TREASURY METALS

INCORPORATED

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
DECEMBER 31, 2013

INTRODUCTION

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Treasury Metals Inc. ("Treasury Metals" or "Treasury" or the "Company") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013, including the related notes thereto. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A is presented as of March 7, 2014. 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.

Treasury Metals is a gold exploration and development stage company focused on its 100% owned Goliath Gold Project located in the Kenora Mining District in northwestern Ontario. The Goliath Gold Project is an advanced stage, high-grade gold deposit based two kilometres from the Trans-Canada Highway, situated near the community of Wabigoon and 20 kilometres east of the City of Dryden, within the Eagle-Wabigoon-Manitou greenstone belt. The district is home to a number of other major gold deposits.

Prior to the acquisition and consolidation of the project by Treasury Metals, the previous owners and operators included Teck Resources Limited ("Teck"), Corona Gold Corporation ("Corona") and Laramide Resources Ltd. ("Laramide"). Treasury Metals is the gold company managed by the former Aquiline Resources Inc. ("Aquiline") executive team. The Company has a growth-oriented strategy focused solely on expanding its gold resources and project portfolio within the Americas. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol "TML" (TSX: TML).

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 5,000 hectares (approximately 50 km^2 total) and covering portions of Hartman and Zealand townships. The Project is comprised of two historic properties, which are now consolidated under the common name Goliath Gold Project: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide. 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, currently totalling about $103,500 per year.

Goldcliff Project

The Goldcliff Project ("Goldcliff") represents a new gold discovery in the Kenora Gold District and is located approximately 40 kilometres south-southeast of Dryden, Ontario; it is situated within the Boyer Lake Area of the

Kenora Mining District. Goldcliff is accessible via Provincial Highway #502. The Goldcliff Project area comprises four optioned unpatented mining claims and 45 contiguous unpatented mining claims staked by Treasury Metals. Goldcliff totals 570 units and covers approximately 9,120 hectares.

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.

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 41 mineral claims.

Net Smelter Royalty, Cerro Colorado Gold Mine

The Company owns a 3.0% Net Smelter Royalty ("NSR") on the Cerro Colorado gold mining operation in Sonora State, Mexico, operated by Goldgroup Mining Inc. Cerro Colorado is a small-scale gold (silver) mine that produces gold from its heap leach operation. The operation produced around 20,000 ounces per year from 2010 to 2012 and is expected to be at the same level for 2013. The operation is expected to produce less ounces in 2014. The agreement contemplated that Treasury Metals would receive a 2.0% sliding production royalty when gold prices are below US$350 per ounce and a 2.5% sliding production royalty when prices are above US$350 per ounce; once cumulative production exceeds 100,000 ounces gold, which was met in 2010, the royalty rate escalates to 3.0%.

GOLIATH GOLD PROJECT HIGHLIGHTS

- November 2011, updated National Instrument 43-101 Resource Estimate ("NI 43-101") on the Goliath Gold Project: Indicated mineral resource of 810,000 ounces and Inferred mineral resource of 900,000 ounces of gold and gold equivalent ounces of silver.

- July 2012, Preliminary Economic Assessment ("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%.

  Cautionary statement required by NI 43-101 (PEA)

  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 at the Company's website and on Sedar (www.sedar.com).

- A Project Description ("PD") for the Goliath Gold Project was submitted to the federal government's Canadian Environmental Assessment Agency ("CEAA") on November 27, 2012, and officially accepted by the CEAA on November 30, 2012. The Company's PD initiated the official permitting and approvals process for mine development. Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an Environmental Assessment ("EA") and the Environmental Impact Statement ("EIS") guidelines. The Company is currently working on the completion of the Environmental Impact Statement for 2014.

- In February 2014, a study conducted by Gekko Systems Pty. Ltd. of Australia ("Gekko Systems"), focused on optimizing the use of gravity-flotation circuits at the Goliath Gold Project. These results will complement the previous feasibility level metallurgy for a Carbon In Leach ("C.I.L.") processing circuit that yielded greater than 95% total recovery of gold. The study also provides additional detail to support metallurgical optimization along with the environmental and economic trade-offs between C.I.L. and/or flotation gold extraction circuits. While expected recoveries may be lower using flotation methods, there may be potential upside in lowered capital costs along with environmental benefits by limiting the use of cyanide.

- Since Treasury Metals began drilling Goliath Gold Project in 2008, a total of 359 diamond drill holes comprised of 336 newly collared holes and 23 re-entry holes for a total of 108,852 metres have been drilled on the property.

OPERATING ACTIVITIES

Goliath Gold Project

<u>Exploration Potential</u>

The Company has an ongoing extension and infill drilling program designed to augment the 2011 Resource Estimate that was completed in November 2011. The program has focused on pursuing strike extensions of previously identified mineralization as well as following potential new ore shoots down dip. Most recently the program has concentrated on delineating the C Zone mineralization, now largely in the inferred category, both within and to the east of the proposed open pit boundary. Initial results were demonstrated in the Company's 2012 exploration program where modest grades, but substantial widths, were identified in the C Zone within and around the current open pit design. The zone is traceable to near surface depths. There is also potential for additional open pit resources towards the west, where several hundred metres strike length of Hanging Wall and Main Zone mineralization have largely been tested only on a wide-spaced drilling pattern to date with very little C Zone penetration.

The Company also has an active exploration program to test additional targets projected along over 11 km of strike extension, principally to the northeast and east of the Goliath Gold deposit, in the 50 km^2 property block. Significant gold values intercepted in previous drilling campaigns, as well as re-interpreted airborne EM and aeromag geophysics, are being used to guide the present drilling program. The objective of this program is to locate satellite open-pitable mineralization along strike from the main resource, or in the best case, to locate a significant new ore deposit.

Environmental, Permitting, and Development Activities

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

The Company's ongoing Environmental Baseline Studies, initiated in the fall of 2010, support the permitting process. Environmental studies to date have identified "no fatal flaws" for Goliath Gold Project.

