TREASURY METALS

INCORPORATED

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

INTRODUCTION

Treasury Metals Inc. (TSX: TML) ("Treasury Metals" or "Treasury" or the "Company") is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Project. The Project has access to first-rate infrastructure at its location near Dryden in northwestern Ontario. Treasury Metals is advancing Goliath through the Canadian permitting process to begin mining production for an open-pit gold mine and subsequent underground operations to be developed in the latter years of mine life. Key programs during 2016 and 2015 included exploration, an updated resource calculation, advancing engineering activities, and continuation of the permitting process towards the Company's stated goals of completing a feasibility study and mine permits on the Goliath Gold Project.

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

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Treasury Metals should be read in conjunction with the Company's financial statements for the periods ended September 30, 2016 and 2015, including the related notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is presented as of October 28, 2016. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains "forward-looking" statements that are subject to risk factors set out in a cautionary note contained herein.

OVERVIEW

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

- A new updated gold mineral Resource Estimate report (the "2015 Resource Estimate") was announced in August 2015. Highlights are an Open Pit and Underground 2015 Resource Estimate of:
  Measured: 90,300 ounces Au Eq (1.12 Mt at 2.51g/tonne Au Eq);
  Indicated: 1,075,500 ounces Au Eq (19.44 Mt at 1.72 g/tonne Au Eq);
  Inferred: 341,300 ounces Au Eq (3.47 Mt at 3.06 g/tonne Au Eq).
  Further information on the updated Resource Estimate is contained later in this report under the section on the Goliath Gold Project – Highlights.

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

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

- On 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 is in the process of preparing the responses. To aid in the preparation of the responses, the company has engaged AMEC Foster Wheeler (AMEC). The team at AMEC brings a strong background in Environmental Assessments with a focus on recent work in Ontario and the company is confident that this team will bring value towards receiving a successful outcome in its federal permitting process.

- The 5,000 metre drill program that commenced in November 2014 was completed on March 17, 2015, with 7,263 metres drilled. The drill program was the final drilling to be included in the 2015 Resource Estimate.

- A 5,000 metre drill program was initiated in August 2016 focusing primarily on converting inferred blocks into the indicated category. 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. This will allow additional resource blocks to be incorporated into a proposed underground mining plan. Further, “C Zone” resource conversion drill targets have also been identified for testing. In addition, certain holes will also evaluate possible down dip shoot extensions of known gold mineralization in the main resource area. In addition to the current drill program, and as a transition to the next phase of drilling, a geological mapping and sampling program will commence in an area directly adjacent to and following the easterly extension of the main resource area for another 1.6 km.

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

Other recent key milestones include:

- On July 11, 2016, the Company announced that it has agreed to a proposal with respect to the acquisition of Goldeye Explorations Limited (TSXV: GGY). Goldeye’s principal asset is the Weebigee Project, a high-grade project located near Sandy Lake in northwestern Ontario. The acquisition will provide Treasury with a second high-quality asset in northwestern Ontario. The transaction is expected to close in Q4 2016.

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

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

- In December 2015, the Company closed the first tranche of a non-brokered placement for gross proceeds of $482,500 through the issuance of 425,000 units at a price of $0.35 per unit and 741,667 flow-through shares at a price of $0.45 per flow-through common share. In January 2016, the Company closed the second tranche of the non-brokered placement for gross proceeds of $502,450 through the issuance of a further 1,435,572 units. Each unit of the non-brokered placement consists of one common share and one-half of one common share purchase warrant exercisable for a period of 36 months at $0.55 per share.

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

- The Company 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 on the previous page, the proceeds from the Lenders were used to repay the Facility.

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

2016 Plan and Activity include:

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

- Complete the 5,000 metre drill program initiated in August 2016 focusing primarily on converting inferred blocks into the indicated category. 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. This will allow additional resource blocks to be incorporated into a proposed underground mining plan. Further, "C Zone" resource conversion drill targets have also been identified for testing. In addition, certain holes will also evaluate possible down dip shoot extensions of known gold mineralization in the main resource area. In addition to the current drill program, and as a transition to the next phase of drilling, a geological mapping and sampling program will commence in an area directly adjacent to and following the easterly extension of the main resource area for another 1.6 km.

