TREASURY METALS

INCORPORATED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2010

DATED: MARCH 31, 2011

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1. PRELIMINARY INFORMATION

1.1 Date of Information

All information in this annual information form ("AIF") is as at December 31, 2010, unless otherwise indicated.

1.2 Forward-Looking Statements

Certain statements contained in this AIF and the documents incorporated by reference herein that are not historical facts constitute "forward-looking statements", including but not limited to those statements with respect to the estimation of mineral resources and the plans and objectives of Treasury Metals Inc. (the "Company" or "Treasury Metals"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes", or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might", or "will" be taken, occur or be achieved.

Forward-looking statements involve known or unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those projected by such forward-looking statements. Such factors include, among others, the actual results of current exploration activities, access to capital and future prices of precious and base metals and those factors discussed in item 4.2 "Risk Factors" of this AIF.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this AIF based on the opinions and estimates of management, and, except as may be required by applicable securities laws, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that the forward-looking statements contained in this AIF and the documents incorporated by reference herein will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

1.3 Currency

The Canadian dollar is the reporting currency and currency of measurement of the Company. **All monetary amounts are expressed in Canadian dollars unless otherwise indicated.**

2. CORPORATE STRUCTURE

2.1 Name and Incorporation

The Company was incorporated under the name Divine Lake Exploration Inc. by Articles of Incorporation dated December 31, 1997 under the *Business Corporations Act* (Ontario). The articles of the Company were amended on November 13, 2007 to change the name of the Company to Treasury

Metals Inc. and on March 20, 2008 to remove certain restrictions on the transfer of the common shares ("Common Shares") of the Company.

The registered and head office of the Company is located at The Exchange Tower, 130 King Street West, Suite 3680, Box 99, Toronto, Ontario M5X 1B1.

The Company is a reporting issuer in all of the Canadian provinces. Treasury Metals' common shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "TML".

2.2 Intercorporate Relationships

The Company has no subsidiaries.

3. GENERAL DEVELOPMENT OF THE BUSINESS

3.1 Three Year History

<u>Fiscal Year ended December 31, 2008</u>

On March 24, 2008, the Company completed a brokered private placement of unit special warrants and flow-through special warrants. Pursuant to the offering, the Company issued an aggregate of: (i) 1,825,500 unit special warrants at a price of $2.00 per unit special warrant; and (ii) 652,607 flow-through special warrants at a price of $2.30 per flow-through special warrants for gross proceeds of $5,151,996. Aggregate costs in the amount of $487,651 were paid in conjunction with this financing. The unit special warrants were converted into 2,281,875 common shares and 912,750 common share purchase warrants and the 652,607 flow-through special warrants were converted into 652,607 common shares on July 2, 2008. Each whole warrant entitles the holder thereof to purchase one Common Share at an exercise price of $2.75 per Common Share until July 2, 2010.

In August 2008, Laramide Resources Ltd. ("Laramide") distributed 16,459,167 Common Shares of the Company to Laramide's shareholders of record at the close of business on August 21, 2008 pursuant to a return of capital. The Common Shares of Treasury Metals began trading on the TSX on August 19, 2008 under the symbol "TML".

In September 2008, the Company transferred 842,504 shares of Aquiline Resources Inc. ("Aquiline") to Laramide in exchange for the cancellation of $5,055,025 of debt owing to Laramide. The debt arose from payments by Laramide between February 2001 and September 2008 to Treasury to fund operating requirements and from direct payment of Treasury expenses by Laramide.

<u>Fiscal Year ended December 31, 2009</u>

The 2009 exploration program consisted of a combination of surface exploration and diamond drilling programs.

On May 22, 2009 the Company completed a non-brokered private placement offering of 4,267,500 units at a price of $0.20 per unit for gross proceeds of $853,500. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase one

Common Share at an exercise price of $0.30 per Common Share for a period of 18 months. Pursuant to an acceleration provision in the warrants, the Company accelerated the expiry date of the warrants to April 28, 2010. The Company paid $3,000 and issued 200,000 Common Shares to certain parties with respect to finder's fees and services provided to the Company in connection of the offering.

In addition, as required under the terms of the purchase agreement dated September 24, 2007 (as amended, the "Purchase Agreement") among the Company, Corona Gold Corporation ("Corona") and Teck Cominco Limited ("Teck"), pursuant to which the Company acquired the Thunder Lake Gold property, which now forms part of the Company's Goliath Gold Project and is referred to as the "Goliath Gold Project" or the "Deposit", the Company issued 509,233 Common Shares to Corona and 115,596 Common Shares to Teck for no additional consideration. In accordance with the Purchase Agreement, until such time as the Company has received aggregate proceeds from the issuance of additional Common Shares of $1,494,504, Corona and Teck are entitled to receive, for no additional consideration, that number of Common Shares sufficient for each of Corona and Teck to maintain its respective percentage interest in the Common Shares of 10% and 2.27% before giving effect to any shares purchased by Corona or Teck for cash.

Since the acquisition of the Goliath Gold Project, the Company has acquired and/or staked 20 new mining claims (20 mining claims) and one new patent. The Goliath Gold Project now consists of 134 contiguous unpatented mining claims (234 units) and 17 patented land parcels covering approximately 5,328 hectares. In addition to covering about 4.5 km of prospective strike along trend west and east from the Deposit, the Goliath Gold Project also includes numerous areas that show potential to host additional gold mineralization.

The Goliath Gold Project contains more than 1.0 million estimated ounces of gold, comprised of 113,000 indicated ounces and 890,000 inferred ounces, using a cut-off grade of 2.0 g/t Au. See "Mineral Projects".

Drilling of the Deposit has intersected the Main Zone over a strike length of 1,700 metres and a thickness of 5 to 30 metres (average width of 7.6 metres) and historic drilling confirmed that anomalous gold mineralization extends over a minimum strike length of 3,500 metres, west and northeast of the deposit.

On June 18, 2009, the Company amended the terms of 912,750 outstanding warrants of the Company and the related warrant indenture to reduce the exercise price of the Warrants from $2.75 per share to $0.60 per share (the "Warrant Re-pricing").

The warrants were issued pursuant to a warrant indenture dated as of March 24, 2008, between the Company and Equity Transfer & Trust Company as part of a brokered private placement financing that closed in March 2008. Of the 912,750 Warrants, 87,500 Warrants are held by insiders of the Company.

In connection with the Warrant Re-pricing, the Company obtained the consent of the holders of the Warrants as required under the related warrant indenture. The Company obtained the approval of disinterested shareholders at its annual and special meeting of shareholders of the Company held on June 10, 2009.

On October 6, 2009, the Company initiated a second round of diamond drilling on its 100% controlled Goliath Gold Project, located about 20 kilometres east of Dryden, Ontario, Canada. The diamond drilling program included a minimum of 4,500 metres concentrated on shallow targets in the western and northeastern extensions of the Deposit and included some deeper drilling in these two areas and within the current mineral resource itself. Previous diamond drilling by Teck and Corona intercepted anomalous (greater than or equal to 100 ppb Au) and higher grade gold concentrations within an alteration corridor that stretches about 650 metres to the west and 3,000 metres to the northeast of the Deposit.

On December 21, 2009, the Company completed a non-brokered private placement of 2,222,222 Common Shares issued as "flow-through shares" at a price of $0.45 per Common Share for gross proceeds of $1,000,000. The net proceeds of the flow-through financing were used to continue exploring and developing the Goliath Gold Project.

The Company entered into an option agreement dated December 11, 2009 with Edward Henry Brisson to acquire a 100% undivided interest in certain mining rights located in the District of Kenora, Ontario. Under the terms of the agreement, the Company is to make option payments totalling $100,000 and issue common shares of the Company equal to $100,000 based on the market price of the date issue. These payments are required as follows $25,000 and $25,000 worth of common shares on or before the effective date, $20,000 and $25,000 worth of common shares on or before the first anniversary of the effective date, $20,000 and $25,000 worth of common shares on or before the second anniversary of the effective date and $35,000 and $25,000 worth of common shares on or before the third anniversary of the effective date. As at December 31, 2009, the Company had paid $25,000 and issued 59,524 common shares of the Company with a market value of $25,000. As at December 31, 2010, the Company had paid $45,000 and issued 59,524 common shares. On January 11, 2011, the Company issued a further 26,041 common shares of the Company having a market value of $25,000.