A Project Description ("PD") for the Goliath Gold Project was submitted on November 27, 2012 to and subsequently 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 marks a significant advancement in the development of the Goliath Gold Project and officially began the federal government's 365-day legislated period for the completion of the Environmental Assessment ("EA") by CEAA. The 365-day review and approval window includes 45 days CEAA used to determine that an EA for the Goliath Project was required. CEAA used the PD to develop the "Guidelines" for an Environmental Impact Statement ("EIS") that Treasury Metals is required to complete as an integral part of the EA process.

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. Processing was outlined to be done using a 2,500 tonne/day C.I.L. plant. The current optimization studies will confirm the possible use of gravity followed by flotation rather than C.I.L. 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, anticipated socioeconomic and environmental impacts, as well as 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.

Subsequent to the PD filing, the Company received both the CEAA determination to have the Goliath Gold Project subject to an EA and the draft EIS guidelines. On February 21, 2013, the Company received guidelines for the preparation of an EIS pursuant to the Canadian Environmental Assessment Act 2012.

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

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

Treasury Metals is currently conducting a scoping/optimization study to narrow the ore processing and tailings storage options ahead of commencing the full Feasibility Study. This work 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.

EIS

- Treasury has engaged several consulting engineering firms to complete the technical studies necessary to complete the EIS and Feasibility Study.
- Tetra Tech WEI Inc. ("TT") is 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.
- Lycopodium Minerals Canada Ltd. in Toronto has been selected to oversee plant and infrastructure optimization for the project as it pertains to the EIS.
- WSP Canada (formerly Genivar) of Thunder Bay has been selected to design the tailings storage facility ("TSF") and conduct an alternatives assessment review. This work will flow directly into the final Feasibility Study. ESP has conducted a site visit of the Goliath Gold Project and arrangements have been made to complete a site investigation plan, including shallow drilling for soils and geotechnical purposes.
- GCK Consulting in Thunder Bay has been engaged to complete the socioeconomic baseline study.
- AMEC in Toronto is engaged to complete the site's hydrogeology work.
- DST in Thunder Bay is currently preparing final Environmental Baseline Reports for 2012 and 2013.
- MDEng is continuing geotech studies to be integrated with infill drilling schedule.
- Ecometrix is engaged to complete geochemistry studies and will continue testing key samples for additional data until the final report is completed.
- RWDI is engaged to study baselines for dust, noise and light.
- Keewatin – Aski of Sioux Lookout is commissioned to conduct a traffic survey. Baseline data collection and preparatory work has been completed, as well as the traffic count.

- The mine design consultant for both the open pit and underground phases will be selected in the near future.

Feasibility Study

- 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 begin following a successful submission of the EIS.
- Infill drilling is currently ongoing to upgrade inferred resources into the measured or indicated categories.

Provincial Permitting

- The provincial permitting application development will start when the EIS documents are submitted to the CEAA.
- Treasury Metals continuously communicates with provincial agencies (MNDM, MOE, MNR) via a 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 Independent Electrical Systems Operator to begin the electrical connection process.

2013 Exploration Program

Goliath Gold Project	Balance	Incurred in three months ending				Balance
2013 activity, in Canadian Dollars	31-Dec-12	31-Mar-13	30-Jun-13	30-Sep-13	31-Dec-13	31-Dec-13
Metallurgy	137,942	0	0	870	0	138,812
General and administrative	1,685,496	100,373	59,927	28,512	101,436	1,975,743
Amortization	67,536	19,862	19,862	19,862	19,862	146,985
Drilling and geology	15,266,556	986,083	45,917	25,272	4,116	16,327,943
Bankable feasibility	0	20,704	6,162	28,049	0	54,916
Environment	862,003	62,159	30,746	20,826	12,480	988,214
Hydrogeology	28,588	58,536	34,753	14,120	41,869	177,865
Geotechnical	0	45,619	0	350	0	45,969
Geochemistry	0	0	43,658	20,059	19,984	83,702
Preliminary Economic Assessment	255,532	0	0	0	47,325	302,857
Labour and other payments to consultants	2,199,813	251,073	290,978	214,707	261,763	3,218,333
Acquisitions of properties and data	27,280,889	103,451	577	0	190	27,385,107
Total Goliath Gold Project	47,784,354	1,647,860	532,581	372,627	509,025	50,846,445

Goliath Gold Project	Balance	Incurred in three months ending				Balance
2012 activity, in Canadian Dollars	31-Dec-11	31-Mar-12	30-Jun-12	30-Sep-12	31-Dec-12	31-Dec-12
Metallurgy	24,942	0	24,277	73,404	15,317	137,942
General and administrative	1,141,148	262,887	92,010	88,417	101,034	1,685,496
Amortization	0	0	0	0	67,536	67,536
Drilling and geology	12,175,525	530,958	1,532,602	163,785	863,687	15,226,556
Bankable feasibility	0	0	0	0	0	0
Environment	356,257	139,660	171,201	155,453	39,431	862,003
Hydrogeology	0	0	28,588	0	0	28,588
Geotechnical	0	0	0	0	0	0
Geochemistry	0	0	0	0	0	0
Preliminary Economic Assessment	115,144	57,168	0	0	83,220	255,532
Labour and other payments to consultants	1,000,947	182,499	367,588	358,970	289,810	2,199,813
Acquisitions of properties and data	27,220,889	0	50,000	(50,000)	60,000	27,280,889
Total Goliath Gold Project	42,034,852	1,173,171	2,266,266	790,029	1,520,036	47,784,354

On January 10, 2013, Treasury Metals announced the recommencement of exploration drilling at the Company's 100% owned Goliath Gold Project. The primary focus of the drilling program is to further delineate the C Zone within the proposed open pit to bring Inferred resources to Indicated resources and add ounces to the open pit. Further exploration will follow up on the C Zone high-grade gold shoot, discovered in the central part of the Goliath deposit and intersected approximately 50 metres behind the project's mineralized Main Zone (see news release December 11, 2012). Initially the program focused on infill drilling of the eastern pit shell within the resource area as well as to test the potential of a possible new ore shoot discovered by previous drilling. The program also completed infill drilling of the central open pit shell and drilled some follow up holes to further define the down dip potential of the newly discovered ore shoot located in the C Zone within the central resource area. Initial drilling results have confirmed the consistency of near surface C Zone mineralization to consist of relatively wide intervals of low to moderate grade gold above defined mineable cut-off grades. It has also confirmed the existence of a robust mineralized ore shoot within the C Zone. The results have also shown that there is potential to expand the current open pit shell designs. The Company has continued to review drill results, geophysics, historical data and field observations to generate drill targets to follow up on potential new ore shoots, complete the infill drilling of potential open pit resources, and explore areas outside the current resource boundary to find new ore deposits.

