TREASURY METALS INC.

(Formerly Divine Lake Exploration Corp.)

(An exploration stage company)

FINANCIAL STATEMENTS

YEARS ENDED December 31, 2008 and 2007

Note to Reader

The following are the correct audited annual financial statements of the Company and replace the annual financial statements inadvertently filed on March 31, 2009.

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AUDITORS' REPORT

To the Shareholders of
TREASURY METALS INC.
(an exploration stage company)

We have audited the balance sheets of Treasury Metals Inc. as at December 31, 2008 and 2007 and the statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Smith Nixon LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario
February 27, 2009

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Treasury Metals Inc. (formerly Divine Lake Exploration Corp.) were prepared by management in accordance with Canadian generally accepted accounting principles. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in note 3 to the financial statements.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The members of the Audit Committee are not officers of the Company. The Audit Committee meets with management as well as with the independent auditors to review the internal controls over the financial reporting process, the financial statements and the auditors' report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

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

TREASURY METALS INC.
(Formerly Divine Lake Exploration Corp.)
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BALANCE SHEETS

December 31,	2008	2007
Assets		
Current Assets		
Cash	$ 165,848	$ 104,822
Short-term investments	9,782	-
Accounts receivable and other assets	319,684	9,721
Investments (Note 5)	169,941	-
Due from Laramide Resources Ltd. (Note 8 (iv))	24,270	1,131,896
	689,525	1,246,439
Investments (Note 5)	686,433	12,367,400
Mineral properties and related deferred costs (Note 6)	34,983,407	30,348,833
	$ 36,359,365	$ 43,962,672
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	$ 644,582	$ 128,817
Debenture payable (Notes 6 & 7)	-	12,272,229
	644,582	12,401,046
Future tax liability (Note 10)	-	29,045
Shareholder's Equity		
Capital stock (Note 7)	41,637,509	31,395,656
Warrants (Note 7)	543,888	-
Deficit	(3,123,617)	(125,586)
Accumulated other comprehensive income (loss)	(3,342,997)	262,511
	35,714,783	31,532,581
	$ 36,359,365	$ 43,962,672

Nature of Operations (Note 1)
Commitments (Note 12)
Subsequent events (Note 13)

Approved by the Board of Directors

"Marc Henderson"
Director

"William Fisher"
Director

The accompanying notes are an integral part of these financial statements

TREASURY METALS INC.
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STATEMENTS OF OPERATIONS

Years Ended December 31,	**2008**	**2007**
Revenue		
Interest income	$ 47,891	$ -
Royalty income	529,531	-
	577,422	-
Expenses		
Administrative and office	406,519	7,381
Professional fees	433,362	30,000
Salary and benefits	101,121	11,807
Reimbursement of expenses of Laramide	-	76,398
Extension fee	81,664	-
	1,022,666	125,586
	(445,244)	-
Loss on disposal of investments (Note 8 (iv))	(2,552,787)	-
Net loss	$ (2,998,031)	$ (125,586)
Loss per share-basic and fully diluted (Note 9)	$ (0.13)	$ (0.04)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years Ended December 31,	**2008**	**2007**
Net loss	$ (2,998,031)	$ (125,586)
Other comprehensive income (loss), net of taxes		
Change in unrealized loss on investments	(6,158,295)	262,511
Reclassification of of realized loss on sale of investments	2,552,787	-
	(3,605,508)	262,511
Comprehensive income (loss)	$ (6,603,539)	$ 136,925

The accompanying notes are an integral part of these financial statements

TREASURY METALS INC.

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STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Capital Stock		
Balance at December 31, 2006	$	150,000
Shares issued to Laramide for reimburse of payments made to purchase the Thunder Lake Project		12,274,458
Shares issued for transfer of investments from Laramide		11,644,510
Shares issued on the transfer of non-uranium resource properties from Laramide		3,301,688
Shares issued for flow through financing from Laramide		4,025,000
Balance, December 31, 2007		**31,395,656**
Allocated fair value of common shares issued on conversion of unit special warrants net of share issuance costs of $487,526		**2,638,419**
Conversion of flow-through special warrants		**1,468,434**
Issued on settlement of debenture		**6,135,000**
Balance, December 31, 2008	$	**41,637,509**
Unit Special Warrants		
Balance, December 31, 2007	**$**	**-**
Unit special warrants isued		**4,664,345**
Conversion of units special warrants issued		**(4,664,345)**
Balance, December 31, 2008	**$**	**-**
Deficit		
Balance at December 31, 2006	$	-
Net loss for the year ended December 31, 2007		(125,586)
Balance December 31, 2007		**(125,586)**
Net loss for the year December 31, 2008		**(2,998,031)**
Balance at December 31, 2008	**$**	**(3,123,617)**
Accumulated Other Comprehensive Income (loss)		
Balance at December 31, 2006	$	-
Net change in unrealized gains on available for sale marketable securities, net of income taxes		262,511
Balance at December 31, 2007		**262,511**
Net change in unrealized gains on available for sale marketable securities, net of income taxes		**(3,605,508)**
Balance at December 31, 2008	**$**	**(3,342,997)**
Warrants		
Balance, December 31, 2007	**$**	**-**
Allocated value		**543,888**
Balance, December 31, 2008	**$**	**543,888**