<u>Fiscal Year ended December 31, 2010</u>

Between the period of January 13 and February 20, 2010, the Company received further high-grade gold assay results from its 4,500 metre (31 drill holes) diamond drilling program that had commenced in 2009. The assay results confirmed gold mineralization along the extension of the Main Zone for over 650 metres west of the Project. Significant gold intersections from the 31 drill holes include:

- TL09-81: 19.34 g/t Au over 1.50 m (from 60.5 to 62.0 m)
- TL09-83: 5.86 g/t Au over 6.00 m (from 16.5 to 22.5 m)
- TL09-84: 17.80 g/t Au over 6.50 m (from 67.5 to 74.0 m)
- TL09-86: 9.29 g/t Au over 1.10 m (from 130.4 to 131.5 m)

Between the period of March 23 and June 23, 2010, the Company completed a 27 hole, 10,344 metre diamond drilling program, aimed at testing and delineating high-grade structures within the Main Zone of the current mineral resource; confirming geophysical targets being generated by surface and borehole induced-polarization surveys; in-fill drilling to begin upgrading resources; and, further testing of the Western Extension. Significant high-grade gold intersections included:

- TL10-87: 13.85 g/t Au over 1.00 m (from 508.0 to 509.0 m)
- TL10-88: 20.03 g/t Au over 1.00 m (from 477.0 to 478.0 m)
- TL10-90: 8.36 g/t Au over 1.00 m (from 501.5 to 502.5 m)
- TL10-92: 16.12 g/t Au over 0.50 m (from 733.05 to 733.55 m)
- TL10-98: 7.47 g/t Au over 10.5 m (from 274.5 to 285.0 m)
- TL10-100: 5.74 g/t Au over 15.00 m (from 300.00 to 315.0 m)

- TL10-102: 3.38 g/t Au over 6.00 m (from 352.50 to 358.5 m)
- TL10-108: 43.44 g/t Au over 1.00 m (from 185.00 to 185.0 m)

April 28, 2010, the Company received financing of $640,125 through the exercise of 2,133,750 warrants upon the exercise of outstanding warrants at a price of $0.30 per common share.

June 30, 2010, the Company appointed Mr. Dennis Gibson as Chief Financial Officer ("CFO"). Mr. Gibson holds a Bachelor of Commerce from Concordia University, is a Certified General Accountant and has held various senior financial positions for the past thirty years. Mr. Gibson served as CFO for Aquiline from April 2006 to December 2009 and also currently serves as CFO for Laramide from April 2006.

On August 4, 2010, the Company's net smelter royalty in the Cerro Colorado Gold Mine increased to 3%, up from 2.5%, based on the achievement of cumulative production of 100,000 ounces gold at the mine.

On July 13, 2010, the Company completed a National Instrument 43-101 ("NI 43-101") compliant Preliminary Economic Assessment (the "PEA") by independent consultant A.C.A. Howe International Limited ("Howe") on the Goliath Gold Project, which validates the project and the Company's exploration efforts to date. This initial analysis of the project indicates its economic potential and provides Treasury Metals with the parameters necessary to develop the project and improve its economic profile.

The PEA included a resource estimate for the project (the "Resource Estimate"), based on diamond drilling completed as at December 2009. Surface resources were defined using a block cut-off grade of 0.5 g/t Au (resources <100 metres deep) and 2.0 g/t Au for underground resources (resources >100 metres deep). The Resource Estimate contains non-diluted underground Indicated Resources of 490,000 tonnes grading 5.7 g/t Au (90,000 ounces) and Inferred Resources of 5,200,000 tonnes grading 4.4 g/t Au (740,000 ounces) and surface Indicated Resources of 2,900,000 tonnes grading 1.9 g/t Au (180,000 ounces) and Inferred Resources of 5,400,000 tonnes grading 1.1 g/t Au (190,000 ounces).

In June 2010, the Company assembled the Goldcliff Project by acquiring, through a property option agreement, four unpatented mining claims (12 units) and through staking, 22 unpatented mining claims (248 units totalling 4,160 hectares). The Goldcliff Project, located about 40 kilometres south-southeast of Dryden, Ontario, represents a new discovery in the Kenora Gold District and contains several gold showings.

On November 9, 2010, the Company retained Klohn Crippen Berger ("KCB") to produce comprehensive documentation of the existing environmental conditions at the Company's 100% owned Goliath Gold Project through an Environmental Baseline Study ("EBS"). Metallurgical test work was also commenced and samples have been collected and submitted for analysis at G&T Metallurgical Laboratories, BC, Canada.

In December 2010, the Company completed a non-brokered private placement (the "Offering") of 1,161,930 units (the "Flow-Through Units") of the Company at a price of $0.70 per Flow-Through Unit and 4,845,536 units (the "Units") of the Company at a price of $0.55 per Unit, for aggregate gross proceeds of $3,478,395. The net proceeds of the Offering are to be used to continue exploring and developing the Company's Goliath Gold Project and for general corporate purposes. Each Flow-Through Unit consists of one common share of the Company issued on a flow-through basis and one-half of one common share purchase warrant (a "Flow-Through Warrant"). Each whole Flow-Through Warrant entitles the holder to purchase one common share of the Company on a non-flow-through basis at an exercise price of $1.00 for a period of 18 months from the closing date of the Offering, subject to acceleration in certain circumstances. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.70 per Warrant Share for a period of 18 months from the closing date of the Offering, subject to acceleration in certain circumstances.

December 6, 2010, the Company appointed Mr. Martin Walter as Chief Executive Officer ("CEO"). Dr. Scott Jobin-Bevans, former President and CEO, remained in the capacity of President and will continue to serve as a Director. Mr. Walter brings more than 15 years of operational and international mineral and mine development experience to the Company including at Aquiline, where he served as Executive Vice President and Director. Mr. Walter holds a degree in geology from Ballarat University, Australia as well as an MBA from the University of Toronto.

On December 8, 2010, the Company commenced a 20,000 metre diamond drilling program at the Goliath Gold Project. The bulk of the 20,000 metres will be aimed at upgrading a significant portion of the gold ounces within the current resource, from the Inferred category to the Indicated and Measured categories in order to begin a mine feasibility study on the project.

4. GENERAL DESCRIPTION OF THE BUSINESS

4.1 General Overview

The Company is a Canadian-based mineral exploration and development company, with a growth-oriented strategy focused on expanding its gold resources, developing its Canadian mineral properties and potentially acquiring additional advanced gold projects.

The Company's flagship asset is the Goliath Gold Project, an advanced stage, high-grade gold deposit near Dryden, Ontario consisting of 270,000 Indicated and 930,000 Inferred ounces (NI 43-101 compliant). A positive NI 43-101 compliant PEA was completed on the project in 2010 and is detailed later in this AIF. In addition, Treasury Metals has a secondary project, the Goldcliff Project, which is located south of Dryden along the highly prospective Manitou Straits Fault and in the vicinity of the historic Goldrock mining camp. (See "Mineral Projects").

The Company's board of directors and management team include seasoned mining industry veterans, with proven track records in finding and developing high-quality assets and building shareholder value.

In 2010, the Company took significant steps to advance its business and implemented a base for further growth. This included the appointment of a new management team, the acquisition of additional properties in the Kenora Mining District and continued exploration success at the Goliath Gold Project. The Company believes that the Goliath Gold Project and Goldcliff Project each have excellent potential and will continue to focus on advancing these assets in 2011.

The objectives of the Company are to (i) increase and improve the confidence in the current mineral resources across the Goliath Gold Project and concurrently investigate the sensitivities to develop these resources towards a mine feasibility study; (ii) enhance its geological knowledge of the Goldcliff Project and develop targets on the property for future drilling programs; (iii) aggressively target, review and, if warranted, acquire and develop advanced gold assets in northwestern Ontario in order to augment and strengthen its current mineral property portfolio; and, (iv) target, review and, if desirable, acquire and develop advanced gold assets in other geopolitically stable regions of The Americas. Management remains optimistic about our ability to execute these objectives.

Subsequent to the year-end, on March 22, 2011, the Company closed a $5-million private placement on leaving the Company in a strong working capital position and with the ability to carry out its planned exploration and development activities.