In 2013, Treasury Metals drilled 7,772 metres comprised of 48 diamond drill holes including 41 newly collared holes and 7 re-entry holes, which extended previously drilled holes that had stopped after the Main Zone, through the C Zone.

Drilling continues to delineate and infill the Project's C Zone which covers an area measuring approximately 1.2 kilometres in strike length and to a depth of 200 metres as the program is focused primarily on near surface resources. The recent results in the C Zone are significant as they occur near surface and could represent an increase to the current open pit mine shells and the mineable ounces within them. These C Zone results have potential to reduce the overall waste to ore stripping ratios, especially in the Eastern section of the deposit.

In conjunction with the 2013 infill and expansion program, the Company completed 3 hydro-geology drill holes which were also drilled with oriented cores. The hydro-geology holes were designed to test ground water flow and recharge to ultimately aid in the design of the open pit and associated water management. The holes were also drilled with a dual purpose of oriented core to provide engineers with supplementary information to aid with the open pit design.

In Q3 and Q4 2013, there was no drilling done as the planned drilling programs were completed. Environmental work was carried out by TML employees under the overall guidance of the environmental consultants, and engineering plans were developed mostly by internal engineers. In the latter part of the year and for most of 2014, the Company is completing all steps necessary to complete a Feasibility Study and be "shovel-ready" to start building the mine. The cost to do this is expected to be $8.4 million over the next 18 months. In February 2014, the Company announced it completed all conditions for a $6 million feasibility funding facility with RMB Resources Inc. and in addition, in December 2013 the Company announced it had closed a brokered placement of 8,315,500 flow-through common shares at an issue price of $0.40 per Flow-Through Share for aggregate gross proceeds of $3,326,200 (see below under Financings). With these two financings, the Company has the funding to complete this plan to be shovel-ready within 18 months.

2012 Exploration Program

In January 2012, the Company commenced a 20,000 metre core drilling program designed to test a number of high-priority targets identified on the approximately 50 km2 project outside of the current mineral resource area. Initially, the program focused on the west end of the property to test a number of geophysical anomalies as well as to test down-dip projections from relatively shallow gold mineralization intercepted during previous drilling campaigns. The program also drilled along strike of the defined resource area, to the northeast, where historical drilling by Teck indicates prospective high-grade gold mineralization. The northeast strike extension of the resource shows promise for the discovery of multiple new high-grade structures and the potential to add additional ounces to the overall resource. Both of these areas have had little or no drilling by Treasury Metals. The program was designed using historical Teck data and additional geological information interpreted from the Company's airborne geophysical survey completed in July 2011.

The Company reported the first phase of results from the 2012 program on July 9, 2012. The 1st Phase exploration program (1) encountered both high grade and low grade Au values in a lithologic sequence previously undrilled by Treasury, several kilometres to the NE of the present resource. It is worth mentioning that there is approximately 11.5 km of strike length along the prospective auriferous horizon beginning at the end of the eastern resource area and continuing to the far Eastern portion of the property block; (2) indicated the possibility of additional open pit grade material to the west of the current proposed open pit; and (3) the C Zone is of relatively constant thickness with typical plus cut-off grade values along the eastern end of the resource; it is shown projecting towards the newly acquired property towards the northeast. The Company plans to continue testing the high-grade shoot(s) to depth and towards the east, over the recently acquired property. In addition, the Company continues to develop a strong target pipeline through assessment of historical sampling, drilling, fieldwork and geological interpretation.

On October 29, 2012, the Company recommenced its 2012 drilling program at the Goliath Gold Project. The focus of the 2012 Q4 exploration program was infill and expansion drilling of the C Zone in the central and western portion of the current resource area. The program was designed to increase the resource size, upgrade Inferred resources into the Indicated category and reduce the stripping ratio within the proposed open pit design.

In addition, the program also included drilling of a number of prospective targets on a newly acquired property located adjacent to the current deposit and the new mineralized shoot identified in previous 2012 drilling.

The final component of the program tested a select number of prospective targets along the eastern margin of the current resource area where recent drilling has demonstrated attractive high-grade intercepts in a horizon interpreted to lie in the footwall to the C Zone, referred to as the D Zone. The program commenced on the central west portion of the resource area. In news releases of December 11, 2012, January 29, February 28 and March 18, 2013, the Company reported the results of this drilling which led to the discovery of multiple new mineralized areas which are potentially coming together to form several ore shoots within the project's sparsely drilled C Zone which is located approximately 30 to 50 metres in the footwall of the Project's Main Zone of mineralization. Drilling results can be seen on the Company's website at www.treasurymetals.com.

July 2012 Preliminary Economic Assessment

The Company announced in July 2012, the results of a National Instrument 43-101 Preliminary Economic Assessment ("PEA" or the "Study") on its 100% owned Goliath Gold Project ("Goliath" or the "Project"). The PEA was compiled by the Company's engineering team and by independent consultant A.C.A. Howe International Limited ("ACA Howe"). The PEA is an update to the July 2010 PEA and it incorporates the most recent resource report.

The results demonstrate low initial capital requirements with underground ("UG") development expenditures being funded by cash flow from open pit operations during the initial three years. The PEA is based on 51% of the gold ounces outlined in the NI 43-101 Mineral Resource Estimate released on November 9, 2011.