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

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

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

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

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

- In the third quarter of this year, the Company initiated a formal search for a new CEO. Several excellent candidates have been identified and the Company expects to complete the recruiting process in Q4 2016.

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

MINERAL EXPLORATION PROPERTIES

Goliath Gold Project

The Goliath Gold Project (“Goliath” or “the Project”) is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. Goliath Gold Project consists of approximately 4,881 hectares (approximately 49 km^2 total) and covers portions of Hartman and Zealand townships. The Project is comprised of two historic properties now consolidated under the common name Goliath Gold Project, which consists of: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide Resources Ltd. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling about $103,500 per year.

Goldcliff Project

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

GOLIATH GOLD PROJECT

Technical Reports

- A new updated gold mineral Resource Estimate report (the “2015 Resource Estimate”) was completed and announced in August 2015. The 2015 Resource Estimate is an update to the NI 43-101 Resource Estimate previously released on November 9, 2011 (the “2011 Resource Estimate”) and includes results from a database representing an additional 173 diamond drill holes and 29 old re-entered drill holes totalling 50,048 m that were completed between 2012 and 2015. Highlights of the 2015 Resource Estimate are:

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

Resources were defined using a block cut-off grade of 0.35 g/tonne AuEq within an optimized pit shell for Open Pit Resources (to an approximate depth of >130 metres elevation above sea level or <260 metres depth from surface) and 1.9 g/tonne AuEq for Underground Resources. Open Pit plus Underground "Measured" and "Indicated" Resources total 20.6 million tonnes with an average grade of 1.69 g/tonne Au and 6.4 g/tonne Ag for 1,114,400 ounces gold and 4,245,000 ounces silver for a total of 1,165,800 ounces AuEq. "Inferred" Resources for Open Pit and Underground total 3.47 million tonnes with an average grade of 2.96 g/tonne Au and 8.3 g/tonne Ag for 330,100 ounces gold and 928,300 ounces silver for a total of 341,300 ounces AuEq. The Main Zone and C Zone contain the majority of mineral resources from all categories. The 2015 Resource Estimate, which uses a combination of historical and current drilling results, does not incorporate potential metal credits from by-product metals of lead or zinc. The following table summarizes the NI 43-101 Mineral Resource Estimate in the "Measured", "Indicated" and "Inferred" Resource categories:

Mineral Resource Estimate Statement (1-8)

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

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources *may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*

2. The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.

3. The mineral resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

4. A gold price of US$1,397/oz and silver price of US$22.93/oz based on the April 30, 2015 three year trailing average prices and an exchange rate of US$1.06=Cdn$1.00 were utilized in the AuEq cut-off grade calculations of 0.35 g/t AuEq for Open Pit and 1.90 g/t AuEq for Underground mineral resources.

5. Open Pit mining costs were assumed at Cdn$5.00/t for mineralized material, Cdn$3.15/t for waste rock and Cdn$2.00/t for overburden, while Underground mining costs were assumed at Cdn$70.00/t, with process costs of Cdn$13.81/t, G&A of Cdn$2.72/t, and process recoveries of 95% for gold and 70% for silver.

6. The Au:Ag ratio used for AuEq was 82.68.

7. A bulk density model averaged 2.76 t/m^3 for mineralized material.

8. Totals in the table may not sum due to rounding.

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

According to the cautionary statement required by NI 43-101, it should be noted that this assessment is preliminary in nature as it includes inferred mineral resource that cannot be categorized as reserves at this time, and as such there is no certainty that the preliminary assessment and economics will be realized. The full PEA is available on the Company's website and on SEDAR (www.sedar.com).