The Company continues to evaluate potential transactions with companies which have accretive advanced gold projects located in the Americas. In addition, the Company will continue to evaluate its strategic options and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

4.2 Risk Factors

The following risk factors should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business. Any of the following risks could have a material adverse effect upon the Company, its business and future prospects. In addition, other risks and uncertainties not presently known by management of the Company could impair the Company and its business in the future.

Limited Operating History

The Company has no history of earnings. The Company's properties are in the exploration stage and there are no known commercial quantities of mineral reserves on the Company's properties. There can be no assurance that that the Company will discover quantities of minerals on its properties that can be economically produced.

The Company has no experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have access to the necessary expertise when and if the Company places its resource properties into production.

Title Risks

Although the Company has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties in accordance with the laws of the jurisdiction in which such properties are situated; therefore, their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

Additional Funding

If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its properties. Sources of financing available to the Company include equity and debt financings, offering by the Company of an interest in the properties to be earned by another party or parties carrying out further exploration or development thereof or the sale of certain of the Company's assets. There can be no assurance that the Company will be successful in obtaining any additional required funding on terms favourable to the Company, or at all, necessary to conduct its planned or any additional exploration, if warranted, on the Company's exploration properties or to develop mineral resources on such properties if commercially mineable quantities of such resources are located thereon.

Exploration and Development

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. All of the claims to which the Company has a right to acquire an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Production

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production there will be obtained or continued, or that any such production which is attempted will be profitable.

Environmental Regulations, Permits and Licenses

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has potential to reduce the profitability of operations. The Company intends to comply fully with all environmental regulations. The current or future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require the Company to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Company may require for its operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of the Company's knowledge, it is operating in compliance with all applicable rules and regulations.

Insurance and Uninsured Risks

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with other companies that have greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance the Company can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Company and its prospects.

Commodity Prices

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the Company's operations cannot be predicted.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings.

The value of the Company's securities will be affected by market volatility. There has been no public market for the Common Shares. An active public market for the Common Shares might not develop or be sustained. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the offering price for the securities.

Conflicts of Interest

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate law.

Dividends

The Company has not paid any dividends on its Common Shares since incorporation and does not anticipate paying any dividends on its Common Shares in the foreseeable future. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably.

Speculative Nature of the Securities of the Company

The securities of the Company are speculative in nature due to the Company's activities. Mineral exploration is highly speculative and involves material risks. The securities of the Company are more suited to persons who can accept the risks inherent in holding shares of a mineral exploration company. No guarantee can be given that an economical viable deposit will be discovered.

Estimates of Mineral Resources

There are numerous uncertainties inherent in estimating ore reserves and mineral resources. The accuracy of any reserve or resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation.

Fluctuations in precious or base metal prices, results of frilling, metallurgical testing, and production and the evaluation of mine plans subsequent to the date of any estimate may require revision of such estimate. The volume and grade of reserves mined and processed and recovery rates may not be the same as anticipated. In addition, there can be no assurance that precious or base metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Any material reductions in estimates of ore reserves and mineral resources could eventually have a material adverse effect on the Company's results of operations and financial condition.

Shares Reserved For Future Issuance

As at the close of business on December 31, 2010, the Company had the following outstanding warrants:

Date of Expiry	Type	No. of Warrants	Exercise Price $
June 2, 2012	Warrants	580,965	$1.00
June 2, 2012	Warrants	2,422,768	$0.70
Total		**3,003,733**	**$0.76**

The Company also had 3,157,000 options outstanding with an average weighted exercise price of $0.30.

Options and warrants are likely to be exercised when the market price of the Company's Common Shares exceeds the exercise price of such options or warrants. The exercise price of such options or warrants and the subsequent resale of such Common Shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price when it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional Common Shares and the Company may grant additional share purchase warrants and stock options. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

Volatility of Share Price

The price of the shares of resource companies tends to be volatile. Fluctuations in the world price of precious metals and many other elements beyond the control of the Company could materially affect the price of the Common Shares.

5. MINERAL PROJECTS

None of the Company's properties are at or near production. The principal mineral assets of the Company as at the date of this AIF consist of (i) the Goliath Gold Project; (ii) the Lara Project; and (iii) the Goldcliff Project; all as further described below. The Company's primary focus is the exploration and development of the Goliath Gold Project.

Treasury Metals' exploration programs and pertinent disclosure of a scientific nature in this AIF were prepared and/or designed and carried out under the overall supervision of Scott Jobin-Bevans, Ph.D., P.Geo., Treasury Metals' President, who serves as the Qualified Person as defined by National Instrument 43-101 and has reviewed and approved this AIF.

5.1 Goliath Gold Project

The Company received the NI 43-101 mineral resource estimate and technical report titled "Technical Report and Preliminary Economic Assessment on the Goliath Gold Project, Kenora Mining Division, Northwestern Ontario, Canada" dated effective July 9, 2010 (the "Goliath Gold Technical Report"). The Goliath Gold Technical Report was prepared in accordance with NI 43-101 by Doug Roy, Ian D. Trinder, Patrick Hannon and Edward Thornton all of Howe. Each of Doug Roy, Ian D. Trinder, Patrick Hannon and Edward Thornton is a qualified person as such term is defined in NI 43-101 and each is independent of the Company.

Goliath Report Summary

For the purposes of the disclosure required under section 5.4 of Form 51-102F2 – Annual Information Form, the Executive Summary from the Goliath Gold Technical Report is reproduced below, and the Company incorporates by reference in this AIF the disclosure contained in the Goliath Gold Technical Report. The full Goliath Gold Technical Report can be viewed on the SEDAR website at www.sedar.com.

1.1 PROPERTY LOACTION ACCESS AND DESCRIPTION

The Goliath Gold Project, located in northwestern Ontario, lies about 125 kilometres east of the City of Kenora, 20 kilometres east of the City of Dryden, and 325 kilometres northwest of the port City of Thunder Bay, in the Kenora Mining Division, Ontario, Canada.

The Goliath Gold Project consists of 134 contiguous unpatented mining claims (234 units – 3744 hectares) and 17 patented land parcels (764 hectares). The total area of the claim group is approximately 4,508 hectares (45 km^2) covering portions of Hartman and Zealand townships east of the City of Dryden. Treasury holds the Project 100%, subject to certain underlying royalties and payment obligations remaining on 15 of the 17 patented parcels. Treasury's 2008 drilling was confined to unpatented claims 1106348 and 1106347, and patented claims 21609, 34461 and 4822. Treasury's 2009 drilling was confined to unpatented claim 1106348 and patented claims 41215 and SV200. All claims are currently active and in good standing with Ontario's Ministry of Northern Development, Mines and Forestry ("MNDMF").

1.2 PROPERTY HISTORY

There is only limited documentation of exploration activity conducted on the Goliath Gold Project area prior to 1989. Previous exploration in the area was either regional in nature or focused mainly on the western portion of the Goliath Gold Property. Reconnaissance investigation by Teck geologists in 1989 identified a poorly exposed, broad area of weak mineralisation and anomalous gold extending through parts of Lots 3 through 8 of Concession IV of Zealand Township. The discovery hole (TL-001) on the Main Zone of the Deposit was drilled in October, 1990, intersecting multiple horizons of gold mineralisation with intersections of 1.5 g/tonne Au over 22.2 metres, 0.9 g/tonne Au over 11.6 metres and 17.5 g/tonne Au over 2.6 metres (Page, 1995). Land acquisition, field surveys, drilling and underground bulk sampling were completed by Teck and its various partners between late 1989 and 1998; the Thunder Lake project was put on hold in 1999. Total diamond drilling on the Goliath Gold Property from 1990 to 1998 amounted to approximately 78,461.20 metre in 293 holes.

In 1998, as part of the underground sampling program, 4 bulk samples from the Main Zone (No.1 and

No.2 shoots) totalling 2,375 tonnes and grading >3.0 g/tonne Au were collected from the underground workings (Page et al., 1999b). The original bulk sample of 2,375 tonnes had an estimated overall grade of 9.07 g/tonne Au or 692 ounces of contained gold (Page et al., 1999b). Metallurgical results obtained on a composite sample of 24 kg from the No. 1 Shoot indicated that cyanidation achieved the best recoveries for gold at 98.7% (Corona, 2001; Hogg, 2002). Gravity and flotation resulted in recoveries of 97.3% Au and gravity alone recovered 69.1% Au (Corona, 2001; Hogg, 2002). Final gold recovery was calculated at 96.85% and silver recoveries were approximately 38% (Corona, 2001).

