TREASURY METALS

INCORPORATED

INTERIM CONDENSED FINANCIAL STATEMENTS

UNAUDITED

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2015 AND 2014

(Expressed in Canadian Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate control over its financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at September 30, 2015.

CONCLUSION RELATING TO DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of management, including the Chief Executive and Chief Financial Officers, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure controls and procedures were effective as at September 30, 2015.

NOTICE TO READER

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

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

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

TREASURY METALS INC.

INTERIM CONDENSED BALANCE SHEETS - UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	September 30, 2015	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	**$ 1,471,008**	$ 1,030,715
Accounts receivable and prepaid expenses (Note 5)	**254,641**	254,261
	1,725,649	1,284,976
Investments (Note 6)	**35,799**	323,139
Property and equipment (Note 7)	**2,419,690**	2,473,645
Mineral properties and related deferred costs (Note 8)	**58,488,953**	56,149,163
	$ 62,670,091	$ 60,230,923
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	**$ 1,292,348**	$ 778,185
Current portion of long-term debt (Note 10)	**5,353,004**	319,236
Unrenounced flow-through shares premium	**157,300**	220,000
	6,802,652	1,317,421
Long-term debt (Note 10)	**297,134**	3,280,177
Deferred tax liability	**3,520,300**	3,308,300
	10,620,086	7,905,898
Shareholders' Equity		
Capital stock (Note 11)	**66,188,899**	64,860,522
Contributed surplus (Note 12) & (Note 13)	**4,888,894**	4,352,422
Deficit	**(18,971,858)**	(16,949,888)
Accumulated other comprehensive income	**(55,930)**	61,969
	52,050,005	52,325,025
	$ 62,670,091	$ 60,230,923

SIGNED ON BEHALF OF THE BOARD

(Signed) *"Doug Bache"*
Director

(Signed) *"Marc Henderson"*
Director

The accompanying notes are an integral part of these interim condensed financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Revenues				
Royalty and other income, net (Note 8)	**$ 2,076**	$ 19,120	**$ 6,328**	$ 160,928
Loss on sale of investments	**(70,100)**	-	**(70,100)**	-
	(68,024)	19,120	**(63,772)**	160,928
Expenses				
Administrative, office and shareholder services	**$ 229,819**	$ 187,124	**$ 508,418**	$ 504,793
Professional fees	**12,773**	18,138	**40,573**	39,878
Salary and benefits	**136,797**	118,488	**414,219**	420,641
Stock-based compensation (Note 13)	**87,795**	102,993	**172,153**	271,819
Amortization of long-term debt transaction costs (Note 10)	**138,702**	101,021	**416,106**	202,044
Interest and commitment fees	**180,329**	70,807	**414,729**	136,981
	786,215	598,571	**1,966,198**	1,576,156
Loss before income taxes	**(854,239)**	(579,451)	**(2,029,970)**	(1,415,228)
Deferred income tax recovery (loss)	**-**	-	**8,000**	(282,283)
Net loss for the period	**$ (854,239)**	$ (579,451)	**$ (2,021,970)**	$ (1,697,511)
Loss per share - basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.02)
Weighted average number of shares outstanding	**76,713,932**	74,361,872	**76,525,916**	73,991,427

The accompanying notes are an integral part of these interim condensed financial statements.

TREASURY METALS INC.

INTERIM CONDENSED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS) - UNAUDITED

(EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended September 30 **2015**	Three Months Ended September 30 2014	Nine Months Ended September 30 **2015**	Nine Months Ended September 30 2014
Net loss for the period	**$ (854,239)**	$ (579,451)	**$ (2,021,970)**	$ (1,697,511)
Other comprehensive income (loss)				
Item that may be reclassified subsequently to net income (loss)				
Unrealized income (loss) on available for sale investments, net of taxes	**(67,737)**	10,735	**(187,999)**	165,985
Reclassification of realized loss on available for sale investments to income	**70,100**	-	**70,100**	-
	2,363	10,735	**(117,899)**	165,985
Comprehensive loss for the period	**$ (851,876)**	$ (568,716)	**$ (2,139,869)**	$ (1,531,526)

The accompanying notes are an integral part of these interim condensed financial statements.

TREASURY METALS INC.
INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - UNAUDITED
(EXPRESSED IN CANADIAN DOLLARS)

	Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2013	**73,613,350**	**$ 63,916,249**	**$ 3,670,079**	**$ (15,062,898)**	**$ -**	**$ 52,523,430**
Stock options exercised	817,000	245,100	-	-	-	245,100
Fair value of contributed surplus transferred on exercised options	-	188,805	(188,805)	-	-	-
Issuance of financier warrants	-	-	267,937	-	-	267,937
Stock-based compensation	-	-	371,740	-	-	371,740
Net loss for the period	-	-	-	(1,697,511)	-	(1,697,511)
Other comprehensive income	-	-	-	-	165,985	165,985
Balance, September 30, 2014	**74,430,350**	**$ 64,350,154**	**$ 4,120,951**	**$ (16,760,409)**	**$ 165,985**	**$ 51,876,681**
Flow through private placement	2,000,000	800,000	-	-	-	800,000
Share issue costs (Note 11)	-	(62,133)	-	-	-	(62,133)
Issuance of broker warrants	-	(7,499)	7,499	-	-	-
Unrenounced flow-through shares premium	-	(220,000)	-	-	-	(220,000)
Issuance of financier warrants (Note 12)	-	-	167,044	-	-	167,044
Stock-based compensation	-	-	56,928	-	-	56,928
Net loss for the period	-	-	-	(189,479)	-	(189,479)
Other comprehensive loss	-	-	-	-	(104,016)	(104,016)
Balance, December 31, 2014	**76,430,350**	**$ 64,860,522**	**$ 4,352,422**	**$ (16,949,888)**	**$ 61,969**	**$ 52,325,025**
Shares issued for cash in private placement (Note 11)	2,629,744	1,183,385	-	-	-	1,183,385
Flow through private placement (Note 11)	1,430,000	715,000	-	-	-	715,000
Share issue costs (Note 11)	-	(111,673)	-	-	-	(111,673)
Issuance of compensation options (Note 11)	-	(39,870)	39,870	-	-	-
Issuance of warrants (Note 12)	-	(261,165)	261,165	-	-	-
Unrenounced flow-through shares premium	-	(157,300)	-	-	-	(157,300)
Stock-based compensation (Note 13)	-	-	235,437	-	-	235,437
Net loss for the period	-	-	-	(2,021,970)	-	(2,021,970)
Other comprehensive loss	-	-	-	-	(117,899)	(117,899)
Balance, September 30, 2015	**80,490,094**	**$ 66,188,899**	**$ 4,888,894**	**$ (18,971,858)**	**$ (55,930)**	**$ 52,050,005**

