



TREASURY METALS

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MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 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 2016 and 2015 included diamond drilling and field exploration, an updated PEA, 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.treasuremetals.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 years ended December 31, 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 March 31, 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 focused 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.



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- 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 during the third quarter of 2018, pending the successful recommendation of a Feasibility Study. See "Plans for 2017" later in this report.
- 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 AuEq (1.12 Mt at 2.51g/tonne AuEq);
 - Indicated: 1,075,500 ounces AuEq (19.44 Mt at 1.72 g/tonne AuEq);
 - Inferred: 341,300 ounces AuEq (3.47 Mt at 3.06 g/tonne AuEq).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 September 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 has submitted the responses. Treasury submitted a draft of the responses to the Information requests to CEAA for review with formal submission to follow that is expected in May 2017.
- To aid in the preparation of the responses, the Company engaged AMEC Foster Wheeler ("AMEC"). The team at AMEC brings a strong background with a focus on recent work completing Environmental Assessment for projects in Ontario and the Company is confident that this team will bring value towards receiving a successful outcome in its federal permitting process.
- A 5,000 metre drill program was initiated in August 2016, focusing primarily on converting 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, which was announced in March 2017. Further, "C Zone" resource conversion drill targets have also been identified for testing. Certain holes will



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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 km.

- 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.
- Throughout the year 2016, the Company continued to collect baseline environmental data and to work with external consultants to design a new exploration program, and to optimize the Project scope and Project economics.

Other recent key milestones including financing and events subsequent to year-end 2016:

- The Company had, and has since repaid, a \$5-million feasibility funding facility (the “Facility”) with RMB Resources Inc. (“RMB”) with a maturity date of 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. As described later on this page, the proceeds from the Lenders were used to repay the Facility.
- 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.
- 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.
- 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.
- 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



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\$5 million RMB loan, to continue the advancing of the Project feasibility study and permitting, and general working capital purposes.

- 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.
- 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.
- 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.
- In March 2017, the Company purchased back the production fee at the Goliath Project for US\$350,000, which had been granted to Extract and Loinette as part of the June 2016 loan transaction.

PLANS FOR 2017

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

Highlights:

- Updated PEA: Results of an updated National Instrument 43-101 Preliminary Economic Assessment ("PEA") by CSA Global Canada Geosciences Ltd. were released in early March 2017.
- Phase II 2017 Exploration Program: Contingent on financing, a Phase II 30,000 metre underground infill drilling program is planned to commence by mid-May 2017.
- Updated NI 43-101 Resource Estimate: 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, 2017 Phase I and Phase II drilling programs.
- Feasibility Study: The Company anticipates commencing a Feasibility Study on the Goliath Gold Project starting in August 2017, targeting a completion date of June 2018, which will incorporate an updated NI 43-101 Resource Estimate as well as additional engineering, optimization work, finalized metallurgical and



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grinding testwork and earthworks geotechnical support studies that will be completed over the course of the next sixteen months.

- Permitting Progress: The Company continues to make permitting progress including the submission on February 22, 2017 of draft Information Request responses as part of the Federal Government of Canada's Environmental Impact Statement ("EIS") review.
- Community Engagement: Indigenous and community engagement continues to progress for the stage of the project and long-term relationship agreements are anticipated as the above milestones are completed.
- Option Exercise: 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.

Exploration Programs:

- Condemnation and Step-Out Exploration Drilling Program (Phase I): A new interpretation of the geology of the Eastern Alteration Corridor and the preparation of new longitudinal sections of the Main, B and C Zones altered felsic volcanic rock units has identified 27 new potential gold-bearing shoots which are now being drill tested. Significant gold mineralization was previously intersected by a number of historical drill holes, including a hole by Treasury TL12261 that returned 5.40 g/t Au over a sample length of 4.41 m and a Teck Exploration hole TL208 that intersected 4.16 g/t Au over a core length of 7.6 m located just 40 m from surface.