By 1999, surface and underground exploration and sampling led to the outlining of the Deposit and the reporting of a historical Inferred Mineral resource (non-compliant with NI 43-101) containing 2.974 million tonnes grading 6.47 g/tonne Au, using a cut-off of 3.0 g/tonne Au and a minimum thickness of 3.0 m (CAMH, 2007; Gray and Donkersloot, 1999). Howe considers all of the historical resource estimates to be non-compliant with National Instrument 43-101 standards and as such they should not be relied upon.

1.3 GEOLOGICAL SETTING

The Goliath Gold Project is located within the Wabigoon Subprovince of the Archaean Superior Province, northwestern, Ontario and is situated north of the Wabigoon Fault. Much of the Project area is underlain by the Thunder Lake Assemblage, an upper greenschist to lower amphibolites metamorphic grade volcanogenic-sedimentary complex of felsic metavolcanic rocks and clastic metasedimentary rocks (Beakhouse, 2000). The assemblage comprises quartz-porphyritic felsic to intermediate metavolcanic rocks represented by biotite gneiss, mica schist, quartz-porphyritic mica schist, a variety of metasedimentary rocks and minor amphibolites. Compositional layering in metasedimentary rocks strikes ~70° to 90° and dips from 70° to 80° south-southeast. The Thunder River Mafic Metavolcanic rocks underlie the south part of the Property. The mafic rocks are generally massive flows but are pillowed locally and include amphibolites and mafic dykes, which are characterised as chlorite schists. Some rocks have been described as ultramafic in character. (Hogg, 2002).

1.4 MINERALISATION

The main zones of mineralisation (Deposit) project to surface approximately 250-300 metres north of Norman Road. The Main Zone, Footwall Zone (B,C, and D subzones), and Hangingwall Zone (H and H1 subzones) of the Deposit strike approximately east-west, varying between 090° and 072°, with dips that are consistently 72°-78° toward the south or southeast. The main area of gold, silver and sulphide mineralisation and alteration occurs up to a maximum drill-tested depth of ~805 metres (TL135) below the surface, over a strike length of approximately 2,300 metres within the current defined resource area. The historic drilling of Teck and its various partners confirmed that anomalous gold mineralisation extends over a strike length of at least 3,500 metres (Corona, 1998) and work by Treasury Metals has shown this anomalous gold mineralisation and alteration to extend over a strike length of +5,000 metres.

The mineralised zones are tabular composite units defined on the basis of anomalous to strongly elevated gold concentrations, increased sulphide content and distinctive altered rock units and are concordant to the local stratigraphic units. Stratigraphically, gold mineralisation is contained in an approximately 100 to 150 metre wide central zone composed of intensely altered felsic metavolcanic rocks (quartz-sericite and biotite-muscovite schist) with minor metasedimentary rocks. Overlying hangingwall rocks consists of altered felsic metavolcanic rocks (sericite schist, biotite-muscovite schist and metasedimentary rocks), with the footwall comprising metasedimentary rocks with minor porphyries, felsic gneiss and schist. Gold within the central unit is concentrated in a pyrite alteration zone, consisting of quartz-sericite schist (MSS), quartz-eye gneiss and quartz-feldspar gneiss (Corona, 2001).

The Treasury Metals 2008 and 2009 drilling programs primarily targeted the Main Zone, but the

Hangingwall Zone was intersected as well as the Footwall Zone by deeper drill holes. Drilling has intersected the Main Zone over a strike length of approximately 2,300 metres and a thickness of 5 to 30 metres. The Main Zone is comprised of well-defined pyritic quartz-sericite schist (MSS) separated by less-altered biotite-feldspar schist (BMS). Sulphide mineralisation and local visible gold (VG) occurs mainly within the leucocratic bands, but occasionally it is localized in the melanocratic bands enriched with biotite and chlorite. The sulphide content of the mineralised zone is generally 3-5% but locally is up to 15%. Highest gold and silver values are associated with very strong pervasive quartz-sericite alteration. It appears that gold content does not directly correlate with pyrite content, but generally an increase in the gold and silver correlates with an increase in the pyrite and more specifically, the sphalerite content. An increase in chalcopyrite and galena content has a lower correlation to an increase in gold values. Low grade Au-Ag mineralisation is pervasive in the Main Zone, Hangingwall Zone and Footwall Zone, whereas high-grade gold mineralisation (>3 g/tonne) is concentrated in several steeply dipping, steep west-plunging shoots with relatively short strike-lengths (up to 50 metres) and considerable down-plunge continuity. These higher-grade shoots are separated by rock containing lower grade gold mineralisation.

The high-grade shoots are interpreted to be the result of tight folding of the mineralised horizon (gold concentrated in fold noses) and appear to occur at regular intervals (Corona, 1998). Very rare flakes of aquamarine green mica (fuchsite: Cr muscovite) occur in the strongly altered sericite alteration with high-grade gold. Usually, mineralised intervals are narrow (up to 0.5 metres) zones enriched with 3-10% visible sulphides (pyrite, sphalerite, galena, chalcopyrite ± arsenopyrite, ± dark grey needles of stibnite) within a wider quartz-sericite or biotite-feldspar sections with fine-grained disseminated pyrite located in the foliation planes.

1.5 EXPLORATION

Prior to Treasury Metals' 2008 exploration program, no exploration work had been completed on the Goliath Gold or the Laramide Property since 1999 and 1994, respectively (Sills, 2007). Treasury Metals' 2008 exploration program comprised a property wide airborne magnetic survey, ground IP and geological surveys over the Deposit area, trenching and diamond drilling totalling 13,203.6 metres. Treasury Metals' 2009 exploration program comprised reconnaissance prospecting, outcrop channel sampling and diamond drilling totalling 4,612.6 metres.

1.6 MINERAL RESOURCE AND RESERVE ESTIMATE

During March to May, 2010 Howe carried out a mineral resource estimate update (the "Resource Estimate") for the Deposit using historical drilling and current drilling. This Resource Estimate includes up to drill hole TL0986, drilled during 2009. This Resource Estimate was prepared by Doug Roy, M.A.Sc., P.Eng., Associate Mining Engineer with Howe. Micromine resource modelling software (Version 11.0.4) was used to facilitate the resource estimating process.

A revised drilling database was received from Treasury Metals on January 26, 2010. New data for 41 additional holes (TL0846-TL0986) with an aggregate length of 7,599 metres was incorporated into the existing digital database. Treasury also supplied revised, differential GPS ("DGPS") collar coordinates that were imported to the digital database. All of the newer holes were drilled west of the underground workings.

Mineralised zones were outlined to enforce geological control during block modelling. A cut-off grade of 0.5 g/tonne Au was used with a minimum horizontal width of two metres. Zones were extended halfway to the next, under-mineralised cross-section and down-dip by a maximum of 150 metres beyond the last intercept.

Interpretations were accomplished by plotting and interpreting hard-copy cross- and longitudinal sections. Those interpretations were digitised and zone intercepts were tagged. To refine that interpretation, the intercept intervals were manually adjusted within the assay file.

Variography was carried out for regularised samples from the Main Zone (1.5 metre composites). Spherical models provided a reasonable fit to the raw data. Attempts were made to calculate directional semi-variograms for the Main Zone. The results were unsatisfactory.

No top-cut was applied because, in the author’s opinion, a top-cut would not affect the global estimate.

The specific gravity was 2.78. Treasury determined this average value using 30 samples with a grade of 0.1 g/tonne Au or greater from eight holes from the 2008 diamond drilling program (TL0801-TL0808).

Block models were created that were constrained by the mineralised zone wireframes. The block size is 5x5x5 metres, with two sub-blocks in the east and elevation (strike and dip, respectively) dimensions for a “geological resolution” of 2.5 metres. There are five sub-blocks in the north dimension (the thickness dimension) for a “geological resolution” of 1.0 metre.

Inverse distance weighting, using a power of two is considered an acceptable method for estimating block grades in this deposit.

All blocks within the outlined mineralised zones were included in the Inferred Mineral Resource category. Indicated Resources were outlined graphically on longitudinal sections within areas where the intercept spacing was approximately 25-30 metres or less (slightly shorter than the intercept variogram range of 40 metres).

Resources were defined using a block cut-off grade of 0.5 g/tonne Au for surface resources (<100 metres deep) and 2.0 g/tonne Au for underground resources (>100 metres deep).