The accompanying notes are an integral part of these interim condensed financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Cash and cash equivalents (used in) provided by:				
Operating Activities				
Net loss for the period	**$ (854,239)**	$ (579,451)	**$ (2,021,970)**	$ (1,697,511)
Adjustments for:				
Loss on sale of investments	**70,100**	-	**70,100**	-
Deferred income tax	**-**	-	**(8,000)**	282,283
Stock-based compensation	**87,795**	102,993	**172,153**	271,819
Amortization of long-term debt transaction costs (Note 10)	**138,702**	101,021	**416,106**	202,044
	(557,642)	(375,437)	**(1,371,611)**	(941,365)
Net change in non-cash working capital items:				
Accounts receivable and prepaid expenses	**(14,300)**	(50,053)	**(380)**	164,424
Accounts payable and accrued liabilities	**197,845**	(123,277)	**581,978**	(407,817)
	(374,097)	(548,767)	**(790,013)**	(1,184,758)
Financing Activities				
Private placements, net of issue costs (Note 11)	**1,786,711**	-	**1,786,711**	-
Proceeds from RMB facility and bridge loan (Note 10)	**-**	1,500,000	**1,500,000**	3,000,000
Proceeds from sale of investments	**99,340**	-	**99,340**	-
Proceeds from bridge loan	**506,132**	-	**506,132**	-
Proceeds from related party short-term loan	**75,000**	-	**75,000**	-
RMB bridge loan payment	**(500,000)**	-	**(500,000)**	-
Payments made on long-term debts	**(4,831)**	(38,196)	**(14,326)**	(51,696)
Stock options exercised	**-**	45,000	**-**	245,100
Unamortized transaction costs of long-term debt	**-**	267,937	**-**	(641,262)
	1,962,352	1,774,741	**3,452,857**	2,552,142
Investing Activities				
Purchase of investments	**-**	(123,170)	**-**	(123,170)
Acquisition of property and equipment	**-**	-	**(792)**	(1,750)
Acquisition of mineral properties and related deferred costs	**(266,719)**	(860,712)	**(2,221,759)**	(3,449,632)
	(266,719)	(983,882)	**(2,222,551)**	(3,574,552)
Change in cash and cash equivalents	**1,321,536**	242,092	**440,293**	(2,207,168)
Cash and cash equivalents, beginning of the period	**149,472**	359,458	**1,030,715**	2,808,718
Cash and cash equivalents, end of the period	**$ 1,471,008**	$ 601,550	**$ 1,471,008**	$ 601,550

The accompanying notes are an integral part of these interim condensed financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	**2015**	2014
Supplementary cash flow information				
Changes in non cash investing activities:				
Stock-based compensation capitalized to mineral properties and related deferred costs	**$ 52,307**	$ 37,589	**$ 63,284**	$ 99,921
Amortization capitalized to mineral properties and related deferred costs	**$ 36,498**	$ 19,185	**$ 54,747**	$ 57,555
Issuance of financier warrants (Note 12)	**$ -**	$ -	**$ -**	$ 267,937

The accompanying notes are an integral part of these interim condensed financial statements.

1. NATURE OF OPERATIONS

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

On November 12, 2015, the Board of Directors approved the interim condensed financial statements for the periods ended September 30, 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

The Company is following the same accounting policies and methods of computation in these interim condensed financial statements as it did in the audited financial statements for the year ended December 31, 2014.

Basis of Preparation

These interim condensed financial statements are presented in Canadian dollars which is also the functional currency of the Company.

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

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

Cash and Cash Equivalents

The “cash and cash equivalents” category consists of cash in banks, call deposits and other highly liquid investments with initial maturities of three months or less or which are cashable without penalty.

Financial Instruments

Financial assets classified as fair value through profit and loss ("FVTPL") are measured at fair value, with any resultant gain or loss recognized in the statement of operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments classified as being available for sale are measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

The fair value of financial instruments classified as FVTPL and available for sale is their quoted bid price at the balance sheet dates.

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method.

Financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest rate method.

Transaction costs associated with FVTPL financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and financial liabilities are included in the initial carrying amount of the asset.

Impairment losses for the different financial assets and liabilities are recognized as follows:

FVTPL financial assets: An impairment loss on a financial asset or financial liability classified as FVTPL is recognized in net income in the period in which it arises.