Highlights include a 10+ year combined open pit and underground mine life with processing throughput averaging 2,500 tonnes per day, an average annual production of 80,000 oz gold equivalent with a LOM head grade of 3.05 g/tonne. The Goliath Project returns an IRR of 32.4% on a post-tax basis and 39.3% on a pre-tax basis. The respective payback periods are 2.8 years and 2.2 years after the start of production. The "break even" price of gold is US$930 per ounce post tax and US$924 on a pre-tax basis where "break even" is the gold price required to produce a zero Net Cash Flow (i.e. all capital is paid back but no profit is incurred). The project also generates a NCF of $249.8 million post-tax and $334.7 million pre-tax. At a 10% discount rate, the project's NPVs are $83.5 million post-tax and $119.9 million pre-tax.

The following table provides a comparison between the 2012 PEA and the 2010 PEA:

	2012 PEA	**2010 PEA**
Gold production (oz)	835,000	388,000
Tonnes processed	9,039,000	4,270,000
Average head grade (g/t)	3.0	3.0
Production rate	2,500	1,500
Stripping ratio	9.3:1	7.2:1
Mine life (yrs)	10.3	8.5
Cash costs ($/oz)	698	510
Initial capex ($mm)	93	59
Base case gold price	1,375	850
After-tax NPV (5%)	144	23
Processing type	Gravity/CIL	Gravity/Flotation

Cautionary statement required by NI 43-101 (PEA)

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 Study is available at the Company's website and on Sedar (www.sedar.com).

2011 Resource Estimate

In November 2011, the Company provided an updated National Instrument 43-101 Resource Estimate on the Goliath Gold Project. The 2011 Resource Estimate was completed by independent consultant A.C.A. Howe International Limited ("ACA Howe") of Toronto. The 2011 Resource Estimate is an update to the NI 43-101 Resource Estimate previously released in July 2010 (the "2010 Resource Estimate"), and includes results from a database representing an additional 60,000 metres totalling 134 new drill holes. The 2011 Resource Estimate takes into account two in-fill and expansion focused drilling programs: 12,000 metres completed in 2010 and 48,000 metres in 2011.

2011 Resource Estimate Highlights Include:

- Indicated mineral resource of 810,000 ounces of gold and gold equivalent ounces of silver including both potential surface mineable plus underground, an increase of more than 200% from the 2010 Resource Estimate.
- Inferred mineral resource of 900,000 ounces of gold and gold equivalent ounces of silver including both potential surface mineable plus underground.

The 2011 Resource Estimate, which uses a combination of historical and current drilling results, includes 134 additional holes up to drill hole TL11-228, primarily consisting of in-fill drilling in late 2010 and throughout 2011. The 2011 Resource Estimate does not incorporate potential metal credits from by-product metals of lead, zinc and copper.

Resources were defined using a block cut-off grade of 0.3 g/tonne Au for surface resources (<150 metres deep) and 1.5 g/tonne Au for underground resources (>150 metres deep). Surface plus underground Indicated Resources total 9.14 million tonnes with an average grade of 2.6 g/tonne Au and 10.4 g/tonne Ag for 760,000 ounces gold and 3,070,000 ounces silver for a total of 810,000 gold equivalent ounces. Surface plus underground Inferred Resources total 15.9 million tonnes with an average grade of 1.7 g/tonne Au and 3.9 g/tonne Ag for 870,000 ounces gold and 1,990,000 ounces silver for a total of 900,000 gold equivalent ounces. The Main Zone and C Zone contained the majority of resources from both categories and are the primary targets for underground mining. A summary of mineral resources by resource category is as follows:

Category	Block Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Gold Grade (g/tonne)	Contained Au (ounces)	Average Ag Grade (g/tonne)	Contained Ag (ounces)	Silver Equivalent Ounces of Au	Total Au Equivalent Ounces (Au+Ag)
Indicated								
Surface	0.3	6,002,000	1.8	326,000	7.1	1,257,000	22,000	348,000
Underground	1.5	3,136,000	4.3	433,000	18.0	1,812,000	32,000	465,000
Subtotal, Indicated (Rounded)		**9,140,000**	2.6	**760,000**	10.4	3,070,000	**54,000**	**810,000**
Inferred								
Surface	0.3	11,093,000	1.0	352,000	3.3	1,184,000	21,000	374,000
Underground	1.5	4,789,000	3.3	514,000	5.2	807,000	14,000	528,000
Subtotal, Inferred (Rounded)		**15,900,000**	1.7	**870,000**	3.9	1,990,000	**35,000**	**900,000**

Mineral Resource Estimate Parameters and Assumptions:

1. Cut-off grade for mineralised zone interpretation was 0.5 g/tonne.
2. Block cut-off grade for surface resources (less than 150 metres deep) was 0.3 g/tonne.
3. Block cut-off grade for underground resources (more than 150 metres deep) was 1.5 g/tonne.
4. Gold price was US$ 1,500 per troy ounce.
5. Zones extended up to 150 metres down-dip from last intercept. Along strike, zones extended halfway to the next cross-section.
6. Minimum width was 2 metres.
7. Non-diluted.
8. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
9. Resource estimate prepared by Doug Roy, M.A.Sc., P.Eng.
10. A specific gravity (bulk density) value of 2.75 was applied to all blocks (based on 30 samples).
11. Non-cut. Top-cut analysis of sample data suggested no top cut was needed because of the absence of high-grade outliers.
12. Silver equivalency parameters: Metallurgical recovery: Gold 95%, Silver 72%; Price: Gold $1,500, Silver $35. I.E.: 1 ounce gold = 57 ounces silver.
13. Totals have been rounded to show the correct number of significant digits, reflecting the accuracy of the estimate.

Plans for 2014

The Company has secured sufficient financing to advance technical and environmental programs. A plan and budget have been created to detail the necessary spending over the coming 12-18 months in order to complete a new resource estimate, the EIS/Permitting and Feasibility Studies. With these tasks complete, the Company will be in a shovel-ready position and will be able to make a production decision.