Surface plus Underground Indicated Resources total 3.4 million tonnes with an average gold grade of 2.5 g/tonne, for 270,000 ounces. Surface plus Underground Inferred Resources total 10.6 million tonnes with an average gold grade of 2.7 g/tonne, for 930,000 ounces. The Main Zone contains the majority of the resources from both categories.

Zone	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Gold Grade (g/tonne)	Ounces	Average Silver Grade (g/tonne)	Average Copper Grade (g/tonne)	Average Lead Grade (g/tonne)	Average Zinc Grade (g/tonne)
Indicated								
Surface	0.5	2,900,000	1.9	180,000	5.4	86	820	1,700
Underground	2.0	490,000	5.7	90,000	13.8	100	710	1,500
Subtotal, Indicated		3,400,000	2.5	270,000	6.6	88	800	1,670
Inferred								
Surface	0.5	5,400,000	1.1	190,000	2.5	72	360	880
Underground	2.0	5,200,000	4.4	740,000	14.7	90	630	1,220
Subtotal, Inferred		10,600,000	2.7	930,000	8.5	81	490	1,050

Notes:

1. Cut-off grade for mineralised zone interpretation was 0.5 g/tonne.
2. Block cut-off grade for surface resources (less than 100 metres deep) was 0.5 g/tonne.
3. Block cut-off grade for underground resources (more than 100 metres deep) was 2 g/tonne.
4. Gold price was $US 850 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 2.78 was applied to all blocks (based on 30 samples).
11. Un-cut. Top-cut analysis of sample data suggested no top cut was needed and removal of high-grade outliers would not materially affect the global block model grade.

No mineral reserves were identified because in the author's opinion, the level of mineral processing work that has been completed thus far does not meet the requirements set out by the CIM's definitions for mineral reserves, which states that the study must contain *adequate* information regarding those factors.

Howe is not aware of any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other issues that may materially affect this Resource Estimate.

1.7 PROPOSED MINING OPERATIONS

As proposed, mining will initially be by surface methods with a target production rate of 1,500 tonnes per day using standard methods of drilling, blasting, and excavating using excavators and truck haulage. This equipment would be leased.

Proposed development for underground mining will commence in Year 1 with production commencing in Year 3. Access will be via a decline with the portal located near the bottom the first small pit to be mined. In Year 3, the surface production rate would drop to 750 tonnes per day, equal to the underground production rate for a combined production rate of 1,500 tonnes per day. Sublevel, long-hole stoping with delayed backfill is recommended as the primary underground mining method.

Optimisation of surface pits was carried out. The dilution and mining recovery[1] values are speculative at this point, but 15% and 95%, respectively, are typical values for this type of deposit.

[1] Some ore, especially near the contacts, is invariably left behind.

The base case optimised pit contains 2.2 million non-diluted tonnes of mill feed with an average non-diluted grade of 2.2 g/tonne. The stripping ratio is 7.2:1 and the life of the pit is seven years at the base case production rate of 1,500 tonnes per day with the open pit contributing approximately 50% of the total production.

	Pit 1	Pit 2	Pit 3	Total
Non-Diluted Tonnes	100,000	1,200,000	900,000	2,200,000
Non-Diluted Grade (g/tonne)	2.8	2.4	1.9	2.2
Diluted Tonnes	120,000	1,400,000	1,000,000	2,500,000
Diluted Grade (g/tonne)	2.5	2.2	1.8	2.1
Waste Tonnes	2,000,000	8,900,000	5,000,000	15,900,000
Stripping Ratio	20:1	7.4:1	5.6:1	7.2:1
Years Production	3/12	2 8/12	1 11/12	4 10/12

Notes:
1. Dilution = 15%

Benches and haul roads have been added to the base case optimum pit for a practical, "de-optimised" pit design.

Underground mining is modelled over 6 ½ years during Years 3-9 inclusive, with development beginning in Year 1. Over the life of the underground mine, 1.75 million tonnes will be mined with an average head grade of 4.3 g/tonne.

The author recommends that other scenarios be explored. For example, an "underground mining only" option using the existing decline should be explored, among others.

1.8 PROPOSED MINERAL PROCESSING

An underground bulk sample was extracted in 1998 on behalf of Teck and limited preliminary test work was carried out. Howe notes that the head grade of the composite sample was 25 g/tonne – nearly an order of magnitude greater than the average expected head grade of surface and underground sources, therefore the sample cannot be considered representative of the overall deposit. It is Howe's opinion that because only one test was carried out on a non-representative sample, the historic Teck metallurgical test work is of limited value. Further test work is therefore recommended.

A conceptual mill flowsheet is proposed. Gravity separation, followed by flotation has been selected as the recovery method over gravity/cyanidation because of (a) lower capital costs and (b) similar, if not lower operating costs.

1.9 INCOME MODEL

The base case gold price used for mine design and economic modelling is $US 850 per ounce. Sensitivity analyses have been carried out to evaluate the economics at lower and higher gold prices.

Initial and life-of-mine capital costs are estimated to be $38 and $59 million, respectively, or $70 million for a 2,000 tonne per day production rate. Surface mine equipment are to be lease, and therefore do not contribute to that amount.

The following results were obtained:

	1500 tpd, $850/oz	1750 tpd, $850/oz	2000 tpd, $850/oz
Capital Cost	$58,700,000	$64,100,000	$69,700,000
Revenue[1]	$42,000,000	$49,000,000	$56,100,000
Per Surface Tonne	$54	$54	$54
Per Underground Tonne	$106	$106	$106
Per Processed Tonne	$80	$80	$80
Direct Operating Cost[1]	$26,400,000	$30,100,000	$34,100,000
Per Surface Tonne	$38	$38	$40
Per Underground Tonne	$63	$60	$57
Per Processed Tonne	$50	$49	$49
Overhead[1]	$2,200,000	$2,200,000	$2,200,000
Per tonne	$4	$4	$3
Gross Margin[1]	$13,300,000	$16,700,000	$19,700,000
Per Surface Tonne	$12	$12	$11
Per Underground Tonne	$39	$42	$46
Per Processed Tonne	$25	$27	$28
$NPV_{0\%\ (\text{Cumulative After-Tax Profit})}$	$42,900,000	$45,400,000	$47,300,000
$NPV_{5.0\%}$	$23,000,000	$26,000,000	$28,100,000
$NPV_{7.5\%}$	$15,700,000	$18,700,000	$20,700,000
$NPV_{10.0\%}$	$9,700,000	$12,600,000	$14,500,000
Internal Rate of Return (IRR)	15%	17%	18%
Mine Life (Years)	8	7	6

Notes:
1. Results for Year 3 – the year when underground production begins.

A sensitivity analysis indicates that the economics are most sensitive to changes in revenue factors such as gold price, grade and exchange rate. Economics are less sensitive to changes in operating costs and capital costs.

1.10 ENVIRONMENTAL AND PERMITTING STATUS

Treasury Metals has not yet initiated any environmental or advanced exploration/mine permitting processes at the Goliath Gold Project. Howe engaged Conestoga-Rovers & Associates (CRA) to undertake a Mine Permitting Scoping Study to identify permitting constraints and provide a proposed approach and costing for permitting of the Project.

Permitting constraints were identified through a review of public domain information and documentation of previous studies conducted in the area and provided by Howe. CRA compiled information relative to each constraint to determine the degree to which each of the constraints could impact on the potential development.

The following constraint categories were identified relative to the Goliath Gold Project:

1. *Bio-Physical*
2. *Archaeological and Heritage Resources*
3. *Aboriginal Peoples*
4. *Local Residents*
5. *Present and Future Land Use & Zoning*
6. *Concurrent Developments*
7. *Public Consultation*

The following table summarizes the constraint categories, the Goliath Gold Project phases to which each constraint will pertain and the relative degree of concern (importance) each constraint will have in the permitting process.

Permitting Constraints Summary

Constraint	Project Phases	Relative Concern
Biophysical	All	Moderate - High
Archaeological and Heritage Resources	All	Moderate
Aboriginal Communities	EBS, PC, PM, O	Moderate – High
Local Residents	All	Moderate – High
Present Land Use Zoning	PC, PM	Moderate – High
Proposed Land Use Zoning	PC, PM, O	Low
Other Proposed Developments	PC, PM, D, O	Low
Public Consultation	All	Moderate - High

Project Phases: D – Mine Development; E – Exploration; EBS – Environmental Baseline Studies; O – Mine Operation; PC – Public Consultation; PM – Permitting; All – All above

Based on the available information and their permitting experience, CRA allocates a budget estimate of $750,000 to $900,000 for the EBS, Public Consultation and Permitting phases of the project.