Available for sale financial assets ("AFS"): When a decline in the fair value, including a significant or prolonged decline in value, of an available for sale financial asset has been recognized directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized directly in equity is transferred to profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. Any further significant or prolonged decline in the fair value of these AFS investments, after an impairment loss is recognized, will be automatically considered to be further impairments to be recognized in net loss. Increases in value from the current carrying amount will be recognized in other comprehensive income. Impairment losses on AFS financial assets are not reversed.

Held to maturity securities: The recoverable amount of the Company's investments in held to maturity securities and receivables carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). An impairment loss is recognized in net income and through the amortization process.

Effective interest method: The effective interest method is a method of calculating the amortized cost of a financial asset and financial liability of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period. Income is recognized on an effective interest rate basis for debt instruments other than those financial assets at FVTPL.

Property and Equipment

i) Assets owned by the Company

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost as well as the costs directly attributable to bringing the asset to the location and condition necessary for its use in operations. When property and equipment include significant components with different useful lives, they are recorded and amortized separately. Useful life is reviewed at the end of each reporting period.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

(ii) Leased assets

Assets financed by finance lease contracts, in terms of which the Company assumes substantially all the risks and rewards of ownership, are capitalized at the lower of the present value of future minimum lease payments and fair value and the related debt is recorded in “long-term debt”. These assets are depreciated on a straight-line basis over their estimated useful life. Amortization expenses on assets acquired under such leases are included in mineral properties and related deferred costs if directly related to mineral properties.

iii) Subsequent costs

The Company recognizes in the carrying amount of an item of property and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognized in the income statement as an expense as incurred.

iv) Amortization

Amortization is calculated on a straight-line and declining balance basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives in the current and comparative year are as follows:

Building	4% Declining balance
Furniture and equipment	20% Declining balance
Vehicles under finance lease	Straight line over five years
Other vehicles	Straight line over five years

Mineral Properties and Related Deferred Costs

The Company defers pre exploration, post exploration and evaluation expenditures until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Capitalized expenditures include all the costs incurred in exploration and evaluation of potential mineral reserves and resources, such as exploratory drilling and sample testing and the costs of pre feasibility studies. Exploration expenditures are related to the initial search for deposits of minerals with economic value. Evaluation expenditures are related to the detailed economic assessments of identified deposits that are economically viable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

The Company continually reviews and evaluates the events or changes in the economic environment that indicates a risk of impairment of assets to determine whether the carrying amount of the asset or group of assets under consideration exceeds its or their recoverable amount. Impairment of the assets is evaluated at the cash generating unit ("CGU") level which is the smallest identifiable group of asset that generates cash inflows, independent of the cash inflows from other assets, as defined by IAS 36 "Impairment of assets". Recoverable amount is defined as the higher of an asset's fair value (less costs to sell) and its value in use. The active market or a binding sale agreement provides the best evidence for the determination of the fair value, but where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. Value in use is equal to the present value of future cash flows expected to be derived from the use and sale of the asset.

Provisions

A provision is recognized on the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Deferred Taxes

Pursuant to the liability method, deferred taxes are recorded for temporary differences existing at closing date between the tax base value of assets and liabilities and their carrying amount on the balance sheet.

- Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted at year-end. They are reviewed at the end of each year, in line with any changes in applicable tax rates.
- Deferred tax assets are recognized for all deductible temporary differences, carry forward of tax losses and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and which, at the transaction date, does not impact earnings, tax income or loss.
- Current tax and deferred tax shall be charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.

Revenue

Royalty revenue consists of a 2% to 3% sliding production royalty ("NSR") on gold that is produced at the Cerro Colorado Gold Mine Project in Mexico (Note 8). Revenue is recorded in the period the gold is sold. Other revenues are recognized at the time persuasive evidence of an agreement exists, amount is fixed and determinable, and collectibility is reasonably assured.

Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the time of issuance of the flow-through shares, the Company applies the residual method to measure the sale of tax deduction to the shareholders and records such amount as "Unrenounced flow-through share premium" on the balance sheet.

When the Company fulfills its obligation to pass on the tax deduction to the shareholders, the amount recorded as unrenounced flow-through share premium is recognized as deferred income taxes in the statement of operations and a deferred tax liability is recognized for the temporary tax difference. If the renouncement is prospective, the obligation is fulfilled when eligible expenditures are incurred. If the renouncement is retrospective, the obligation is fulfilled when the paperwork to renounce is filed.

Stock-based Compensation

The Company offers a share option plan. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured using the Black Scholes option pricing model. Compensation expense is recognized as a charge to net loss or mineral property and related deferred costs over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. Any consideration paid on exercise of share options is credited to capital stock. The contributed surplus resulting from stock-based payment is transferred to capital stock when the options are exercised.

For equity settled transactions with non-employees, the Company measures goods or services received at their fair value, unless that fair value cannot be estimated reliably, in which case, the Company measures their value by reference to the fair value of the equity instruments granted.

Earnings per Share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to common shareholders of the Company by the weighted average number of shares outstanding during the period plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares. The options and warrants of the Company are anti-dilutive as of September 30, 2015.

Segmental Reporting

The Company presents and discloses segmental information based on information that is regularly reviewed and evaluated by the management and Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

Environment Rehabilitation Provision

The Company's activities could give rise to obligations for environmental rehabilitation which can include facilities dismantling, removal, treatment of waste materials, monitoring, compliance with environmental regulations, security and other site related costs required to perform the rehabilitation work. Any current expenditures regarding the environmental rehabilitation are charged to the cost of the project. No environmental rehabilitation provision is recorded by the Company as at September 30, 2015 and December 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Issued but not yet Effective

At the date of authorization of these interim condensed financial statements, the IASB has issued the following standard which is not yet effective for the relevant reporting period.