The Company's Plans for 2014 are the following:

- In January 2014, the Company announced the recommencement of drilling at the Goliath Gold Project. The initial 10,000 metre program consists of infill and expansion drilling of the Main and C Zones, further delineation of the new high-grade zone discovered in the C Zone and drilling of several targets on the recent Norman property acquisition.

- Also in January 2014, the Company announced it has engaged Tetra Tech WEI Inc. to oversee completion of its Environmental Impact Statement ("EIS") on the Goliath Gold Project. Since the issuance of the EIS Guidelines by the Canadian Environmental Assessment Agency, Treasury Metals' internal team has been active in the preparation of the EIS and will now work with technical consultants to complete the work:

- **Tetra Tech WEI Inc.** is the lead consultant for the preparation of the EIS. The Tetra Tech group has a Permitting and Approvals office in Winnipeg, Manitoba and has vast experience in environmental permitting and a thorough knowledge of the local area;

- **Lycopodium Minerals Canada Ltd.** in Toronto, has been selected to conduct a plant optimization and infrastructure study as it pertains to the EIS. The Lycopodium group has a proven track record in the design and construction of operating mines of similar scope and scale;

- **WSP Canada Inc.** has been selected to design the tailings storage facility and conduct an alternatives assessment review. WSP Canada (formerly Genivar/Cook), in Thunder Bay has notable experience in both the design and construction of tailings facilities. WSP also has significant knowledge of local northwestern Ontario field conditions.

- Developing an Alternatives Assessment report to be included as part of the EIS. This work is being done by Lycopodium and WSP for their respective sections. The alternatives assessment will define the optimal process for development as it pertains to economic calculations, achievability, practicality, and environmental factors. This alternatives assessment will also represent a trade-off/optimization study to outline a process that will be taken forward to the Feasibility level.

- Development of the EIS is ongoing with the aforementioned technical consultants. Submission is anticipated to be completed by Q3 2014. Provincial permitting will commence upon the successful submission of the EIS to the Canadian Environmental Assessment Agency.

- Complete any outstanding baseline reporting.

- An additional study, conducted by Gekko Systems Pty. Ltd. of Australia ("Gekko Systems"), focused on optimizing the use of gravity-flotation circuits at the Goliath Gold Project. These results will complement the previous feasibility level metallurgy for a Carbon In Leach (C.I.L.) processing circuit that yielded greater than 95% total recovery of gold (see press release dated September 17, 2012). The study will provide additional detail to support metallurgical optimization along with the environmental and economic trade-offs between C.I.L. and/or flotation gold extraction circuits. While expected recoveries may be lower using flotation methods, there may be potential upside in lowered capital costs along with environmental benefits by limiting the use of cyanide.

  Subsequent to this study, Gekko Systems will work towards creating detailed equipment and operating cost estimates for gravity flotation gold extraction process. These results will be used as technical due diligence and will be compared against the conventional C.I.L. method that was previously outlined in the NI 43-101 compliant, updated PEA (2012) on Goliath Gold Project, in a trade-off study to examine any further efficiencies. The potential use of a gravity-flotation circuit will be included in the metallurgical alternatives assessment as part of the Environmental Impact Statement ("EIS").

- In the second half of the year, the Company aims to begin a full Feasibility Study which will include a resource update. The Feasibility Study is anticipated to maintain a shortened timeline due to the significant amount of work that will be put into the alternatives assessment and optimization study.

- Filing assessment reports to keep claims in good standing.

- Reinterpretation of mineralized zones at the Goliath project.

- Recalculating long sections to reflect new interpretations of mineralized zones.

- The Company will also continue to pursue property consolidations and land acquisitions in the immediate area of the Goliath Gold Project.

The Company will provide more detailed development and operational updates throughout the year.

Goldcliff Project

Goldcliff Property	**Balance**	**Incurred in three months ending**				**Balance**
2013 activity, in Canadian Dollars	**31-Dec-12**	**31-Mar-13**	**30-Jun-13**	**30-Sep-13**	**31-Dec-13**	**31-Dec-13**
Drilling and geology	157,306	0	765	0	0	158,071
Acquisitions of properties and data	128,460	0	5,000	0	0	133,460
Camp field and land costs	118,130	49,824	1,964	0	0	169,918
Total Goldcliff Property	403,896	49,824	7,729	0	0	461,449

Goldcliff Property	**Balance**	**Incurred in three months ending**				**Balance**
2012 activity, in Canadian Dollars	**31-Dec-11**	**31-Mar-12**	**30-Jun-12**	**30-Sep-12**	**31-Dec-12**	**31-Dec-12**
Drilling and geology	0	0	0	0	157,306	157,306
Acquisitions of properties and data	93,860	0	34,600	0	0	128,460
Camp field and land costs	12,159	105,021	616	289	44	118,130
Total Goldcliff Property	106,019	105,021	35,216	289	157,350	403,896

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 December 23, 2013 (subsequently extended until September 1, 2014). The four unpatented mining claims, totalling 12 units and 192 hectares, are subject to a 2% NSR of which 1% can be purchased by the Company for $750,000.

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

Based on the results of the mapping program and data from the Geophysics flown in 2011, the Company initiated a 9-hole, 1,386 metre drill program in October 2012. One hole was drilled on the Goldcliff showing, six holes on the Ange showing, and two on the Sulphide showing. Various anomalous gold envelopes were intersected as well as an extremely high grade sample from the Ange showing. The third drill hole, GC12-03, intersected a narrow vein with abundant coarse visible gold which produced a sample grading 1,763.4 g/t over 75 cm along with many other anomalous hits.

In light of the high-grade intersection the Company commissioned a staking program. Eight new blocks, comprising 128 units, totaling 2,048 hectares were added contiguous to the northeast portion of the existing property. This raised the total land package to 45 claims, 570 units totaling 9,120 hectares.

