proceeds of $800,000. The net proceeds of the financing are for the advancement of the Company's Goliath Gold Project and specifically the drill program commenced in November.

LIQUIDITY

As at June 30, 2016, the Company had a working capital of $1,912,096. The largest current liability is the $200,000 mortgage regarding the Norman property acquisition, to be paid on October 1, 2016.

As at June 30, 2016 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, receivables from shareholders, prepaid insurance, sales tax receivables from the Government of Canada and receivables from related parties. Accounts receivable have decreased mainly due to the collection from shareholders related to the final tranche of the December 2015 private placement partially offset by an increase in the receivables from Laramide Resources Ltd.

- Investments in marketable securities as at June 30, 2016 consist of 1,405,600 shares and 1,105,600 warrants of Vena Resources Inc., in addition to 69,850 shares and 307,925 warrants of Goldgroup Mining Inc., all of which have a current market value of $98,813. The Company may sell its investments to access funds to settle its obligations as they arise;

- The Company has a $200,000 mortgage, resulting from the Norman property acquisition which is to be paid on October 1, 2016, plus quarterly payments of interest at an annual rate of 10%;

- The Company's debt to Extract and Loinette is $4.7 million at June 30, 2016, which consists of the $5.6 million loan received offset by the unamortized transaction costs of $0.9 million. Accounts payable and accrued liabilities are short-term and non-interest bearing.

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.

On June 17, 2016, the Company closed a long-term loan agreement for US$4.4 million with Extract Advisors LLC. ("Extract") and Loinette Company Leasing Ltd ("Loinette"). Each lender contributed US$2.2 million of the loan. The proceeds are to be used in the repayment of the existing RMB loan, the advancing of the Goliath Gold Project, and for general corporate purposes. The terms set out in the loan agreement are as follows:

- The loan matures 15 months from the closing date.

- The Extract portion of the loan may be converted at Extract's option, in part or in full, at any time, into common shares of the Company at $0.588 per share.
- The annual interest rate on the Extract portion is the 12-month LIBOR plus 6.5% and on the Loinette portion is the 12-month LIBOR plus 9%. Minimum Libor is set at 200 basis points. The interest is payable monthly, in arrears.
- The Facility is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath Gold Project property, land, and mining claims in Kenora.
- An arrangement fee of US$175,000 was paid from the proceeds on the closing date.
- The Company issued 220,000 common shares to the lenders.
- Extract received 250,000 warrants with an exercise price of $0.94 per common share valid for three years.
- The Company assigned to the lenders 3.0 million warrants previously owned by RMB and which were subsequently extended by 12 months from their initial maturity.
- The Company will provide the lenders a production fee of US$10 per each ounce of gold and US$0.0625 per each ounce of silver produced from the Goliath Project ("Production Fee"). The Company shall have the option to repurchase the Production Fee. The repurchase price varies from US$250,000 if the loan is repaid in full on or before six months from the closing date, US$750,000 if the loan is repaid after six months from the closing date and on or before the maturity date, or US$1.0 million if the loan is repaid after the maturity date. Notwithstanding the forgoing, during the first nine months of the term loan, the Company shall have the option to repurchase the Production Fee for US$350,000 while any indebtedness remains outstanding under the term loan.

On January 13, 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 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.

TREASURY METALS

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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	92,216,666
Warrants	9,789,572
Options[1]	8,027,212

[1]Includes 2,250,000 stock options approved by the Board and granted on July 19, 2016. The options have an exercise price of $0.63 and expire on October 19, 2018.

See Notes 11 to 13 to the June 30, 2016 financial statements for more detailed disclosure of outstanding share data.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended June 30, 2016, 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:

- Under the S. Johnson-Barkauskas mineral property agreement, the Company was required to pay $50,000 and 20,000 common shares on or before June 1, 2015 to acquire a 100% interest in the property, subject to a 2% NSR. At the date of this MD&A, the Company is in a negotiation process of this agreement to change certain terms and conditions according to the present conditions of the market.

- 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 June 30, 2016, there is $50,485 of net accounts receivable (December 31, 2015 – net payable of $1,258) 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 June 30	2016	2015
Office rent	$48,964	$48,688
Shared expenses paid by Laramide on behalf of the Company	$33,159	$0
Shared expenses paid by the Company on behalf of Laramide	($59,119)	($36,161)
Net Total	**$ 23,004**	**$10,257**

Also, there is $4,814 (December 31, 2015 -$56,711) of accounts receivable from Vena Resources Inc., a company having a director and former officer, Martin Walter, and an officer, Dennis Gibson, in common with Treasury Metals. Transactions of $3,382 with Vena Resources Inc. are for shared administrative and general expenses paid by the Company on its behalf in 2016 (2015 - $27,683).

At December 31, 2015 there was a $75,000 loan from a Company who has one director, Blaise Yearly, in common with Treasury Metals Inc. The loan was repaid in the current period. More detail of this loan is in Note 10 of the financial statements.

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 30, 2016, 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 June 30, 2016 should be read in conjunction with the interim condensed financial statements for the periods ended June 30, 2016 and 2015. 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 June 30, 2016 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 June 30, 2016 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 year ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

William Fisher
Lead Director
August 9, 2016

TREASURY METALS

INCORPORATED

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.