IFRS 9 - Financial Instruments - this standard will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL and all other financial liabilities are measured at amortized cost unless the fair value option is applied. In February 2014 the IASB set January 1, 2018 as the effective date for mandatory application of IFRS 9. The Company is currently evaluating the impact of IFRS 9 on its financial statements.

The Company has not early adopted this standard, however it is currently assessing the impact of its application in the financial statements.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Measurement of impairment in Mineral properties and related deferred costs - Management uses significant judgement in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

Measurement of impairment in available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statements of operations. The impairment loss recognized in the statements of operations is a reclassification of unrealized losses resulting from decline in fair value previously recorded in other comprehensive loss.

Significant or prolonged decline is defined as a decline in fair value of at least 50% below original cost or a decline in fair value below original cost for at least 24 months.

Stock-based compensation and warrants - The Company utilizes the Black Scholes option pricing model to determine the fair values of the stock-based payments and warrants. The Company uses significant judgement in the evaluation of the input variables in the Black Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield and a quoted market price of the Company's shares on the Toronto Stock Exchange.

(EXPRESSED IN CANADIAN DOLLARS)

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

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

4. CASH AND CASH EQUIVALENTS

The balances are comprised as follows:

	September 30, 2015	December 31, 2014
Cash	**$ 1,425,648**	$ 716,446
Preferred investment account	**360**	254,269
Cashable GIC	**45,000**	60,000
	$ 1,471,008	$ 1,030,715

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

The balances are comprised as follows:

	September 30, 2015	December 31, 2014
Prepaid expenses and advances	**163,769**	150,486
Harmonized sales tax	**34,800**	73,693
Due from Laramide Resources Ltd. (Note 14)	**-**	4,112
Due from Vena Resources Inc. (Note 14)	**56,072**	25,970
	$ 254,641	$ 254,261

(EXPRESSED IN CANADIAN DOLLARS)

6. INVESTMENTS

The Company's investments are classified as available for sale investments and are carried at fair value. The balance is comprised of the following:

	Number of Shares	**September 30, 2015**	Number of Shares	December 31, 2014
Goldgroup Mining Inc. - Shares	**631,850**	**$ 34,752**	2,340,850	$ 304,310
Goldgroup Mining Inc. - Warrants	**307,925**	**1,047**	307,925	18,829
		$ 35,799		$ 323,139

The warrants expire on August 20, 2016 and were assigned a fair value using the Black Scholes option pricing model with the following assumptions: Share price $0.10, dividend yield 0%, expected volatility, based on historical volatility 124.58%, a risk free interest rate of 1.30% and an expected life of 1 year.

7. PROPERTY AND EQUIPMENT

Cost	Land	Building	Furniture and equipment	Vehicles	Total
At December 31, 2014	$1,456,092	$1,061,062	$ 96,552	$ 125,107	$2,738,813
Additions	-	-	792	-	792
At September 30, 2015	$1,456,092	$1,061,062	$ 97,344	$ 125,107	$2,739,605
Accumulated amortization					
At December 31, 2014	$ -	$ (124,172)	$ (44,050)	$ (96,946)	$ (265,168)
Amortization for the year	-	(28,107)	(7,875)	(18,765)	(54,747)
At September 30, 2015	$ -	$ (152,279)	$ (51,925)	$ (115,711)	$ (319,915)
Net book value at September 30, 2015	**$1,456,092**	**$ 908,783**	**$ 45,419**	**$ 9,396**	**$2,419,690**

Cost	Land	Building	Furniture and equipment	Vehicles	Total
At December 31, 2013	$ 1,456,092	$ 1,061,062	$ 94,802	$ 125,107	$ 2,737,063
Additions	-	-	1,750	-	1,750
At December 31, 2014	$ 1,456,092	$ 1,061,062	$ 96,552	$ 125,107	$ 2,738,813
Accumulated amortization					
At December 31, 2013	$ -	$ (85,134)	$ (31,368)	$ (71,926)	$ (188,428)
Amortization for the year	-	(39,038)	(12,682)	(25,020)	(76,740)
At December 31, 2014	$ -	$ (124,172)	$ (44,050)	$ (96,946)	$ (265,168)
Net book value at December 31, 2014	$1,456,092	$ 936,890	$ 52,502	$ 28,161	$2,473,645

(EXPRESSED IN CANADIAN DOLLARS)

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As of September 30, 2015 and December 31, 2014, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance December 31, 2014	Additions	**Balance September 30, 2015**
Goliath Gold Project	$ 55,193,284	$ 2,317,803	**$ 57,511,087**
Lara Polymetallic Project - BC	483,699	21,987	**505,686**
Goldcliff Property	472,180	-	**472,180**
	$ 56,149,163	$ 2,339,790	**$ 58,488,953**

	Balance December 31, 2013	Additions	Balance December 31, 2014
Goliath Gold Project	$ 50,846,445	$ 4,346,839	$ 55,193,284
Lara Polymetallic Project - BC	343,207	140,492	483,699
Goldcliff Property	461,449	10,731	472,180
	$ 51,651,101	$ 4,498,062	$ 56,149,163

Goliath Gold Project

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

The Goliath Gold Project consists of 137 contiguous unpatented mining claims (254 units) and 22 patented land parcels. The total area of the project is approximately 4,881 hectares (~49 km^2) covering portions of Hartman and Zealand townships. The project comprises two historic properties which are now consolidated into one property: the larger Thunder Lake Property, purchased from Teck Resources (“Teck”) and Corona Gold Corporation (“Corona”) and the Laramide Property, transferred to the Company from Laramide Resources Ltd. ("Laramide"). The project area has been expanded from its original size through additional claim staking and land purchases/options. Certain underlying royalties and payment obligations remain on 14 of the 19 patented land parcels totaling approximately $103,500 per year.