With only minimal work being applied to this recently acquired property, Goldcliff has proven to be an extremely viable hunting ground for gold. Its proximity to the Goliath Project is equally attractive because even a smaller deposit could be used to provide feed to an existing mill and provide additional income to the Company.

Lara Polymetallic Project

Lara Polymetallic Project - BC	**Balance**	**Incurred in three months ending**				**Balance**
2013 activity, in Canadian Dollars	**31-Dec-12**	**31-Mar-13**	**30-Jun-13**	**30-Sep-13**	**31-Dec-13**	**31-Dec-13**
Consultants	49,219	7,697	1,570	0	0	58,486
Surveys	18,034	0	0	0	0	18,034
Field and land costs	173,289	88,118	3,399	1,382	500	266,688
Total Lara Polymetallic Project - BC	240,542	95,815	4,968	1,382	500	343,207

Lara Polymetallic Project - BC	**Balance**	**Incurred in three months ending**				**Balance**
2012 activity, in Canadian Dollars	**31-Dec-11**	**31-Mar-12**	**30-Jun-12**	**30-Sep-12**	**31-Dec-12**	**31-Dec-12**
Consultants	48,019	1,200	0	0	0	49,219
Surveys	18,034	0	0	0	0	18,034
Field and land costs	119,916	38,670	203	14,500	0	173,289
Total Lara Polymetallic Project - BC	185,969	39,870	203	14,500	0	240,542

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. Based on current market conditions, the geological fieldwork planned on the property has been put on hold. The Company would consider seeking a purchaser or joint venture partner for this non-core project.

Net Smelter Royalty, Cerro Colorado Gold Mine

The Company's NSR revenue was $723,476 for the year ended December 31, 2013, as compared with $878,943 in the same period of the year 2012. The royalty funds a portion of corporate overhead costs.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the December 31, 2013, annual condensed 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.

	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	Dec-13	Sep-13	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
	$	$	$	$	$	$	$	$
Royalty Revenue	106,507	143,139	271,253	202,577	177,376	193,595	270,055	237,917
Gain on sale of investments	0	0	0	0	0	0	5,731	0
Expenses	397,208	361,056	413,989	484,534	435,259	502,840	525,221	521,401
Permanent Impairment of Available-for-Sale Investments	1,703,398	0	0	0	0	0	0	0
Income tax expense (recovery)	(302,000)	0	0	0	137,400	0	825,000	0
Net loss	(1,692,099)	(217,917)	(142,736)	(281,957)	(395,283)	(309,245)	(1,074,435)	(283,484)
Net loss per share (basic and diluted)$	(0.04)	0.00	0.00	0.00	(0.01)	(0.01)	(0.02)	0.00
Other comprehensive income (loss)	1,651,649	17,250	(241,500)	(232,875)	(77,626)	8,625	(836,234)	(320,958)
Total comprehensive loss	(40,450)	(200,667)	(384,236)	(514,832)	(472,909)	(300,620)	(1,910,669)	(604,442)
Mineral properties and deferred costs	51,651,101	51,141,578	50,767,570	50,218,505	48,428,792	46,751,406	45,946,037	43,644,903
Total current liabilities	2,437,369	2,009,899	1,884,593	2,563,895	2,233,375	2,552,815	2,388,266	2,015,585
Total assets	57,800,722	54,767,522	54,932,395	54,309,369	54,427,335	54,451,362	49,094,944	48,701,488

Royalty revenue variances are due to fluctuations in the Cerro Colorado gold revenue NSR due to changes in production. In 2010, the NSR was increased from 2.5% up to 3% as the production threshold of 100,000 ounces was reached. The royalty decrease is due to lower production originated by lower ore grade, a higher strip ratio and a lower recovery rate; although, in Q2 2013 there was an increase of the reported production. Gain on sale of investments relates to realized results on the sale of shares from the investment portfolio; there have not been sales of investments since Q2 2012.

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances and the write-down of the Goldgroup Mining Inc. shares recorded in Q4 2013.

The quarterly variations in the Other Comprehensive loss result from the quarter end adjustment to market value of the Golgroup Mining Inc. shares and their reclassification to the statement of operations in Q4 2013.

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

FINANCIAL RESULTS OF OPERATIONS

Three months ended December 31, 2013 compared with three months ended December 31, 2012

The net loss for the three-month period ended December 31, 2013 was $1,692,099 (2012 - $395,283). The variance is explained as follows:

- In Q4 2013 the Company recognized the permanent impairment of its available-for-sale investment in Goldgroup Mining Inc. resulting in a write-down of $1,703,398 in the statement of operations. The decision to record the impairment was based on the length of time the investment was trading below the Company’s cost and the extent the current price is below the Company’s cost.
- In Q4 2013 the royalty income is $70,869 lower than Q4 2012 due to lower gold production at Cerro Colorado.
- In Q4 2013 the salary and benefits expenses are $84,452 higher than Q4 2012 due to the move from consulting to salary expense of accounting, finance and administrative personnel; also the Q4 2013 stock options expense is $19,978 higher than the same period of 2012.

The effect of the above explained higher expenses and lower income items was partially offset as follows:

- In Q4 2013 the administrative, office and shareholders services expenses are $175,276 compared to $262,456 in Q4 2012, the $87,180 lower expenses are mainly due to a $50,026 reversal of previous year over accrued expenses for the failed acquisition of the Pico Machay project, and a $52,843 decrease in business promotion and marketing expenses in the quarter, partially offset by $22,713 higher expenses for property related payments.
- Professional fees in Q4 2013 are $96,383 lower than 2012 mainly due to $60,045 of lower legal expenses which include a $20,000 reversal of a previous year over accrual; there is also $35,000 of reduction in accounting and financial services due to the restructure of the Company’s payroll which resulted in consulting fees being moved into salary expenses.
- Amortization in Q4 2013 is nil because as it was allocated to Mineral Properties throughout the year; in Q4 2012 the full year amortization expense of $41,082 was reallocated out of expenses into Mineral Properties.
- Q4 2013 reflects a net deferred income tax recovery of $302,400 compared to a tax deferred expense of $137,400 in the same period in 2012 reflecting flow through share renunciations.