Environmental, Permitting, and Development Activities

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

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

Pursuant to the Canadian Environmental Assessment Act 2012, the PD outlines the proposed Project development plan and will provide a greater understanding of the Project to the appropriate agencies and authorities. The scope of the Project includes initially an open pit for three years followed by a combination of both open pit and underground mining methods that will continue to the end of the total 10 to 12 years of mine life. Any associated infrastructure needed to successfully develop and operate the project is described within the document. The PD also outlines the results of more than two years of Treasury Metals environmental baseline studies, which are ongoing, as well as anticipated socioeconomic and environmental impacts, and consultations and communications to date with local, provincial and federal government agencies, First Nations, the Métis Nation of Ontario and other Aboriginal communities and the general public. The Company's environmental baseline studies, initiated in the fall of 2010, support the permitting process. Environmental baseline studies are ongoing and to date have identified "no fatal flaws" for the Goliath Gold Project.

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

Following the initial submission of the EIS to CEAA in October 2014, CEAA returned with several comments and questions to complete for the document, as a whole, to be accepted for concordance with the requirements of the EIS guidelines. During this period the legislated timeline for completion was officially paused while the Company made the requested edits. The Company, along with its consultants lead by Tetra Tech WEI Inc., answered comments and questions in the document for CEAA. Part of this process included submission of an updated draft V2 of the EIS document to CEAA for review on December 23, 2014, followed by official V3 of the document on March 9, 2015, which subsequently re-started the legislated timeline for completion. Subsequent to this, CEAA returned another round of comments which the Company completed and submitted in April 2015. On April 10, 2015, CEAA confirmed that the Treasury Metals Goliath Project EIS conforms to the CEAA Guidelines. As a result, the Project moved on to the public comment period and technical reviews conducted by various federal government agencies.

The public comment period took place in a 30-day period from April 25 to May 24, 2015, and included Aboriginal 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 is now working to compile replies to these information requests. As of June 2016, AMEC Foster Wheeler ("AMEC") has been engaged as a principal consultant to lead the technical work to return responses to CEAA.

The provincial permitting application process for the Goliath Gold Project is ongoing and will run in a parallel fashion along with the Federal 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 has been completed, and is complementary to both the EIS and the Feasibility Study work. Additional work is included in these respective key areas: EIS, Feasibility Study, and Provincial Permitting. The purpose of evaluating the additional options is to improve project economics by significantly reducing CAPEX requirements for the project and simplifying environmental permitting, especially if cyanide extraction could be eliminated. These study results are also included in the "Alternatives Assessment" as required for the EIS to demonstrate that "all technically feasible" options for the project have been considered.

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

Environmental Impact Statement and Feasibility Study

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

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

Exploration

Since Treasury Metals began drilling Goliath Gold Project in 2008 to present day, a total of 442 diamond drill holes comprised of 420 newly collared holes, 3 wedge holes, and 30 re-entry holes for a total of 133,644 metres have been drilled on the property.

In August 2016, the Company initiated a 5,000 metre program focused primarily on converting underground "inferred" resource blocks to the "indicated" category within the main resource area. The drilling program will initially target 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. This will allow additional resource blocks to be incorporated into a proposed underground mining plan. Further, "C Zone" resource conversion drill targets have also been identified for testing. In addition, certain holes will also evaluate possible down dip shoot extensions of known gold mineralization in the main resource area.

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

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

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

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

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

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

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

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

TREASURY METALS

INCORPORATED

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

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

[1]Negative balance due to a reversal of an over accrual. There were not any expenditures in the quarter.

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Sep-14	31-Dec-14	31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15
Metallurgy	188,812	51,655	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	233,771	-	-	-	-	233,771
Environmental	1,133,320	3,234	3,020	5,565	-	1,145,138
Feasibility	500,273	14,731	-	30,057	47,774	592,835
Drilling and other exploration expenses	16,043,653	185,128	656,141	130,682	2,961	17,018,564
Community Relations	119,487	16,600	18,071	17,306	6,750	178,214
Property purchases and payments	27,485,366	-	104,070	-	-	27,589,437
Dryden - salaries and consultants	4,753,682	235,402	189,849	210,214	151,700	5,540,847
Dryden Infrastructure	2,094,672	66,505	102,057	62,109	18,076	2,343,420
Amortization	204,540	19,185	18,249	18,249	18,249	278,472
Black scholes on options compensation	642,996	15,302	10,977	20,033	32,274	721,582
Total Goliath Gold Project	54,364,481	828,803	1,185,339	815,397	317,067	57,511,087