1.11 CONCLUSIONS AND RECOMMENDATIONS

Howe has reviewed the Goliath Gold Project at the level of a Preliminary Economic Assessment. Surface and underground mining is planned for the deposit. A mining schedule and economic model has been developed for the operation. Howe concludes that under base case assumptions (1,500 tonnes per day, $US 850 gold), the Project has **potential economic viability.** Results indicate that the base case operation would be profitable with a base case net present value (5% discount rate) of $23 million and an internal rate of return of 15%. A one to one exchange rate for the Canadian:US Dollar was used.

At the base case production rate and $US 1200 gold, the approximate gold price at the time of this report, the NPV is $91 million and the IRR is 43%.

In Howe's opinion, Treasury should continue work to advance the Goliath Gold Project, by gathering information and undertaking studies with the view to eventually undertaking a Pre-Feasibility Study.

To proceed with the assessment of the potential development of the Goliath Gold Project, Howe recommends:

1. Infill drilling to upgrade Inferred Resources to Indicated Resources, and to generate material for metallurgical testing. For Indicated Resources drill hole centres should be a minimum of 25-30 metres apart.
2. Collection of geotechnical information including overburden characteristics, detailed discontinuity measurements, rock strengths and hydrogeology.
3. Additional gravity, flotation and cyanidation mineral processing test work should be carried out and optimised to confirm recoveries used in the economic model. A 200-300 kg sample should be collected from the Main Zone with an average grade of 5-8 g/t Au.
4. The economic model should be optimised by investigating purchase of a used mill instead of constructing a new one.
5. Other mining scenarios should be explored. For example, an "underground mining only" option using the existing decline should be explored, among others.
6. Initiation of environmental baseline studies.

Information Subsequent to the Goliath Gold Project Technical Report

The Goliath Gold Project now consists of 137 contiguous unpatented mining claims (251 units; 4,016 ha) and 19 patented land parcels (881 ha), totalling approximately 4,897 ha (~48 km^2) and covering portions of Hartman and Zealand townships. All claims are currently active and in good standing with MNDMF.

The Goliath Gold Project comprises two historic properties which are now consolidated under the common name Goliath Gold Project: the larger Thunder Lake Property, purchased from Teck and Corona and the Laramide 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 Goliath Gold Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on 14 of the 19 patented land parcels currently totalling about $103,500 per year, and an option on one patented land parcel to earn-in 100%.

5.2 Lara Polymetallic Project

Location and Ownership

The Lara Polymetallic Project (the "Lara Project"), located in the southern region of Vancouver Island, lies about 75 km north of Victoria, 15 km northwest of Duncan and about 12 km west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada.

The Company inherited the Lara Project in early 2008, as part of the spin-out from Laramide Resources Ltd. and since then had been seeking a purchaser or joint venture partner for this non-core project. As of December 31st, 2010 the Company had spent approximately $109,000 on the Lara Project, largely related to holding costs.

On February 22nd, 2001, through an administration oversight, mineral claim due dates were overlooked and some claims expired. The Company took immediate action to remedy the oversight and regained a large portion of the original mineral claims. The Company, as a gold focused exploration and development company, does not consider this Lara Project to be a high priority in terms of its overall corporate strategy and has decided to write-off the non-recoverable costs associated with the Lara Project. However it still holds significant enough interest in the area to justify continuing to work towards the reconstruction of key portions of its previous holdings.

5.3 Goldcliff Project

In June 2010, the Company acquired the right to earn a 100% interest in certain unpatented mining claims in the District of Kenora (Sherridon-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 three-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, $20,000 and 20,000 common shares on or before June 23, 2012 and $50,000 and 20,000 common shares on or before June 23, 2013. The four unpatented mining claims, totalling 12 units and 192 hectares, are subject to a 2% NSR royalty of which 1% can be purchased by the Company for $750,000.

In addition to the 4 mining claims acquired through the property option agreement, the Company acquired through staking, 100% ownership in 24 unpatented mining claims that are contiguous with the 4 optioned 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 optioned claims.

Location and Ownership

The Goldcliff Project represents a new gold discovery in the Kenora Mining District and is located approximately 40 km south-southeast of Dryden, Ontario; it is situated within the Boyer Lake Area of the Kenora Mining District. Goldcliff Project is accessible via Provincial Highway #502. The Project area comprises four optioned unpatented mining claims and 38 contiguous unpatented mining claims staked by Treasury Metals. The Goldcliff Project totals 403 units and covers approximately 6,448 hectares.

The Goldcliff Project 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.

In May 2010, the Company completed due diligence sampling on the Goldcliff Project. Six locations were visited from which a total of 13 grab samples were collected. Visible gold was found at one location, hosted by gossanous mafic volcanic rocks with ~2% pyrite and minor quartz veining. Other areas were underlain by felsic volcanic rocks with carbonate flooding and 2-3% sulphides; grab samples returned anomalous gold. Of note were several areas of stripping and blasting that contain sheared gossanous mafic volcanic rock with several percent sulphides and brecciated mafic volcanic rocks containing a prominent shear zone and several percent sulphides. Assay results from the 13 grab samples range from 11 ppb to 106,426 ppb Au with 5 of the 13 samples containing anomalous (>100 ppb Au) concentrations of gold. The sample with visible gold assayed 106.4 g/t Au.

Treasury Metals plans to significantly advance the Goldcliff Project in 2011 through a program of airborne geophysical surveys, trenching, additional field exploration mapping and diamond drilling of identified targets.

6. DIVIDENDS

No dividends on the Common Shares have been paid to date. The Company anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the board of directors after taking into account many factors, including the Company's operating results, financial condition, and current and anticipated cash needs.

7. DESCRIPTION OF SHARE STRUCTURE

Authorized Share Capital

The Company is authorized to issue an unlimited number of Common Shares of which 43,667,806 Common Shares are issued and outstanding as at the date of this AIF. In addition, 6,633,233 Common Shares are reserved for issuance upon the exercise of 3,003,733 Common Share purchase warrants and 3,629,500 options of the Company.

Common Shares

Holders of Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of shareholders and to receive the remaining property of the Company upon dissolution.

8. MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the trading symbol "TML". The table below sets forth the high and low trading prices and volume for the Company's Common Shares traded through the TSX on a monthly basis for the period commencing on January 1, 2010 and ending on December 31, 2010.

	Price Range and Trading Volume		
	High	Low	Volume
January 2010	0.60	0.46	1,298,334
February 2010	0.79	0.47	1,450,640
March 2010	0.86	0.61	2,261,061
April 2010	0.82	0.52	1,954,324
May 2010	0.71	0.30	2,668,263
June 2010	0.55	0.26	1,193,203
July 2010	0.36	0.25	493,010
August 2010	0.35	0.27	563,541
September 2010	0.62	0.32	1,676,508
October 2010	0.73	0.54	1,385,678
November 2010	0.62	0.43	3,456,424
December 2010	1.40	0.56	3,883,677

9. ESCROWED SECURITIES

No securities of the Company are subject to escrow as at the date hereof.

10. DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table and the notes thereto set out the name, municipality and country of residence of each director and executive officer of the Company; their current position and office with the Company; their respective principal occupation during the five preceding years; the date on which they were first elected or appointed as a director or officer of the Company:

Name and Municipality of Residence	Position with the Company	Director or Officer Since	Principal Occupation during the five preceding years(3)(4)	Securities Beneficially Owned, Controlled or Directed(1)
Marc Henderson Toronto, Ontario, Canada	Chairman and Director	August 2007	Mr. Henderson is a director of the Company and non-executive Chairman of the board of directors and has been a director since August 2007. Mr. Henderson currently serves as the President, Chief Executive Officer and a director of Laramide and has held this position since May 1995. He was previously (until December 2009) President and CEO of Aquiline Resources Inc. until the sale of that company to Pan American Silver. Mr. Henderson is also an independent director and Chairman of the Audit Committee of Lydian International Limited.	2,427,248

Name and Municipality of Residence	**Position with the Company**	**Director or Officer Since**	**Principal Occupation during the five preceding years[3][4]**	**Securities Beneficially Owned, Controlled or Directed[1]**
Scott Jobin-Bevans Toronto, Ontario, Canada	President, and Director	January 2008	Dr. Jobin-Bevans is President and a director of the Company and has held these positions since January 2008. From September 2001 until November 2008, Dr. Jobin-Bevans served as Managing Director of Caracle Creek International Consulting Inc. (currently a director). Currently, Dr. Jobin-Bevans is President and a director of the Prospectors and Developers Association of Canada, an independent director and Chair of the Technical Committee of Mukuba Resources Limited (TSX-V listed) and a director of Portage Minerals Inc. Past positions include Vice-President Exploration of Pacific North West Capital Corp., Vice-President Exploration for Takara Resources Inc. and a director of Absolut Resources Corp.	221,103
William Fisher[2][3] Toronto, Ontario, Canada	Director	February 2008	Mr. Fisher is a director of the Company and has held this position since February 2008. Mr. Fisher is currently Chief Executive Officer and a director of Karmin Exploration Inc. and has been Chief Executive Officer since August 2001, and a director since 1995. In May 2008, Mr. Fisher became a director of PC Gold (TSX listed) and in November 2008 he became a director of Rockwell Diamonds (TSX and JSE listed). He also acted as Chief Executive Officer and director of GlobeStar Mining Corporation from August 2001 to February 2008, when he resigned from both positions. Mr. Fisher was also Chairman of the board of directors and a director of Aurelian Resources Inc. which was sold to Kinross in September 2008.	112,500

Name and Municipality of Residence	Position with the Company	Director or Officer Since	Principal Occupation during the five preceding years[3][4]	Securities Beneficially Owned, Controlled or Directed[1]
Blaise Yerly[2] Corseaux, Switzerland	Director	February 2008	Mr. Yerly is a director of the Company and has held this position since February 2008. Mr. Yerly was Chairman and Director of the board of directors of Aquiline Resources Inc. from 1998 until it was sold to Pan American Silver Corp. in December 2009. Mr. Yerly also serves as Director on the Board of several privately held companies.	794,750
Doug Bache [2] Burlington, Ontario, Canada	Director	August 2009	Mr. Bache is a director of the Company and Chairman of the audit committee and has held these positions since August 2009. Mr. Bache is President of Maxum Capital Markets Inc., a private merchant bank that offers corporate finance and strategy advisory services primarily to mining companies. He was president of Valencia Ventures Inc. from April 2006 to June 2008 and was a director of Aberdeen International Inc. from January 2006 until September 2008. Mr. Bache was also Treasurer of North American Palladium Ltd. from August 2003 to December 2005.	120,000
Peter Walker[3] Toronto, Ontario, Canada	Director	February 2008	Mr. Walker is a director of the Company and has held this position since February 2008. Mr. Walker is currently self-employed as a consultant. From July 1993 to March 2005, Mr. Walker was Chairman, director, President and Chief Executive Officer of Corona. Mr. Walker is currently a director of Corona and has held this position since July 1993.	507,575

Name and Municipality of Residence	Position with the Company	Director or Officer Since	Principal Occupation during the five preceding years[3][4]	Securities Beneficially Owned, Controlled or Directed[1]
Martin Walter Toronto, Ontario	Chief Executive Officer	December 6, 2010	Mr. Walter is a CEO of the Company and has held the position since 2010. Mr. Walter currently serves as director of Crown Point Ventures and has held this position since 2006. He was previously (until December 2009) Executive Vice President of Aquiline Resources Inc. until the sale of that company to Pan American Silver.	800,000
Greg Ferron Toronto, Ontario	Vice President Corporate Development	January 17, 2011	Vice President of Treasury Metals since 2011, prior thereto Head of Global Mining, Business Development and Senior Listings Manager of Toronto Stock Exchange and TSX-V.	5,000
Dennis Gibson Oakville, Ontario	Chief Financial Officer	July 31, 2010	CFO of the Company since July 1, 2010. CFO of Laramide Resources Ltd. since 2006, prior thereto Vice-President, Chief Financial Officer and Corporate Secretary of Vector Intermediaries Inc.; former Chief Financial Officer of Aquiline Resources Inc. (2006-2009)	62,857
Chris Irwin Toronto, Ontario	Secretary	October 2007	Mr. Irwin has been a partner at Irwin Lowy LLP since 2006. Prior thereto, Mr. Irwin was associated with Wildeboer Dellelce LLP.	22,792

Notes:

(1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

(2) Member of the Company's audit committee.

(3) Member of the Company's compensation committee.

(4) Based on information provided by the individuals.

As a group, the directors and executive officers of the Company beneficially own, control or direct, or exercise control or direction, directly or indirectly, over 5,073,825 Common Shares representing approximately 11.6% of the Company's total issued and outstanding Common Shares.

Cease Trade Orders or Bankruptcies

To the Company's knowledge, except as disclosed below, none of the directors or executive officers:

(a) is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director or chief executive officer or chief financial officer of any company that:

(i) was the subject of an order (as defined in Form 51-102F5 of National Instrument 51-102 - *Continuous Disclosure Obligations*) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer.

Mr. Gibson, CFO of Treasury Metals Inc., was the CFO of Vector Intermediaries, Inc., a TSX-Venture traded company. Vector Intermediaries Inc. was subject to a Cease Trade Order by the Alberta Securities Commission dated June 20, 2003. The Cease Trade Order was imposed for failure to file audited financial statements for the year ended December 31, 2002 and unaudited financial statements for the period ended March 31, 2003. Following the imposition of the Cease Trade Order, Vector Intermediaries Inc. was sold in receivership, and its securities were de-listed from the TSX-Venture.

Mr. Irwin, formerly a Director and Secretary of Straight Forward Marketing Corporation, was subject to:

(i) a management cease trade order resulting from a failure to file financial statements. The cease trade was in effect from October 2004 until February 2005; and

(ii) a management cease trade order resulting from a failure to file financial statements. The cease trade was ordered in November 2005 and has not been rescinded as at the date hereof.

Bankruptcies

To the Company's knowledge, none of the directors, executive officers or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is at the date hereof, or has been within 10 years before the date of this AIF, a director or executive officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the Company's knowledge, no existing director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflict of Interest

Certain of the directors of the Company also serve as directors of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

11. AUDIT COMMITTEE INFORMATION

Multilateral Instrument 52-110 - Audit Committees ("**MI 52-110**") requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

11.1 Audit Committee

The Company's audit committee is directly responsible for overseeing the work of the auditors and must pre-approve all non-audit services, be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The audit committee has not yet adopted a written charter, but intends to do so in compliance with MI 52-110.

The full text of the charter of the Company's Audit Committee is attached hereto as Appendix "A".

11.2 Composition of the Audit Committee

The current members of the audit committee are Messrs. Fisher, Bache and Yerly. All the members of the audit committee are considered to be "independent" and "financially literate" as defined in Multilateral Instrument 52-110 – *Audit Committees*.

The following table describes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

Name of Member	Relevant Experience and Qualifications
William Fisher	Mr. Fisher is a professional geologist with over 25 years of experience in the mining industry and has served as a director of several public companies. Mr. Fisher has been on the audit committee for PC Gold Inc. for 3 years.
Doug Bache (Chairman)	Mr. Bache holds a BMath and Business Administration degree from the University of Waterloo. Mr. Bache has been involved in financing mining companies and has held financial management, senior officer and director positions with both major and junior mining companies (including audit committee memberships) for over 20 years.
Blaise Yerly	Mr. Yerly holds a business school diploma. He has acted as Managing Director, Minosucra LLC (formerly Triumph International Trading Ltd.) from 1998 to present.

11.3 Pre-Approval Policies and Procedures

In the event that the Company wishes to retain the services of the Company's external auditors for any non-audit services, prior approval of the Audit Committee must be obtained.