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

On June 30, 2015, CEAA submitted a series of Information Requests and comments back to the Company as part of their technical review process of the EIS. The Company has reviewed the Requests and comments and is working to compile replies to these information Requests.

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

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Laramide Property, Ontario

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

Thunder Lake Property, Ontario

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

Brisson Property, Ontario

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

Lara Polymetallic Project, British Columbia

In 2007, the Company acquired from Laramide a 100% interest in the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The Lara Polymetallic Project, of which a portion was formerly owned by Laramide, comprises 59 mineral claims covering approximately 8,684 hectares (~87 km^2) at September 30, 2015.

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

In 2010, only $5,173 was expended in this project and no significant expenditures in the early future were considered at that time; in addition, in early 2011 the annual mining leases on a significant portion of the property were not renewed. As a consequence, the estimated non-recoverable costs associated with this project were written off in 2010. In the year 2011, the Company renewed the mining leases of the most significant areas of this property and, therefore, it now owns the mining rights on these properties. In February 2015, after an evaluation of the claims to be renewed or forfeited without affecting the project's value, the Company decided to renew only 59 of the previous 90 claims.

Goldcliff Property

In June 2010, the Company acquired the right to earn a 100% interest in four unpatented mining claims in the District of Kenora ("Kenora mining claims"). Under the terms of the Agreement, the Company is to make option payments totaling $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 June 1, 2015 (in process of renegotiation at the date of this report). The Kenora mining claims, totaling 12 units and 192 hectares, are subject to a 2% NSR of which 1% can be purchased by the Company for $750,000.

(EXPRESSED IN CANADIAN DOLLARS)

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

In addition, the Company acquired through staking, 100% ownership in 45 unpatented mining claims that are contiguous with the Kenora mining claims. Some of the staked claims are subject to a one-kilometre area of interest and a 1% NSR (purchasable 100% by the Company for $750,000) as they relate to each of the four Kenora mining claims. At September 30, 2015, the Goldcliff Project is comprised of six claims (73 units) and covers approximately 1,168 hectares. In addition, the Johnson-Barkauskas Property has four claims (12 units) covering 192 hectares.

Cerro Colorado Gold Mine, Mexico

In 2007, the Company acquired from Laramide a sliding production royalty, net of withholding tax, based on gold prices and the aggregate production from a mine, less direct selling costs. On the first 100,000 ounces produced, Treasury Metals received a 2.0% sliding production royalty when gold prices were below US$350 per ounce and 2.5% sliding production royalty when gold prices were above US$350 per ounce. Once cumulative production exceeded 100,000 ounces of gold, the royalty rate was 2.5% and escalated to 3.0% when gold prices were above US$350 per ounce. Due to decreasing profitable operations at the mine, production was ceased and the last royalty received was for July 2014.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balances are comprised as follows:

	September 30, 2015	December 31, 2014
Trade accounts payable	**$ 1,118,601**	$ 613,502
Accrued liabilities	**163,987**	149,819
Taxes and payroll deductions payable	**4,739**	14,864
Due to Laramide Resources Ltd.	**5,021**	-
	$ 1,292,348	$ 778,185

10. LONG-TERM DEBT

	Current Portion	Long Term Portion	**Total Debt September 30, 2015**
Mortgages (i)	$ 120,174	$ 297,134	**$ 417,308**
RMB Facility (ii)	4,583,885	-	**4,583,885**
Short term loans (iii)	648,945	-	**648,945**
	$ 5,353,004	$ 297,134	**$ 5,650,138**

	Current Portion	Long Term Portion	Total Debt December 31, 2014
Mortgages (i)	$ 319,236	$ 112,398	$ 431,634
RMB facility (ii)	-	3,167,779	3,167,779
	$ 319,236	$ 3,280,177	$ 3,599,413

(EXPRESSED IN CANADIAN DOLLARS)

10. LONG-TERM DEBT (Continued)

(i) The mortgages are related to two purchase transactions of land and buildings located on the Goliath Gold Project properties. A first purchase for a total of $200,000 was made in November 2010 consisting of 120 monthly payments with annual interest rate of prime plus 3% expiring in October 2020. A second transaction for $500,000 was made on October 1, 2012 and consists of quarterly payments of interests until the maturity on October 1, 2014, with annual interest of 4%. The terms of the second mortgage were rearranged consisting of a payment of $200,000 on October 1, 2014 (paid), a payment of $100,000 on October 1, 2015 (paid), and the balance of $200,000 to be paid on October 1, 2016, with annual interest of 10%. The mortgage payments are as follows:

	Total
2015	$ 104,911
2016	220,506
2017	21,864
2018	23,309
2019	24,851
2020 and beyond	21,867
Total mortgages	$ 417,308

(ii) The Company has a $6 million feasibility funding facility agreement (the “Facility”) with RMB Resources Inc. ("RMB") with an availability period that ended on March 31, 2015. The Facility had two tranches of $3 million each and a total of $5 million was drawn at the end of the availability period. The Facility matures on June 20, 2016 and bears interest at Canadian Dealer Offered Rate ("CDOR") plus 7.5% per annum, a 2.0% per annum fee was paid on the available but undrawn amount of the Facility until the end of the availability period. Under the terms of the Facility and its amendements, on June 10, 2015, RMB provided additional funding through a bridge loan for $500,000 which was repaid in July 2015.