GOLDCLIFF PROJECT

Goldcliff Project latest eight quarters of exploration program expenditures

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

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

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

In 2012, Treasury conducted a trench mapping and sampling program followed by a drilling program at its 100% owned Goldcliff Project, located approximately 40 kilometres south-southeast of the City of Dryden, northwestern Ontario in the Kenora Mining District. The initial program commenced in August 2012 and focused on three mineralized showings identified and trenched during the 2011 summer program referred to as the Goldcliff showing, the Ange showing, and the Sulphide showing. Detailed mapping, channel sampling and several 1-2 metre holes were drilled using a handheld drill in an effort to further understand the geology and identify drill targets. Based on the results of the mapping program and data from the geophysics flown in 2011, the Company initiated a 9-hole, 1,386 metre drill program in October 2012. One hole was drilled on the Goldcliff showing, six holes on the Ange showing, and two on the Sulphide showing. Various anomalous gold envelopes were intersected as well as an extremely high grade sample from the Ange showing. The third drill hole, GC12-03, intersected a narrow vein with

TREASURY METALS

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abundant coarse visible gold which produced a sample grading 1,763.4 g/t over 75 cm along with many other anomalous hits. In light of the high-grade intersection, the Company commissioned a staking program. Recently, only minimal work has been applied to Goldcliff, and as claims came up for renewal only the significant claims have been renewed, due to the Company's focus on Goliath and market conditions. The Project currently consists of six mineral claims covering approximately 1,168 hectares. In addition, the Johnson-Barkauskas Property has four claims covering 192 hectares. Goldcliff's proximity to the Goliath Project could be used to provide feed to an existing mill and provide additional income to the Company.

Due to the Company's focus on the Goliath project, during 2016 and 2015 the Company did not make any expenditures on the Goldcliff Project and there are no plans to explore this project in the short-term. Therefore, in 2015, the Company decided to record an impairment of $472,180 to the book value of this property.

LARA POLYMETALLIC PROJECT

<u>Lara Project latest eight quarters of exploration program expenditures</u>

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

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Sep-14	31-Dec-14	31-Mar-15	30-Jun-15	30-Sep-15	30-Sep-15
Consultants	65,482	37,624	21,810	-	-	124,917
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	343,033	19,526	-	-	176	362,735
Total Lara Polymetallic Project - BC	426,549	57,150	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.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the September 30, 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.

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Sep-16	Jun-16	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14
	$	$	$	$	$	$	$	$
Royalty & other revenue	1,246	2,288	1,257	1,716	2,076	2,038	2,214	2,465
Loss on sale of investments	-	-	-	(20,065)	(70,100)	-	-	-
Expenses	1,142,986	1,181,447	607,242	675,717	786,215	587,225	592,758	631,527
Investments write-off	-	-	29,084	-	-	-	-	-
Mineral property write-off	-	-	-	472,180	-	-	-	-
Income tax expense (recovery)	-	-	83,536	(332,700)	-	-	(8,000)	(439,583)
Net loss	(1,141,740)	(1,179,159)	(718,605)	(833,546)	(854,239)	(585,187)	(582,544)	(189,479)
Net loss per share (basic and diluted)$	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Other comprehensive income (loss)	87,619	22,644	25,328	29,265	2,363	(40,754)	(79,508)	(104,016)
Total comprehensive loss	(1,054,121)	(1,156,515)	(693,277)	(804,281)	(851,876)	(625,941)	(662,052)	(293,495)
Mineral properties and deferred costs	59,552,728	58,694,517	58,485,276	58,226,673	58,488,953	58,171,711	57,356,313	56,149,163
Total current liabilities	5,573,621	830,746	5,893,526	6,037,755	6,802,652	6,425,599	1,094,028	1,317,421
Total assets	64,511,924	63,919,476	61,153,051	61,338,390	62,670,091	61,202,340	60,737,020	60,230,923

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

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances, the $472,180 impairment of the Goldcliff mineral property recorded in Q4 2015 and the $29,084 write-off of the Goldgroup Mining Inc. warrants recorded in Q1 2016. In Q2 2016, the amortization of transaction costs of the loan from Extract and Loinette commenced, as detailed in Note 10 to the Financial Statements. Also, in the second quarter of 2016, a payment of $300,000 was made to the former CEO as severance. There is $409,867 of the vesting cost of stock options granted in July 2016 included 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 Vena Resources Inc.