The accompanying notes are an integral part of these financial statements

TREASURY METALS INC.
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STATEMENTS OF CASH FLOWS

Years Ended December 31	**2008**	**2007**
Cash provide by (used in)		
Operating Activities		
Net loss	$ (2,998,031)	$ (125,586)
Net change in non-cash working capital		
cash flow form operating activities:		
Loss on disposal of investments	2,552,787	-
Amortization	2,045	-
Net change in non-cash working capital items:		
Accounts receivable and other assets	(309,963)	(9,721)
Accounts payable and accured liabilities	227,043	128,817
	(526,119)	(6,490)
Financing Activities		
Due to Laramide	6,433,420	200,000
Debenture payment	(6,137,229)	-
Equity financings, net of issue costs	4,650,741	-
	4,946,932	200,000
Investing Activities		
Purchase of short-term investments	(9,782)	-
Acquisitions of mineral properties and related deferred costs	(4,350,005)	(88,688)
	(4,359,787)	(88,688)
Increase in cash	61,026	104,822
Cash, beginning of year	104,822	-
Cash, end of year	$ 165,848	$ 104,822

Supplementary Cash Flow Information:	**2008**	**2007**
Changes in non-cash investing and financing activites:		
Shares issued for conversion of debenture	$ 6,135,000	$ -
Shares issued for purchase of investments	-	$ 11,644,510
Shares issued for purchase of mineral properties	-	$ 15,576,146
Shares issued for flow through private placement	-	$ 4,025,000
Investments issued in lieu of indebtedness to Laramide Resources Ltd.	$ 5,055,024	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

On November 13, 2007, the Company's name was changed from Divine Lake Exploration Corp. to Treasury Metals Inc. (the "Company" or "Treasury Metals"). The Company is involved in the exploration and development of mineral properties in Canada. Pursuant to Laramide Resources Ltd's ("Laramide") spin-off of core ownership in the Company on August 21, 2008, Treasury Metals became a publicly traded company listed on the TSX Exchange under the symbol TML.

The mineral properties of Treasury Metals (except for the Cerro Colorado Gold Project in Mexico) are all in the exploration stage and, on the basis of information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown in the balance sheets for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in its properties and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the properties.

2 CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2008, the Company adopted the new Section 1535 "Capital Disclosures" standards issued by the Canadian Institute of Chartered Accountants. This Section established standards for disclosing information about the Company's capital and how it is managed. The impact of this change is described in note 14 to these financial statements.

In addition, effective January 1, 2008, the Company also adopted the new Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" which replaced Section 3861 Financial Instruments - Disclosure and Presentation". Section 3862 outlines the disclosure requirements for financial instruments and non-financial derivatives. This guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. The presentation requirements under Section 3863 are relatively unchanged from Section 3861. See note 4 for expanded disclosure.

In June 2007, the CICA amended the Handbook section 1400, Going Concern, to include additional requirements to to assess and disclose an entity's ability to continue as a going concern. Section 1400 is effective for annual reporting periods beginning on or after January 1, 2008.

Future Accounting Pronouncements

The Canadian Accounting Standards Board will require all public companies to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Earlier adoption for fiscal years beginning on or after January 1, 2009, is allowed. Earlier adoption for fiscal years beginning on or after January 1, 2009, is allowed. Companies will be required to provide IFRS comparative information for the fiscal year immediately preceding the year in which they first adopt IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Company is currently assessing the impact of this pending change on this financial statements as well as the possibility of early adoption of IFRS.

Goodwill and Intangible Assets

In February 2008, the CICA amended the Handbook section 3064, Goodwill and Intangible Assets which replaces the existing Sections 3062, Goodwill and Other Intangible Assets and 3450 Research and Development Costs. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is assessing the impact of this change on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mineral Properties and Related Deferred Costs

Costs relating to the acquisition, exploration and development of non-producing resource properties held by the Company are capitalized until such time as either economically recoverable reserves are established, the properties are sold or abandoned or the value of the particular property is impaired. The excess of these costs over estimated recoveries is charged to operations. The ultimate recovery of these costs depends on the discovery and development of economic reserves or the sale of the mineral rights. The amounts shown for non-producing resource properties do not necessarily reflect present or future values.

Foreign Exchange

The Company conducts some of its business in Mexico in U.S. dollars. Monetary assets and liabilities have been translated at the exchange rate prevailing at the balance sheet dates. Income and expenses are translated at rates prevailing at the dates of the related transactions. Non-monetary assets, liabilities are translated at historic rates. Losses on foreign exchange for the year are included in the statements of operations.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. Areas where management uses subjective judgement include, but are not limited to, recoverability of mineral properties and related deferred costs, future income taxes and the valuation of warrants. Management believes that these estimates are reasonable.