In connection with the Facility, on February 18, 2014, 1.5 million financier warrants were issued to RMB at the drawdown of the first tranche with an expiry date of August 19, 2018; each warrant entitles RMB to purchase one common share of the Company at an exercise price of $0.395. A second set of 1.5 million financier warrants was issued on November 18, 2014, at the drawdown of $1 million from the second tranche with an expiry date of May 18, 2018, each warrant entitles RMB to purchase one common share of the Company at an exercise price of $0.35. For more information on financier warrants see note 12. The funds from the Facility were used to continue the exploration and development of the Goliath Gold Project.

Additional terms related to the Facility are as follows:

- Pre-payment without penalty of amounts in a multiple of $250,000 and prior written notice of at least ten business days.
- The Facility is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath property's land and mining claims in Kenora, granted by the Company in favour of RMB.

In connection with the Facility, the Company incurred transaction costs of $1,177,977, which include a $375,000 arrangement fee paid at the time of the first drawndown, the fair market value of the issued financier warrants of $434,981, and legal and other fees. The transaction costs are amortized and charged to the statement of operations over the term of the Facility.

(EXPRESSED IN CANADIAN DOLLARS)

10. LONG-TERM DEBT (Continued)

The Facility balance at September 30, 2015 and December 31, 2014, is as follows:

	September 30, 2015	December 31, 2014
Drawn from first tranche	**$ 3,000,000**	$ 3,000,000
Drawn from second tranche	**2,000,000**	1,000,000
Unamortized transaction costs	**(416,115)**	(832,221)
Present value of RMB Facility	**$ 4,583,885**	$ 3,167,779

(iii) At September 30, 2015, there are two short-term loans as follows:

- A US$430,082 bridge loan from an arm's length party including accrued interest and transaction costs which was received in August 2015 and repaid on October 1, 2015.
- A related party short-term loan of $75,000 received in September 2015, maturing and repayable on December 31, 2015 and bearing a monthly interest of 1%.

11. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares

b) ISSUED

COMMON SHARES	Number of Shares	Stated Value
Balance, December 31, 2013	73,613,350	$ 63,916,249
Stock options exercised	817,000	245,100
Fair value of contributed surplus transferred on exercised options	-	188,805
Balance, September 30, 2014	**74,430,350**	**$ 64,350,154**
Flow through private placement	2,000,000	800,000
Share issue costs	-	(62,133)
Issuance of broker warrants	-	(7,499)
Unrenounced flow-through shares premium	-	(220,000)
Balance, December 31, 2014	**76,430,350**	**$ 64,860,522**
Shares issued for cash in private placement	2,629,744	1,183,385
Flow through private placement	1,430,000	715,000
Share issue costs	-	(111,673)
Issuance of compensation options	-	(39,870)
Issuance of warrants	-	(261,165)
Unrenounced flow-through shares premium	-	(157,300)
Balance, September 30, 2015	**80,490,094**	**$ 66,188,899**

11. CAPITAL STOCK (Continued)

Private Placements

On September 25 and 30, 2015 the Company closed a non-brokered placement for aggregate gross proceeds of $1,898,385 through the issuance of 2,629,744 million units, at a price of $0.45 per unit, for aggregate proceeds of $1,183,385 and 1.43 million flow-through common shares at a price of $0.50 per flow-through common shares for aggregate gross proceeds of $715,000. Each unit consists of one common share and one-half of one common share purchase warrant of the Company exercisable for a period of 36 months at $0.56 per share. The net 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 6% and an aggregate of 200,782 compensation options to three arm's length parties. Each compensation option entitles the holder to purchase one common share at a price of $0.56 for a period of 36 months, subject to a four-month hold period under applicable securities laws in Canada.

On December 15, 2014 the Company closed a brokered placement of 2,000,000 flow-through common shares ("Flow-Through Shares") at an issue price of $0.40 per Flow-Through Share for aggregate gross proceeds of $800,000 (the "Offering"). In consideration for the services of the agents the Company paid a cash commission equal to 7% of the gross proceeds received from the sale of the Flow-Through Shares as well as finder's and legal fees; in addition, has issued an aggregate of 80,000 non-transferable broker warrants, with each broker warrant being exercisable to acquire one common share of the Company at a price of $0.40 per share for a period of 24 months from the closing of the Offering. The net proceeds of the financing from Flow-through shares are to be used to incur eligible Canadian Exploration Expenses and flow-through mining expenditures in the gold projects located in the Kenora Mining District of Northwestern Ontario, as defined under the Income Tax Act (Canada), that will be renounced in favour of the purchasers.

12. WARRANTS

In connection with the private placement closed on September 25 and 30, 2015, the Company issued 1,148,538 and 166,331 warrants, respectively, exercisable for the following 36 months, subject to a four-month hold period under applicable securities laws in Canada, at a price of $0.56 per share. These warrants were assigned a fair value of $261,166 using the Black Scholes option pricing model with the following assumptions: Share price $0.45, dividend yield 0%, expected volatility, based on historical volatility 75.63%, a risk free interest rate of 1.30% and an expected life of 3 years.

In connection with the first tranche of the Feasibility Funding Agreement signed with RMB Resources Inc. indicated in Note 10, on February 18, 2014, the Company issued 1,500,000 financier warrants exercisable at a price of $0.395 per share until August 18, 2017. These warrants were assigned a fair value of $267,937 using the Black Scholes option pricing model with the following assumptions: Share price $0.42, dividend yield 0%, expected volatility, based on historical volatility 73.95%, a risk free interest rate of 1.30% and an expected life of 2 years.

In connection with the second tranche of the Feasibility Funding Agreement signed with RMB Resources Inc. indicated in Note 10, on November 18, 2014, the Company issued 1,500,000 financier warrants exercisable at a price of $0.35 per share until May 18, 2018. These warrants 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.