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

FINANCIAL RESULTS OF OPERATIONS

Three months ended September 30, 2016 compared with three months ended September 30, 2015

The net loss for the three-month period ended September 30, 2016 was $1,141,740 (2015 - $854,239). The variance is explained as follows:

- In Q3 2016, the office and administrative expenses were $28,066 higher than Q3 2015, mainly due to $58,993 of higher exchange losses in 2016 resulting because the Extract/Loinette debt is denominated in USD, $12,118 of higher listing and transfer agent fees on current year private placement and warrants extensions, $15,942 of accrual adjustment of director fees for the audit and compensation committees, partially offset by 2016 lower expenses of $33,493 relating to costs incurred in Q3 2015 in pursuing of financing alternatives, and $27,795 of lower investor relations expenses, mainly for the discontinuance of two IR third party consultants.
- Professional fees in Q3 2016 are $6,547 higher than the same period of 2015 mainly due to a $7,320 adjustment of the audit expenses accrual.
- In Q3 2016, the stock-based compensation expense is $332,072 higher than Q3 2015 due to the 2,520,000 options issued and vested in the current period.
- In Q3 2016, the amortization of transaction costs on financing debts is $44,594 higher than Q3 2015 due to the inclusion of the Extract/ Loinette debts, which have higher costs than the previous RMB debt.

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

- In Q3 2016, the salary and benefits expense is $21,439 lower than Q3 2015, mainly due to compensation recorded in Q3 2015 for the CEO position which is vacant in the current period, partially offset by $32,437 charged by Laramide for the allocation of the work performed by its employees on the Company administrative tasks.
- Interest expenses in Q3 2016 are $33,069 lower than Q3 2015 mainly due to the interest of the bridge loan and short-term loan outstanding in the previous year.

Nine months ended September 30, 2016 compared with nine months ended September 30, 2015

The net loss for the nine-month period ended September 30, 2016 was $3,030,326 (2015 - $2,021,970). The variance is explained as follows:

- In the nine-month period ended September 30, 2016, the office and administrative expenses were $192,171 higher than the nine months period ended September 30, 2015 mainly due to $87,387 of higher exchange loss in 2016 due to the Extract/Loinette debt which is denominated in USD, $65,227 increase of investor relations activities, mainly European IR advisors, attendance to European Roadshow and the Montreal

Capital Conference. In addition, there was $51,655 of higher listing and transfer agent fees relating to the current year private placements and warrants extensions,

- Professional fees in the nine-month period ended September 30, 2016 are $60,389 higher than the same period of 2015 mainly due to $66,842 of legal fees incurred in respect to the repayment of the RMB loan, $9,600 of geology due diligence fees, and $15,000 of executive search fees incurred in the current period, partially offset by a $28,000 reversal of over accrued audit fees.
- In the nine-month period ended September 30, 2016, the salary and benefits expense is $235,313 higher than the nine-month period ended September 30, 2015, mainly due to the incurred severance costs partially offset by lower salaries currently due to the vacant CEO position.
- Interest and commitment fees in the nine-month period ended September 30, 2016 are $76,199 higher than the nine-month period ended September 30, 2015, mainly due to the $100,000 closing fee paid to RMB at the date of its debt repayment and approximately $10,000 higher monthly interest expenses in the new debt with Extract/Loinette, partially offset by the $52,136 financing expenses paid in 2015 for the short-term loan which was repaid in the second quarter of the current year.
- In the nine-month period ended September 30, 2016, as a result of the impairment evaluation of the investments, the Company recorded a $29,084 write-off of the Goldgroup Mining Inc. warrants due to their continued loss of value. Such warrants were eventually exercised in the current period.
- In the nine-month period ended September 30, 2016, there is stock-based compensation of $476,894 versus $172,153 for the same period of 2015 due to the 2,520,000 options issued and vested in the current period.
- The deferred tax in the nine-month period ended September 30, 2016 is a net expense of $83,536 against a recovery of $8,000 in the nine-month period ended September 30, 2015; the variance is due to the negative difference between the premium and the income tax expense regarding the 2015 Flow Trough transactions renounced in 2016.