The 39-hole drill program will test the gold potential of these shoots over a strike distance up to 1,700 m from the proposed open pit. Successful drill testing of these targets may allow Treasury to outline some new significant gold-bearing shoots for follow-up drill testing and near surface resource evaluation.

- Infill Drilling Program (Phase II): Following an in-depth review by both Treasury personnel and P&E Mining Consultants Inc. ("P&E") of the H2-2016 infill drill program, a Phase II program consisting of 30,000 metres of underground infill drilling is currently being designed. This program will involve drilling an additional 50+ holes within the resource area, allowing for further resource conversion from inferred to the indicated category and potential expansion of known gold mineralization into areas where gold mineralization was previously unknown.

Further, the mineral resource estimate update will be supplemented by an infill sampling program of existing drill core. A successful second phase of infill core sampling should assist in defining new zones of gold mineralization and is a low-cost technique of potentially adding value at this stage of development of the Goliath Gold deposit.

- Federal and Provincial Permitting: The Company, along with assistance and direction from AMEC Foster Wheeler ("AMEC"), has submitted a draft of the responses to CEAA for review prior to a formal submission of Information Request responses as part of the Federal Government of Canada's



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Environmental Assessment process (“Federal EA”). As part of the formal submission, Treasury and AMEC will provide an updated Impact Review report that describes all potential impacts of the Project and proposed mitigation measures for each impact. Some of the required work includes 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. The Company expects the formal submission of the Information Requests including Impact Review to the Federal government in early May 2017 following the draft submission made on February 22, 2017.

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.

The strategy and timelines outlined above are contingent upon the Company obtaining the necessary funding to support corporate plans over the next eighteen months as well as the successful Feasibility Study evaluation.

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 km² 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.

Goldcliff Project

The Goldcliff Project (“Goldcliff” or the “Property”) is in the Kenora Gold District and is located approximately 40 kilometres south-southeast of Dryden, Ontario. 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



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and sampling have proven both rock types to be gold-bearing. During 2016 and 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, in 2015, the Company recorded 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.

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



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- 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”) has 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 m³ 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. UG 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 UG operating costs have been estimated at \$77/tonne, a 28% 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 (see Qualified Persons section below).

The PEA was prepared in accordance with National Instrument 43-101 and the technical report that summarizes the results of the 2017 PEA will be 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



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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)	1.58
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



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Mine life	Years	13 years
Financial Metrics		
Realized Gold and Silver Price (Base Case)	US\$/Oz	\$1,225 and \$17
Total Initial Capital Expenditures	C\$M	\$133.2
Total Sustaining Capital (Including U/G)	C\$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\$	C\$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 concludes 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 \$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 cashflows 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.



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Pre-Tax NPV and IRR Sensitivity to Gold Price

Gold Price (USD)	NPV (5%) (CDN\$M)	NPV (7.5%) (CDN\$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%) (CDN\$M)	NPV (7.5%) (CDN\$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



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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.
- **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.



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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 carbon-in-leach (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 carbon in leach (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