(EXPRESSED IN CANADIAN DOLLARS)

12. WARRANTS (Continued)

In connection with the December 15, 2014 private placement, the Company issued 80,000 broker warrants exercisable at a price of $0.40 per share until December 15, 2016. These warrants were assigned a fair value of $7,499 using the Black Scholes option pricing model with the following assumptions: Share price $0.29, dividend yield 0%, expected volatility, based on historical volatility 76.12%, a risk free interest rate of 1.30% and an expected life of 2 years.

In connection with the December 20, 2013 private placement, the Company issued 201,250 broker warrants exercisable at a price of $0.50 per share until December 20, 2015. These warrants were assigned a fair value of $17,801 using the Black Scholes option pricing model with the following assumptions: Share price $0.33, dividend yield 0%, expected volatility, based on historical volatility 70.70%, a risk free interest rate of 1.30% and an expected life of 2 years.

In connection with the May 1, 2013 private placement, the Company issued 1,319,166 warrants exercisable at a price of $0.75 per share until May 1, 2016. These warrants were assigned a fair value of $115,617 using the Black Scholes option pricing model with the following assumptions: Share price $0.42, dividend yield 0%, expected volatility, based on historical volatility 67.89%, a risk free interest rate of 1.30% and an expected life of 2 years.

The following table reflects the continuity of warrants:

	Number of Warrants 2015	Number of Warrants 2014	**Weighted Average Exercise Price 2015**	Weighted Average Exercise Price 2014
Balance, at beginning of year	**4,600,416**	2,977,916	**$ 0.49**	$ 0.82
Issued, on private placement units	**1,314,869**	-	**$ 0.56**	$ -
Issued, financier warrants	**-**	1,500,000	**$ 0.395**	$ 0.395
Issued, financier warrants	**-**	1,500,000	**$ 0.35**	$ 0.35
Issued, broker warrants	**-**	80,000	**$ 0.40**	$ 0.40
Expired	**-**	(1,000,000)	**$ 1.00**	$ 1.00
Expired	**-**	(457,500)	**$ 0.80**	$ 0.80
Balance, at September 30, 2015 and December 31, 2014	**5,915,285**	4,600,416	**$ 0.50**	$ 0.49

(EXPRESSED IN CANADIAN DOLLARS)

12. WARRANTS (Continued)

The outstanding issued warrants are comprised as follows:

Expiry Date	Type	**Warrants at September 30, 2015**	Warrants at December 31, 2014	Exercise Price
May 1, 2016	Warrants	**1,319,166**	1,319,166	$ 0.75
December 20, 2015	Broker warrants	**201,250**	201,250	$ 0.50
December 15, 2016	Broker warrants	**80,000**	80,000	$ 0.40
August 18, 2017	Financier warrants	**1,500,000**	1,500,000	$ 0.395
May 18, 2018	Financier warrants	**1,500,000**	1,500,000	$ 0.35
September 24, 2018	Warrants	**1,148,538**	-	$ 0.56
September 30, 2018	Warrants	**166,331**	-	$ 0.56
		5,915,285	4,600,416	

13. STOCK-BASED COMPENSATION

In connection with the September 24 and 25, 2015 private placement, the Company issued 200,732 compensation options to three arm's length parties respect to certain orders provided with the private placement. Each compensation option entitles the holder to purchase one common share at a price of $0.56 per share for a period of 36 months, subject to a four-month hold period under applicable securities laws in Canada. These compensation options were assigned a fair value of $39,870 using the Black Scholes option pricing model with the following assumptions: Share price $0.45, dividend yield 0%, expected volatility, based on historical volatility 75.63%, a risk free interest rate of 1.30% and an expected life of 3 years.

On March 7, 2014, the Company granted a total of 2,195,000 options to officers, directors, employees and consultants to buy common shares at an exercise price of $0.35 each. These options vest at a rate of 50% every six months after the date of grant and expire on September 7, 2016. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.53, dividend yield 0%, expected volatility 72.47% based on historical trends, a risk free interest rate of 1.30%, and an expected life of 2 years. As a result, the fair value of the options was estimated at $451,714 and will be recognized over the periods the underlying options vest.

On April 30, 2015, the Company granted a total of 2,725,000 options to officers, directors, employees and consultants to buy common shares at an exercise price of $0.35 each. These options vest at a rate of 50% every six months after the date of grant and expire on April 30, 2018. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.30, dividend yield 0%, expected volatility 73.21% based on historical trends, a risk free interest rate of 1.30%, and an expected life of 2 years. As a result, the fair value of the options was estimated at $291,751 and will be recognized over the periods the underlying options vest.

(EXPRESSED IN CANADIAN DOLLARS)

13. STOCK-BASED COMPENSATION (Continued)

On June 16, 2015, the Company granted 175,000 options to a consultant to buy common shares at an exercise price of $0.38 each. These options vest at a rate of 50% every six months after the date of grant and expire on June 16, 2018. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price $0.38, dividend yield 0%, expected volatility 71.95% based on historical trends, a risk free interest rate of 1.30%, and an expected life of 2 years. As a result, the fair value of the options was estimated at $26,403 and will be recognized over the periods the underlying options vest.

Treasury Metals has a 10% rolling stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. As at September 30, 2015, the Company has an additional 853,035 (December 31, 2014 – 1,679,375) options available for issuance under the plan.