Year ended December 31, 2013 compared with year ended December 31, 2012

The net loss for the year ended December 31, 2013 was $2,334,709 (2012 - $2,062,447). The variance is explained as follows:

- In Q4 2013 the Company recognized the permanent impairment of its available-for-sale investment in Goldgroup Mining Inc. resulting in a write-down of $1,703,398 in the statement of operations. The decision to record the impairment was based on the length of time the investment was trading below the Company's cost and the extent the current price is below the Company's cost.
- In 2013 the royalty income is $155,467 lower than 2012 due to lower gold production at Cerro Colorado.
- In Q4 2013 the salary and benefits expenses are $69,484 higher than 2012 due to the move from consulting to salary expense of accounting, finance and administrative personnel starting in mid-October 2013.

The effect of the above explained higher expenses and lower income items was partially offset as follows:

- Administrative, office and shareholders services expenses of $976,663 in 2013 (2012-$1,097,912) are lower mainly due to the reversal in 2013 of $101,707 of previous year over accrued expenses for the failed acquisition of the Pico Machay project, and the fact that 2012 included $35,927 and $18,211 of non-recurring strategy meeting and training in technical software expenses, respectively. The lower expenses were partially offset by $66,700 of 2013 expenses for interest and property payments; investor relation expenses increased slightly by $15,709.
- Professional fees in 2013 are $132,172 lower than 2012 mainly due to $83,149 of lower budgeted legal expenses including the $20,000 reversal of over accrued legal expenses, $54,889 reduction in accounting and financial services due to the restructure of the Company's payroll which resulted in consulting fees being moved into salary expenses.
- In 2013 there is $181,647 of stock-based compensation against $325,644 of 2012.
- 2013 includes a net deferred income tax recovery of $302,000 compared to a tax deferred expense of $962,400 in the year 2012 reflecting the difference in flow-through share renunciation in the years.

FINANCINGS

February 2014

On February 19, 2014, the Company announced it has completed all conditions for a $6 million feasibility funding facility (the "Facility") with RMB Resources Inc. ("RMB"). The Facility, of which an initial $3 million is available immediately and a second tranche of $3 million is available upon completion of specified project milestones, has a term of 2.5 years. When drawn, it will bear interest at CDOR plus 7.5% per annum; a 2.0% per annum fee will be paid on the available but undrawn amount of the initial $3 million tranche. In connection with this transaction, 1.5 million financing warrants were issued to RMB at closing, which entitles RMB to purchase a common share of the Company at an exercise price of $0.395 for a period of 3.5 years.

2013

On December 20, 2013 the Company closed a brokered placement of 8,315,500 flow-through common shares ("Flow-Through Shares") at an issue price of $0.40 per Flow-Through Share for aggregate gross proceeds of $3,326,200 (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 and has issued an aggregate of 201,250 non-transferrable broker warrants, with each broker warrant being exercisable to acquire one common share of the Company at a price of $0.50 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.

On May 1, 2013, the Company completed a non-brokered private placement (the "Offering"). The Offering consisted of 2,638,332 units (the "Units") of the Company at a price of $0.45 per Unit and 1,194,444 flow-through shares (the "Flow-Through Shares") at a price of $0.50 per Flow-Through Share, for total aggregate gross proceeds of $1.78 million. Each Unit consists of one common share in the Company and one half of one common share purchase warrant of the Company exercisable for a period of 36 months from the closing date. Each whole warrant shall be exercisable into one common share of the Company at $0.75 per share. The Units and Flow-Through Shares will be subject to a four-month hold period under applicable securities laws in Canada. The net proceeds raised through the Offering will be for the advancement of the Company's Goliath Gold Project including completion of an Environmental Impact Statement and for general working capital purposes. The Offering was primarily sold to investors in Canada and Europe. The Company paid a finder's fee of 7% cash commission to certain parties with respect to service provided in connection with the Offering.

2012

On September 21, 2012, the Company completed a brokered private placement (the "Offering") led by Canaccord Genuity Corp. ("Cannacord") as agent. The Offering consisted of 5,625,000 flow-through common shares (the "Flow-Through Shares") of the Company at a price of $0.80 per Flow-Through Share, and 2,000,000 units (the "Units") at a price of $0.75 per Unit, for aggregate gross proceeds of $4,500,000 and $1,500,000, respectively. Each Unit consists of one common share and one half of one common share purchase warrant of the Company exercisable at $1.00 per share, for a period of 24 months from the closing date. 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. The net proceeds of the financing from the Units will be used in exploration expenses and for general working capital purposes. The Company paid the brokers a cash commission equal to 6% of the gross proceeds of the Offering and issued compensation warrants ("Broker Warrants") equal to 6% of the aggregate number of Flow-Through Shares and Units subscribed for. Each Broker Warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.80 for a period of 24 months from the closing date.

2011

On March 22, 2011, the Company closed a brokered private placement (the "Offering"), led by Cormark Securities Inc. ("Cormark") as agent. The Offering consisted of 3,125,000 flow-through common shares (the "Flow-Through Shares") of the Company at a price of $1.60 per Flow-Through Share, for aggregate gross proceeds of $5,000,000. The net proceeds of the financing will be used to incur eligible Canadian Exploration Expenses and flow-through mining expenditures, as defined under the Income Tax Act (Canada), that will be renounced in favour of the purchasers with an effective date of no later than December 31, 2012. The funds were used to explore and advance Treasury Metals' gold projects located in the Kenora Mining District of northwestern Ontario. The Company paid Cormark a cash commission equal to 6% of the gross proceeds of the Offering and issued Cormark compensation options ("Compensation Options") equal to 6% of the aggregate number of Flow-Through Shares subscribed. Each Compensation Option entitles the holder thereof to purchase one common share of the Company at a price of $1.60 (subject to adjustment) until March 22, 2013.