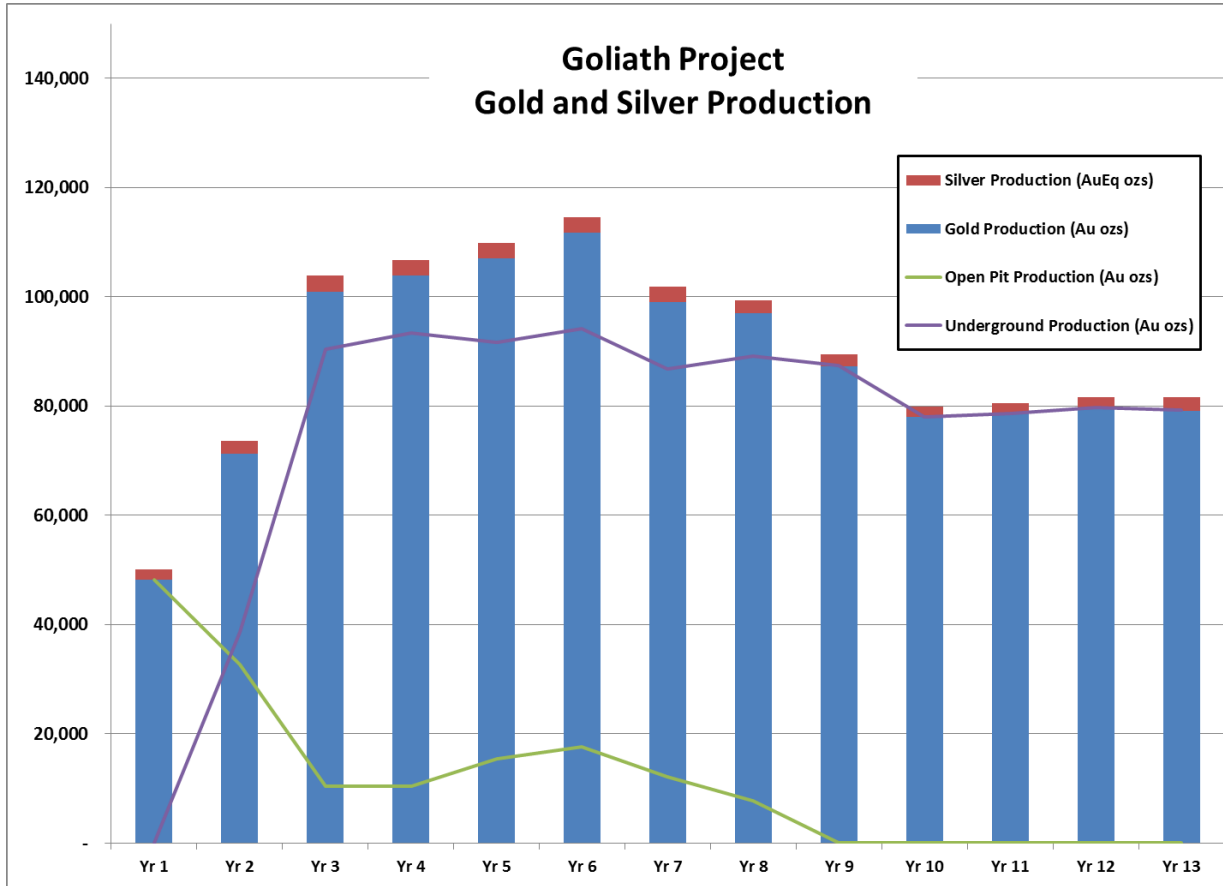
The following chart provides an overview of the gold and silver production.

[Chart follows on next page]



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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



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Qualified Person

Technical information related to the PEA contained above has been reviewed and approved by Douglas Roy, M.A.Sc., P.Eng., an Associate Mining Engineer with CSA Global, who is an independent Qualified Person as defined by NI 43-101, with the ability and authority to verify the authenticity and validity of this data. The PEA technical report will be filed on Sedar. Technical information above has also been reviewed and approved by Mark Wheeler, P. Eng., Director Projects, who is a Qualified Person for the Goliath Gold Project under the definitions established by National Instrument 43-101.

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/m³ 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.



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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 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 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 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.



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The public comment period took place in a 30-day period from April 25 to May 24, 2015, and included Aboriginal communities 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 September 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 compiled replies to these information requests. In June 2016, AMEC Foster Wheeler ("AMEC") was engaged as a principal consultant to lead the technical work to return responses to CEAA. Treasury has submitted a draft of Annex 1 responses to CEAA and expects to follow up with a formal submission in May 2017.

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 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 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 flotation 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



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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

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.

EXPLORATION

Since Treasury Metals began drilling Goliath Gold Project in 2008 to 2015, a total of 477 diamond drill holes comprised of 445 newly collared holes, 3 wedge holes, and 29 re-entry holes for a total of 143,589 metres had 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 TML 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 been identified for testing.