11.4 Audit Fees

The following table provides detail in respect of audit, audit related, tax and other fees paid by the Company to the external auditors for professional services:

	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
Year ended December 31, 2010	$39,325	Nil	$4,000	Nil
Year ended December 31, 2009	$30,000	$10,640	Nil	Nil

Notes:

(1) *The aggregate audit fees billed.*

(2) *The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Company's financial statements including prospectus filings, and are not included under "Audit Fees".*

(3) *The aggregate fees billed for services related to tax compliance, tax advice and tax planning. The services performed for the fees paid under this category may briefly be described as tax return preparation fees.*

(4) *The aggregate fees billed for services other than those reported above. The services performed for the fees paid under this category may briefly be described as flow-through accounting services.*

12. LEGAL PROCEEDINGS

Management is not aware of any current or contemplated material legal proceedings to which the Company is a party or which any of its property is the subject.

13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company.

14. TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Equity Transfer & Trust Company at its Toronto office located at Suite 400, 200 University Avenue, Toronto, Ontario M5H 4H1.

15. MATERIAL CONTRACTS

There are no contracts that may be considered material to the Company, other than contracts entered into in the ordinary course of business, that have been entered into by the Company in the past fiscal year or that have been entered into by the Company in a previous fiscal year and are still in effect except as noted below:

1. The Purchase Agreement dated September 24, 2007 as amended on January 16, 2008 and on March 3, 2008. See "General Developments of the Business".

16. INTEREST OF EXPERTS

The Goliath Technical Report was prepared by Doug Roy, Ian D. Trinder, Patrick Hannon and Edward Thornton of Howe, all of whom are independent consulting geologists, are independent of the Company and have no interest in the Goliath Gold Property. Neither Howe nor the authors of the Goliath Technical Report own beneficially, directly or indirectly, more than 1%, respectively, of any class of securities of the Company.

The auditors of the Company are Collins Barrow LLP, Chartered Accountants, Toronto, Ontario and are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

17. ADDITIONAL INFORMATION

Additional information relating to the Company filed under its continuous disclosure obligations is available on SEDAR at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the management information circular of the Company for its most recent meetings of shareholders that involved the election of directors, and additional financial information is provided in the financial statements of the Company and management's discussion and analysis for its most recently completed financial year.

APPENDIX "A"

TREASURY METALS INC.

Charter of the Audit Committee of the Board of Directors

OVERALL PURPOSE AND OBJECTIVE

The audit committee (the "**Committee**") will assist the directors (the "**Directors**") of Treasury Metals Inc. (the "**Company**") in fulfilling their responsibilities under applicable legal and regulatory requirements. To the extent considered appropriate by the Committee or as required by applicable legal or regulatory requirements, the Committee will review the financial accounting and reporting process of the Company, the system of internal controls and management of the financial risks of the Company and the audit process of the financial information of the Company. In fulfilling its responsibilities, the Committee should maintain an effective working relationship with the Directors, management of the Company and the external auditor of the Company as well as monitor the independence of the external auditor.

AUTHORITY

1. The audit committee shall have the authority to:

   (a) engage independent counsel and other advisors as the Committee determines necessary to carry out its duties;

   (b) set and pay the compensation for any advisors employed by the Committee;

   (c) communicate directly with the internal and external auditor of the Company and require that the external auditor of the Company report directly to the Committee; and

   (d) seek any information considered appropriate by the Committee from any employee of the Company.

2. The Committee shall have unrestricted and unfettered access to all personnel and documents of the Company and shall be provided with the resources reasonably necessary to fulfill its responsibilities.

MEMBERSHIP AND ORGANIZATION

3. The Committee will be composed of at least three members. The members of the Committee shall be appointed by the Directors to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. Every member of the Committee must be a Director who is independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements ("**Applicable Laws**"). In this Charter, the terms "independent" and "financially literate" have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws, including in the case of the term "independent" the

terms “outside” and “unrelated” to the extent such latter terms are applicable under Applicable Laws.

4. The chairman of the Committee will be appointed by the Committee from time to time and must have such accounting or related financial management expertise as the Directors may determine in their business judgment.

5. The secretary of the Committee will be the Secretary of the Company or such other person as is chosen by the Committee.

6. The Committee may invite such persons to meetings of the Committee as the Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or Applicable Laws.

7. The Committee may invite the external auditor of the Company to be present at any meeting of the Committee and to comment on any financial statements, or on any of the financial aspects, of the Company.

8. The Committee will meet as considered appropriate or desirable by the Committee. Any member of the Committee or the external auditor of the Company may call a meeting of the Committee at any time upon 48 hours prior written notice.

9. All decisions of the Committee shall be by simple majority and the chairman of the Committee shall not have a deciding or casting vote.

10. Minutes shall be kept in respect of the proceedings of all meetings of the Committee.

11. No business shall be transacted by the Committee except at a meeting of the members thereof at which a majority of the members thereof is present.

12. The Committee may transact its business by a resolution in writing signed by all the members of the Committee in lieu of a meeting of the Committee.

ROLES AND RESPONSIBILITIES

1. To the extent considered appropriate or desirable or required by applicable legal or regulatory requirements, the Committee shall recommend to the Directors:

   (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, and

   (b) the compensation to be paid to the external auditor of the Company;

   (c) review the proposed audit scope and approach of the external auditor of the Company and ensure no unjustifiable restriction or limitations have been placed on the scope of the proposed audit;

   (d) meet separately and periodically with the management of the Company, the external auditor of the Company and the internal auditor (or other personnel responsible for the internal audit function of the Company) of the Company to discuss any matters that the Committee, the external auditor of the Company or the internal auditor of the Company, respectively, believes should be discussed privately;

   (e) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report on the annual financial statements of the Company or performing other audit, review or attest services for the Company, including the resolution of disagreements between management of the Company and the external auditor of the Company regarding any financial reporting matter and review the performance of the external auditor of the Company;

(f) review judgmental areas, for example those involving a valuation of the assets and liabilities and other commitments and contingencies of the Company;

(g) review audit issues related to the material associated and affiliated entities of the Company that may have a significant impact on the equity investment therein of the Company;

(h) meet with management and the external auditor of the Company to review the annual financial statements of the Company and the results of the audit thereof;

(i) review and determine if internal control recommendations made by the external auditor of the Company have been implemented by management of the Company;

(j) pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company and, to the extent considered appropriate: (i) adopt specific policies and procedures in accordance with Applicable Laws for the engagement of such non-audit services; and/or (ii) delegate to one or more independent members of the Committee the authority to pre-approve all non-audit services to be provided to the Company or any subsidiary entities thereof by the external auditor of the Company provided that the other members of the Committee are informed of each such non-audit service;

(k) consider the qualification and independence of the external auditor of the Company, including reviewing the range of services provided by the external auditor of the Company in the context of all consulting services obtained by the Company;

(l) consider the fairness of the interim financial statements and financial disclosure of the Company and review with management of the Company whether,

    (i) actual financial results for the interim period varied significantly from budgeted or projected results,

    (ii) generally accepted accounting principles have been consistently applied,

    (iii) there are any actual or proposed changes in accounting or financial reporting practices of the Company, and

    (iv) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure;

(m) review the financial statements of the Company, management's discussion and analysis and any annual and interim earnings press releases of the Company before the Company publicly discloses such information and discuss these documents with the external auditor and with management of the Company, as appropriate;

(n) review and be satisfied that adequate procedures are in place for the review of the public disclosure of the Company of financial information extracted or derived from the financial statements of the Company, other than the public disclosure referred to in paragraph 4(l) above, and periodically assess the adequacy of those procedures;

(o) establish procedures for,

  (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and

  (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters relating to the Company;

(p) review and approve the hiring policies of the Company regarding partners, employees and former partners and employees of the present and any former external auditor of the Company;

(q) review the areas of greatest financial risk to the Company and whether management of the Company is managing these risks effectively;

(r) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and consider their impact on the financial statements of the Company;

(s) review any legal matters which could significantly impact the financial statements of the Company as reported on by counsel and meet with counsel to the Company whenever deemed appropriate;

(t) institute special investigations and, if appropriate, hire special counsel or experts to assist in such special investigations;

(u) at least annually, obtain and review a report prepared by the external auditor of the Company describing: the firm's quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company;

(v) review with the external auditor of the Company any audit problems or difficulties and management's response to such problems or difficulties;

(w) discuss the Company’s earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, if applicable; and

(x) review this charter and recommend changes to this charter to the directors from time to time.

COMMUNICATION WITH DIRECTORS

1. The Committee shall produce and provide the Directors with a written summary of all actions taken at each Committee meeting or by written resolution.
2. The Committee shall produce and provide the Directors with all reports or other information required to be prepared under Applicable Laws.