FINANCINGS

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

On 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 $170,150 and issued an aggregate of 351,480 compensation options to the broker in connection with the brokered financing.

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

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

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

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

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

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

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

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

LIQUIDITY

As at September 30, 2016, the Company had a working capital deficiency of $3,282,473. The largest current liability is the US$4.4 million Extract/Loinette loan, to be paid in September 2017.

Regarding the US$4.4 million Extract/Loinette loan due in September 2017, 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 September 30, 2016 and at the date of this report,

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

- Accounts receivable and prepaid expenses are comprised mainly of a convertible debenture receivable from Goldeye Exploration Ltd., advances to contractors, receivables from shareholders, sales tax receivables from the Government of Canada and receivables from related parties. Accounts receivable have increased mainly due to the convertible debenture and the increase of advances to contractors as a result of higher exploration activities in the current period, partially offset by the collection from shareholders related to the final tranche of the December 2015 private placement.

- Investments in marketable securities as at September 30, 2016 consist of 1,905,600 shares and 1,105,600 warrants of Vena Resources Inc., in addition to 377,775 shares of Goldgroup Mining Inc., all of which have a current market value of $293,371. The Company may sell its investments to access funds to settle its obligations as they arise;

- The Company's debt to Extract and Loinette is $4.9 million at September 30, 2016, which consists of the $5.6 million loan received offset by the unamortized transaction costs of $0.7 million. Accounts payable and accrued liabilities are short-term and non-interest bearing.

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

Each unit sold under the placements consists of one common share of the Company and one half of one common share purchase warrant.

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

The Company's success depends on the successful development of the Goliath Gold Project and corresponding permitting and feasibility study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Project.

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	94,058,115
Warrants	9,352,922
Options	6,102,413

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

OFF-BALANCE SHEET TRANSACTIONS

During the period ended September 30, 2016, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

CONTINGENCIES AND COMMITMENT

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

- Under the S. Johnson-Barkauskas mineral property agreement, the Company was required to pay $50,000 and 20,000 common shares on or before June 1, 2015 to acquire a 100% interest in the property, subject to a

2% NSR. At the date of this MD&A, the Company is in a negotiation process of this agreement to change certain terms and conditions according to the present conditions of the market.

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

RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals.

At September 30, 2016, there is $26,934 of net accounts receivable (December 31, 2015 – net payable of $1,258) to/from Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. The details of the transactions with Laramide are, as follows:

Period ended September 30	**2016**	**2015**
Office rent	$74,796	$73,033
Shared expenses paid by Laramide on behalf of the Company	$40,974	$0
Shared expenses paid by the Company on behalf of Laramide	($35,659)	($67,520)
Net Total	**$ 80,111**	**$5,513**

Also, there is $7,700 (December 31, 2015 -$56,711) of accounts receivable from Vena Resources 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 Vena Resources Inc. are for shared administrative and general expenses paid by the Company on its behalf in 2016 (2015 - $26,726).

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

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

DIVIDENDS

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

FINANCIAL INSTRUMENTS

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

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

RISKS AND UNCERTAINTIES

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated March 30, 2016, which is filed on SEDAR and is herein incorporated by reference. Risks are reviewed and updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis. There have been no new risks identified to the date of this MD&A.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at September 30, 2016 should be read in conjunction with the interim condensed financial statements for the periods ended September 30, 2016 and 2015. Additional information can be accessed at the Company's website www.treasurymetals.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

DISCLOSURE CONTROLS AND PROCEDURES

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of September 30, 2016 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

TREASURY METALS

INCORPORATED

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

Management, including the Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of September 30, 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 September 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

William Fisher
Lead Director
October 28, 2016

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.