[Table follows on next page]



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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
			<i>Including</i>	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
			<i>Including</i>	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
			<i>Including</i>	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 will be 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 as tabulated below in a section of the Main Zone containing visible gold confirming the presence of high grade mineralization in this area of the eastern shoot.



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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 m (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 m. 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 m.

Treasury is currently working with P&E to prioritize the next phase of diamond drilling of the main mineral resource which Treasury anticipates will be a 30,000 m drill program including 50-plus new drill holes to further build confidence in the resource model and continue the resource conversion process. The Phase II drill program is anticipated to start in the middle of May 2017.

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 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 m from the proposed open pit.



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

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-16
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	233,771	-	-	(27,435) ¹	-	206,336
Environmental	1,145,138	-	-	-	-	1,145,138
Environmental Assessment	1,380,924	1,330	35,818	41,355	238,659	1,698,086
Feasibility	605,066	3,258	17,839	6,388	62,824	695,375
Drilling and other exploration exp.	17,024,680	206	743	231,649	998,804	18,256,082
Community Relations	180,214	-	-	-	14,278	194,492
Property purchases and payments	27,589,437	104,844	-	-	-	27,694,281
Dryden - salaries and consultants	5,655,953	112,234	124,196	142,191	359,991	6,394,566
Dryden Infrastructure	2,369,220	8,586	15,628	72,698	135,152	2,601,286
Amortization	296,800	17,382	8,013	11,127	12,346	345,668
Black-Scholes on options compensation	740,280	10,543	7,003	220,018	1,719	979,563
Total Goliath Gold Project	57,720,987	258,384	209,241	697,992	1,823,773	60,710,377

1. Negative balance due to a reversal of an over accrual. There were no expenditures in the quarter.

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Dec-14	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	233,771	-	-	-	-	233,771
Environmental	1,136,554	3,020	5,565	-	-	1,145,138
Environmental Assessment	925,932	82,906	321,183	39,283	11,621	1,380,924
Feasibility	515,004	-	30,057	47,774	12,230	605,066
Drilling and other exploration exp.	16,228,781	656,141	130,682	2,961	6,116	17,024,680
Community Relations	136,088	18,071	17,306	6,750	2,000	180,214
Property purchases and payments	27,485,366	104,070	-	-	-	27,589,437
Dryden - salaries and consultants	4,989,084	189,849	210,214	151,700	115,106	5,655,953
Dryden Infrastructure	2,161,178	102,057	62,109	18,076	25,800	2,369,220
Amortization	223,725	18,249	18,249	18,249	18,328	296,800
Black-Scholes on options compensation	658,298	10,977	20,033	32,274	18,698	740,280
Total Goliath Gold Project	55,193,284	1,185,339	815,397	317,067	209,900	57,720,987



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GOLDCLIFF PROJECT

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 and extended to June 1, 2015. The last payment was not paid and the Company has forfeited the claims.

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. At December 31, 2016, the Company has not rights to ant further mineral claims.

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



TREASURY METALS

INCORPORATED

LARA POLYMETALLIC PROJECT

Lara Project latest eight quarters of exploration program expenditures

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16	31-Dec-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

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Dec-14	31-Mar-15	30-Jun-15	30-Sep-15	31-Dec-15	31-Dec-15
Consultants	103,107	21,810	-	-	-	124,917
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	362,559	0	-	176	-	362,735
Total Lara Polymetallic Project - BC	483,699	21,810	-	176	-	505,686

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. The principal project of Goldeye is the Weebigee Project; Goldeye also owns various NSRs 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 director of the Company. 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



TREASURY METALS

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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 received in 2015) and \$25,000 in shares (issued in 2015) to Goldeye over a period of three 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 SLFN 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. The Company and GPM are currently in arbitration to resolve the issue.