On December 6, 2011, the Company completed a brokered private placement, led by Cormark and Canaccord Genuity Corp. and including Raymond James Ltd. as agents ("the Agents"). The Offering consisted of 3,521,073 flow-through common shares of the Company at a price of $1.15 per Flow-Through Share, for aggregate gross proceeds of $4,049,234. The net proceeds of the financing will 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 with an effective date of no later than December 31, 2012. The Company paid the Agents a cash commission equal to 6% of the gross proceeds of the Offering and issued the Agents Compensation Options equal to 3% of the aggregate number of Flow-Through Shares subscribed for under the offering. Each Compensation Option entitles the holders thereof to purchase one common share of the Company at a price of $1.15 (subject to adjustment) until December 6, 2013.

LIQUIDITY

As at December 31, 2013, the Company has a working capital of $1,783,041 excluding the non-cash unrenounced flow-through share premium liability. In addition, in February 2014, the Company announced a $6 million feasibility funding facility as described below. The Company plans and budget provide that the combination of the working capital, the royalty revenue, and the $6 million feasibility facility will provide the $8.4 million funding necessary to bring the Goliath project to the completion of feasibility and bring the project to a "shovel ready" status within the 18 month plan.

On the date of this MD&A, the cash resources of the Company are held in cash with major Canadian financial institutions.

Accounts receivable and prepaid expenses are comprised mainly of royalty receivable, advances to contractors, prepaid insurance, and sales tax receivables from the Government of Canada. Accounts receivable and prepaid expenses have increased mainly due to the prepayment of expenditures related to financing transactions not completed at December 31, 2013, partially offset by the reduction of sales tax receivable as a result of the lower disbursements during the Q4 2013 with respect to the Q4 2012.

Investments in marketable securities as at December 31, 2013 consist of 1,725,000 shares of the TSX listed company Goldgroup Mining Inc. which have a current market value of $138,000. The Company may sell its investments to access funds to settle its obligations as they arise.

The Company has a $500,000 mortgage resulting from the recent Norman property acquisition. This mortgage is due on October 1, 2014 and is included in the short-term liabilities.

The Company continues to have minimal long-term debt, $131,723 at December 31, 2013; its credit and interest rate risks are minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company holds the NSR on the production from the Cerro Colorado gold mine. The Company must utilize its current cash reserves, the recently announced feasibility funding facility, income from the NSR, 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 over and above the funds received from the NSR 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".

Subsequent event - Feasibility Funding Facility

On February 19, 2014, the Company announced completion of all conditions for a $6 million feasibility funding facility (the "Facility") with RMB Resources Inc. ("RMB"). The Facility, of which an initial $3 million is available immediately and a second tranche of $3 million is available upon completion of specified project milestones, has a term of 2.5 years. When drawn, it will bear interest at CDOR plus 7.5% per annum; a 2.0% per annum fee will be paid on the available but undrawn amount of the initial $3 million tranche. In connection with this transaction, 1.5 million financing warrants were issued to RMB at closing, which entitles RMB to purchase a common share of the Company at an exercise price of $0.395 for a period of 3.5 years.

Additional terms related to the Facility are as follows:

- Pre-payment at any time without penalty,
- Issuance of a second set of 1.5 million financing warrants at the drawdown of the second $3 million of the Facility. These warrants will be priced at 15% premium at the time of the drawdown notice up to an exercise price of $0.80, at which point the exercise price will be calculated using 0% premium over the 20-day VWAP.

RMB Resources is the resource financing division of the FirstRand Group, one of the largest financial services companies listed on the Johannesburg Stock Exchange.

DISCLOSURE OF OUTSTANDING SHARE DATA

Share Capital

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	73,613,350
Warrants	2,977,716
Options	4,964,000

On March 7, 2014, the Company granted a total of 2,195,000 options to officers, directors, and consultants to buy common shares at an exercise price of $0.55 each. These options vest at a rate of 50% every six months after the date of grant and expire on September 7, 2016.

See Notes 11 to 13 and 18 to the December 31, 2013 financial statements for more detailed disclosure of outstanding share data.

OFF-BALANCE SHEET TRANSACTIONS

During the period ended December 31, 2013 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 is required to pay $50,000 and 20,000 common shares on or before September 1, 2014 to acquire a 100% interest in the property, subject to a 2% NSR.
- Certain underlying royalties and payment obligations of $103,500 per year remain on 14 of the 19 patented land parcels.
- As part of the flow-through funding agreements dated on September 21, 2012, May 1, 2013, and December 23, 2013, the Company is committed to spend approximately $8.4 million on Canadian exploration costs, of which it has already spent $4.5 million at December 31, 2013.

RELATED PARTY TRANSACTIONS

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

At December 31, 2013, there is $7,693 (December 31, 2012 – $63,197) of accounts payable to Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. During the period ended December 31, 2013, the Company was charged by Laramide for the expenses indicated as follows:

Year ended December 31,	**2013**	**2012**
Office rent	$108,117	$108,911
CFO Services	75,270	90,324
Investor Relations Services	68,951	82,742
Accounting Services	68,403	82,084
Expenses recovery	91,789	92,265
Administration Services	46,021	55,225
Total	**$458,551**	**$511,551**

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 1.2%.

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 7, 2014, which is filed on SEDAR and is herein incorporated by reference. These risks are updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis.

OTHER INFORMATION

This discussion and analysis of the financial position and results of operation as at December 31, 2013 should be read in conjunction with the annual financial statements for the year ended December 31, 2013. 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 December 31, 2013 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS.

Internal Control over Financial Reporting should include those policies and procedures that establish the following:

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

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

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the design of the Company’s internal controls over financial reporting as of December 31, 2013 pursuant to the requirements of Multilateral Instrument 52-109.

The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company’s business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein.

There have been no changes in Internal Control over Financial Reporting during the period ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect the Company’s Internal Control over Financial Reporting.

Martin Walter
President & Chief Executive Officer
March 7, 2014

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.*