During the period ended September 30, 2015, the stock-based compensation charged to mineral properties and related deferred costs amounted $63,284 (2014 - $99,921)

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

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

	Number of Stock Options 2015	Number of Stock Options 2014	**Weighted Average Exercise Price 2015**	Weighted Average Exercise Price 2014
Balance, at beginning of year	**4,115,000**	4,964,000	**$ 0.75**	$ 0.75
Options granted	**2,725,000**	2,195,000	**$ 0.35**	$ 0.55
Options granted	**175,000**	-	**$ 0.38**	$ -
Compensation options granted	**200,732**	-	**$ 0.56**	$ -
Exercised	**-**	(817,000)	**$ -**	$ 0.30
Expired	**-**	(332,000)	**$ -**	$ 0.30
Expired	**-**	(1,895,000)	**$ -**	$ 1.30
Balance, at September 30, 2015 and December 31, 2014	**7,215,732**	4,115,000	**$ 0.45**	$ 0.52

The weighted average market value of the shares when the options were exercised in 2014 was $0.38.

(EXPRESSED IN CANADIAN DOLLARS)

13. STOCK-BASED COMPENSATION (Continued)

The outstanding options are comprised as follows:

Grant Date	Expiry Date	**Number of Stock Options at September 30, 2015**	Number of Stock Options at December 31, 2014	Exercise Price
August 12, 2010	August 12, 2015 (i)	**150,000**	150,000	$0.30
March 6, 2013	March 6, 2016	**1,770,000**	1,770,000	$0.50
March 7, 2014	September 7, 2016	**2,195,000**	2,195,000	$0.55
April 30, 2015	April 30, 2018	**2,725,000**	-	$0.35
June 16, 2015	June 16, 2018	**175,000**	-	$0.38
September 24, 2015	September 24, 2018	**200,732**	-	$0.56
		7,215,732	4,115,000	

(i) The expiry date was extended to end of current black-out period.

At September 30, 2015 4,315,732 of the outstanding options are exercisable.

14. 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 services to Treasury Metals. At September 30, 2015, there is $5,021 of net accounts payable to Laramide Resources Ltd (December 31, 2014 – net receivable of $4,112), and $56,072 of accounts receivable from Vena Resources Inc. (December 31, 2014 - $25,970), both companies have a director and an officer in common with Treasury Metals Inc. During the period Laramide charged $73,033 for office space and the Company charged $67,520 of shared expenditures paid on behalf of Laramide. In the same period of 2014 Laramide charged $119,937 for office space rent, administrative, financial investor relations services and other expenditures paid by Laramide on behalf of the Company. Transactions with Vena Resources Inc. are related to some shared administrative and general expenditures paid by the Company on its behalf.

In the current period, the Company received a $75,000 short-term loan from a Company who has one director in common with Treasury Metals Inc. which matures and is repayable on December 31, 2015 and bears a monthly interest of 1%.

Transactions with related parties were conducted in the normal course of operations.

(EXPRESSED IN CANADIAN DOLLARS)

15. KEY MANAGEMENT COMPENSATION

Key management includes the Chief Executive Officer, Chief Financial Officer and directors of the Company.

The compensation payable to key management is shown below:

Period ended September 30		**2015**		2014
Salaries	**$**	**215,776**	$	215,625
Director fees		**82,113**		68,500
Stock-based compensation, at fair value		**157,920**		231,516
	$	**455,809**	$	515,641

16. FINANCIAL RISK FACTORS

Capital management

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

At September 30, 2015, the Company has a working capital deficiency of $4,919,703 excluding the non-cash unrenounced flow-through share premium liability (December 31, 2014 - $187,555 working capital); Capital stock and contributed surplus total $71,077,792 (December 31, 2014 - $69,212,944).

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

At September 30, 2015, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans. September 30, 2015, there was no externally imposed capital requirement to which the Company is subject and with which the Company has not complied.

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

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

16. FINANCIAL RISK FACTORS (Continued)

There were no changes in the Company's approach to capital management during the period ended September 30, 2015. The Company is not subject to any externally imposed capital requirements.

Risk disclosures

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

Credit risk

The Company has cash and cash equivalents balance of $1,471,008 (December 31, 2014 - $1,030,715) and accounts receivables of $90,872 (December 31, 2014 - $103,775). The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The credit risk with respect of receivables is normal.

Interest rate risk

The Company has exposure to interest rate risk since its long-term debt has an interest rate of prime or CDOR plus 3% and 7.5%, respectively, in addition to a short-term loan with fixed interest rate. As a result, a variance of 1% in the prime interest rate or CDOR will affect the annual Company's net comprehensive loss by approximately $50,000.

Foreign currency risk

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the U.S. dollar, the balance of net monetary liabilities in such currency as of September 30, 2015 is $601,400 (December 31, 2014 - $309).

Liquidity risk

The Company is exposed to liquidity risk primarily as a result of its trade accounts payable and its debt. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash and cash equivalents balance of $1,471,008 (December 31, 2014 - $1,030,715) to settle current liabilities of $6,645,352 (December 31, 2014 - $1,097,421), excluding the non-cash unrenounced flow-through share premium liability. All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

Sensitivity analysis

As at September 30, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

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

i) The Company is exposed to foreign currency risk on fluctuations of balances that are denominated in US currency related to cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive loss by $60,140.

ii) The Company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their September 30, 2015 fair market value positions, the comprehensive loss would have varied by $3,580.

16. FINANCIAL RISK FACTORS (Continued)

Fair value hierarchy

The Company has designated its cash and cash equivalents as FVTPL financial assets and investments as available for sale, which are measured at fair value. Fair value of investments are determined based on transaction value and are categorized as Level 1 measurement.

Accounts payable and accrued liabilities, amounts due to Laramide Resources Ltd., and the long-term debt are considered as other financial liabilities, which are measured at amortized cost which also approximates fair value.

As at September 30, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.