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 meter 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.



TREASURY METALS

INCORPORATED

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 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. 52 of the claims are 100% owned by Goldeye and 1 claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until 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 projects

The Company has also the following projects which were managed by Goldeye:

- Van Hise Project (formerly "Round Lake") – Larder Lake Mining Division, Ontario.
- English Township NSR – Larder Lake Mining Division, Ontario.
- Sonia-Puma NSR – Region V, Chile in 2015.
- McFaulds Lake NSR – Thunder Bay Mining Division, Ontario.
- 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 December 31, 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.



TREASURY METALS

INCORPORATED

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Dec-16	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
	\$	\$	\$	\$	\$	\$	\$	\$
Other Income	(953)	1,246	2,288	1,257	1,716	2,076	2,038	2,214
Loss on sale of investments	-	-	-	-	(20,065)	(70,100)	-	-
Expenses	1,197,435	1,142,986	1,181,447	598,064	675,717	786,215	587,225	592,758
Investments write-off	-	-	-	29,084	-	-	-	-
Mineral property write-off	-	-	-	-	472,180	-	-	-
Income tax expense (recovery)	(1,052,936)	-	-	83,536	(332,700)	-	-	(8,000)
Net loss	(145,452)	(1,141,740)	(1,179,159)	(709,427)	(833,546)	(854,239)	(585,187)	(582,544)
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)	(109,736)	87,619	22,644	25,328	29,265	2,363	(40,754)	(79,508)
Total comprehensive gain (loss)	(255,188)	(1,054,121)	(1,156,515)	(684,099)	(804,281)	(851,876)	(625,941)	(662,052)
Mineral properties and deferred costs	65,366,680	59,552,728	58,694,517	58,485,276	58,226,673	58,488,953	58,171,711	57,356,313
Total current liabilities	9,213,979	5,573,621	830,746	5,893,526	6,037,755	6,802,652	6,425,599	1,094,028
Total assets	71,733,433	64,511,924	63,919,476	61,153,051	61,338,390	62,670,091	61,202,340	60,737,020

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, 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 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. 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 Q3 and Q4 2015, \$1.7 and \$0.6 million of Goldgroup shares were sold, respectively, resulting in an aggregated loss on the sale of investments of \$90,165.

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.



TREASURY METALS

INCORPORATED

FINANCIAL RESULTS OF OPERATIONS

Three months ended December 31, 2016 compared with three months ended December 31, 2015

The net loss for the three-month period ended December 31, 2016 was \$145,542 (2015 –\$833,546). The variance is explained as follows:

- In Q4 2016, office and administrative expenses were \$120,562 higher than Q4 2015, mainly due to \$64,289 of higher investor relations and travel expenses related to the attendance of roadshows and prospective investor meetings in China, Switzerland and New Orleans, \$27,046 of higher listing and transfer agent fees on the Goldeye acquisition, 2016 private placements, and the RMB warrants extension for the new lender Extract.
- Professional fees in Q4 2016 are \$215,976 higher than the same period of 2015 mainly due to \$159,663 of legal expenses incurred by the subsidiary Goldeye mostly regarding the arbitration by the Company, there were also \$60,000 of fees paid for the search fees of the CEO.
- In Q4 2016, the amortization of transaction costs on financing debts is \$393,352 higher than Q4 2015 due to the inclusion of the Extract/ Loinette debts, which have higher costs than the previous RMB debt.
- The \$192,617 foreign exchange loss in Q4 2016 is \$192,313 higher than Q4 2015 due to the Extract/Loinette debt which is denominated in U.S. currency, in Q4 2015 the debt with RMB was denominated in Canadian currency.
- Interest expenses in Q4 2016 are \$144,676 higher than Q4 2015 mainly due to the higher interest on the new loan as compared to the former facility.

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

- In Q4 2016, there is a \$390,872 net gain on the settlement of the RMB debt resulting from the in-the-money value of the warrants assigned by RMB to Extract and Loinette, offset by the fees for the transaction
- In Q4 2016, the salary and benefits expense is \$75,128 lower than Q4 2015, mainly due to the reallocation of some payroll expenses to the mineral property.
- In Q4 2016, the \$16,193 stock-based compensation expense is \$34,674 lower than the \$50,867 of Q4 2015 due to the lower volume of unvested options in the current year.
- In Q4 2015 the Company wrote-off the \$472,180 carrying book value of the Goldcliff property. There is no mineral properties write-off in the year 2016.
- In Q4 2015 there was a \$20,065 loss on the sale of Goldgroup shares. There were no sales of investments during the same period of the current year.
- The deferred tax in Q4 2016 is a net recovery of \$1,052,936 against a recovery of \$332,700 in the year 2015; the variance is due to the favourable effect of the deferred exploration expenses.
- In Q4 2016, there is a \$44,487 unrealized gain in the determination of the year-end fair value of the derivative liability.

Twelve months ended December 31, 2016 compared with twelve months ended December 31, 2015



TREASURY METALS

INCORPORATED

The net loss for the year ended December 31, 2016 was \$3,175,778 (2015 - \$2,855,516). The variance is explained as follows:

- In the year ended December 31, 2016, office and administrative expenses were \$225,348 higher than the year ended December 31, 2015, mainly due to \$104,478 increase of investor relations expenses for the increased activities in the business promotion, including attendance to European Roadshow, the Montreal Capital Conference and expenses regarding prospective investors in China. In addition, there were \$78,771 of higher listing and transfer agent fees regarding the current year private placements, acquisition of Goldeye, and warrants extension related to the Extract/Loinette debt agreement.
- Professional fees in the year ended December 31, 2016 are \$276,365 higher than the same year of 2015 mainly due to \$159,663 of legal expenses incurred by the subsidiary Goldeye mainly related to its acquisition by the Company, \$66,842 of legal fees incurred in respect to the repayment of the RMB loan and \$72,000 of fees paid for the search of the new CEO.
- In the year ended December 31, 2016, the salary and benefits expense is \$160,185 higher than the year ended December 31, 2015, mainly due to severance costs; this was partially offset by lower salaries due to the vacant CEO position in most of the second half of 2016.
- In the year ended December 31, 2016, there is stock-based compensation of \$493,087 versus \$223,020 for the year 2015 due to the 2,520,000 options issued and vested in the current year.
- In the year 2016, the amortization of transaction costs on financing debts is \$480,838 higher than the amortization of the year 2015 due to the inclusion of the Extract/ Loinette debts, which have higher costs than the previous RMB debt.
- Interest and commitment fees in the year ended December 31, 2016 are \$220,875 higher than the year ended December 31, 2015, mainly due to the higher interest rates of the new debt with Extract/Loinette, partially offset by the reduction of the short-term loans which were repaid in the current year.
- The \$294,623 foreign exchange in 2016 loss is \$279,698 higher than the \$14,925 of the year 2015 mainly due to the Extract/Loinette debt, which is denominated in USD, against the previous debt with RMB which was denominated in CAD.
- In the year ended December 31, 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 were eventually exercised in the current year when their values increased.

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

- In the year 2015, the Company wrote off the \$472,180 carrying book value of the Goldcliff property. There is no mineral properties wrote off in the year 2016.
- In the year 2016, there is a \$390,872 net gain on the settlement of the RMB debt resulting from the in-the-money value of the warrants assigned by RMB to Extract and Loinette, offset by the fees for the transaction.
- The deferred tax in the year ended December 31, 2016 is a net recovery of \$964,400 against a recovery of \$340,700 in the year 2015; the variance is due to the favourable effect of the deferred exploration expenses.



TREASURY METALS

INCORPORATED

FINANCINGS

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

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 a 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 fees of \$22,960 and \$9,178 of other issue costs.

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



TREASURY METALS

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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%. This balance was paid in Q3 2016

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 had a term of 2.5 years and bore 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 were 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 required 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.

LIQUIDITY

As at December 31, 2016, the Company had a working capital deficiency of \$4,742,404. The largest current liability is the US\$4.4 million (CAD\$5.9 million) Extract/Loinette loan, to be repaid on September 17, 2017.

Regarding the Extract/Loinette loan, the Company is identifying alternatives to refinance or repay the loan. The repayment due date falls within the period of time during which the Company will also be looking to acquire financing to build the mine and repayment may be a part of the overall mine building financing. In the past the Company has been successful in arranging suitable financings and in June 2016 did negotiate the repayment of the previous \$5 million RMB loan through the Extract/Loinette transaction.

As at December 31, 2016 and at the date of this report,



TREASURY METALS

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- 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, sales tax receivables from the Government of Canada and receivables from related parties. Accounts receivable and prepaid expenses have increased mainly due to the advances 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 2015 private placement.
- Investments in marketable securities as at December 31, 2016 consist of 1,930,600 shares and 1,105,600 warrants of Forrester Metals Inc., 377,775 shares of Goldgroup Mining Inc., and 217,778 shares of Milrock resources Inc., all of which have a current market value of \$279,655. The Company may sell its investments to access funds to settle its obligations as they arise;
- The Company's debt to Extract / Loinette is \$5.2 million at December 31, 2016, which consists of the \$5.9 million loan received offset by the unamortized transaction costs of \$0.7 million. There is also a \$87,870 loan from a related party which bears an annual interest of 15%, a \$30,000 short-term loan from a former director of Goldeye, due on demand, and a \$93,645 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.

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.

In connection with the payment of the RMB debt in the current year and the warrants assigned to Extract and Loinette, as disclosed in the Notes 11 and 13 of the consolidated financial statements, the Company has recorded a gain of \$390,872 in the statement of operations resulting from the proportional distribution of the amounts and fees involved in the settlement of that debt.

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 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



TREASURY METALS

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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.

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	103,970,048
Warrants	8,921,248
Options	6,025,933

See Notes 11 to 13 to the December 31, 2016 financial statements for more detailed disclosure of outstanding share data.

OFF-BALANCE SHEET TRANSACTIONS

During the year ended December 31, 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:

- 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 December 31, 2016, there is \$23,341 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:



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Year ended December 31	2016	2015
Office rent	\$99,728	\$95,900
Shared expenses paid by Laramide on behalf of the Company	\$106,528	\$110,338
Shared expenses paid by the Company on behalf of Laramide	(\$46,175)	(\$68,377)
Net Total	\$ 160,081	\$137,861

Also, there is \$19,354 (2015 - \$56,711) 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. Transactions of \$3,686 with Forrester Metals Inc. are for shared administrative and general expenses paid by the Company on its behalf in 2016 (2015 - \$30,839).

At December 31, 2015, there was a \$75,000 loan from a Company which has one director, Blaise Yearly, in common with Treasury Metals Inc. In the first quarter of 2016, an additional \$90,000 was loaned and, subsequently, the Company repaid the full amount of the loan in the second quarter of 2016. More detail for this loan is in Note 11 of the consolidated financial statements.

At December 31, 2016, the current portion of long-term debt account includes \$87,870 of accounts payable to Robin Webster, the former president of Goldeye and \$30,000 payable to Blaine Webster, a former director of Goldeye. Also, in the accounts payable and accrued liabilities account there is \$57,343 of accounts payable to Amy Stephenson, a former officer of Goldeye.

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



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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 December 31, 2016 should be read in conjunction with the interim condensed financial statements for the years ended December 31, 2016 and 2015. Additional information can be accessed at the Company's website www.treasuremetals.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 December 31, 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;



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- 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 December 31, 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 December 31, 2016 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Chris Stewart
President & Chief Executive
Officer March 31, 2017



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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.