Loss per Share

The Company has adopted the recommendations of the Section 3500 of the Handbook of the Canadian Institute of Chartered Accountants, Earning per Share ("EPS"). This section requires the presentation of both basic and fully diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, the recommendations require the use of the treasury stock method to compute the dilutive effects of options, warrants and similar instruments. The section also requires the disclosure of a reconciliation of any differences between basic and fully diluted EPS. Basic earnings per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year.

Income Taxes

The Company has adopted the liability method of accounting for income taxes as outlined in the provisions of Section 3465 of the Handbook of the Canadian Institute of Chartered Accountants. Under this method, current income taxes are recognized for the estimated taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future year for tax purposes that are more than likely to be realized using the substantively enacted income tax rates expected to be in effect when the income tax assets or liabilities are recovered or settled respectively.

Cash

Cash consists of cash at banks and on hand and other highly liquid short-term investments, which may be settled on demand or within a maximum 90-day period from the date of purchase without penalty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short – term Investments

Short-term investments are liquid investments with a maturity greater than three months, but less than one year and are recorded at amortized cost.

Revenue Recognition

Royalty revenue consists of a 2.5% sliding production royalty ("NSR") on gold that is produced at the Cerro Colorado Gold Project in Mexico. Revenue is recorded in period the gold is sold. Interest revenue is recognized when earned and gains (losses) on sale of investments are recognized on the transaction date.

Other Stock-based Payments

The Company accounts for other stock-based payments based on the fair value of services granted or the equity instruments issued in exchange for the receipt of goods and services from non-employees by using the stock price and other measurement assumptions at the measurement date, whichever is the more reliably measured.

Stock-based Compensation

The Company recognizes the fair value of stock based compensation over the vesting period of the options. The fair value of the options granted is calculated using the Black-Scholes option pricing model that takes into account the exercise price, expected life of the option, expected volatility of the underlying shares, expected dividend yield and the risk free interest rate for the term of the option.

Flow-through Shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences.

The Emerging Issues Committee of the Canadian Institute of Chartered Accountants issued EIC146 under which the Company is required to recognize the future income tax liability upon filing renunciation documents with the tax authorities and to treat it as a cost of issuing the flow-through shares.

Asset Retirement Obligations

The Company adopted CICA 3110, “Asset Retirement Obligations” which requires that the estimated fair value of liabilities for asset retirement obligations be recognized in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The estimates used in the valuations are based primarily on legal and regulatory requirements. It is possible that the Company’s estimates of its ultimate reclamation and closure liabilities could change as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

An obligation has not been recorded with respect to asset retirement obligations (i.e. environmental remediation) for the Company's exploration and development properties. This is based on the fact that the mining and processing activities that give rise to the legal obligation have not yet occurred and/or the environmental disturbance which has occurred is not yet significant.

As at December 31, 2008 and 2007, the Company has not incurred or committed any asset retirement obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments, Comprehensive Income (Loss)

The Company's financial instruments consist of cash which is classified as held for trading and measured at fair value; short-term investments, which are classified as held-to-maturity and are measured at amortized cost; due from Laramide Resources Ltd. and accounts receivable, which are classified as loans and receivables and are measured at amortized cost; investments which are classified as available-for-sale and are measured at fair value; and accounts payable and accrued liabilities which are classified as other liabilities and measured at amortized cost.

Changes in available-for-sale investments are recognized in other comprehensive income until their disposition, at which time they are transferred to net income. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange and for which no sales restrictions apply are recorded at values based on their current bid prices. The Company's investments in equity securities that do not have a quoted market price in an active market are measured at cost.

Transaction Costs

The Company expenses transaction costs relating to its financial instruments.

4. FINANCIAL INSTRUMENT RISK FACTORS

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company's current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether. The success of the operations and activities is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgment, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company and its operations and financial performance.

Credit Risk

The Company's credit risk is primarily attributable to short-term investments, receivables, and due from Laramide included in other assets. The Company has no significant concentration of credit risk arising from operations. Short -term investments consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial instruments included in other assets consist of receivables from unrelated companies. Management believes that the credit risk concentration with respect to financial instruments included in other assets is remote.

Market Risk

Interest Rate Risk

The Company has cash, variable rate short-term investments and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

4. FINANCIAL INSTRUMENT RISK FACTORS (Continued)

Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has no material currency exposure at December 31, 2008.

Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its investments. The Company's other financial instruments (cash, short-term investments, accounts receivable, loans receivable, accounts payable and accrued liabilities) are not subject to price risk.

Sensitivity Analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Interest rate risk on cash equivalents is minimal as these have fixed interest rates.

The Company has designated its cash as held-for-trading, and is measured at fair value. Financial instruments included in other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities. As at December 31, 2008, if the quoted market price of equity investments had decreased/increased by 10% with all other variables held constant, the other comprehensive loss for the twelve months ended December 31, 2008, would have been approximately $100,000 higher/lower.

Liquidity Risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2008, the Company had current assets of $689,526 (2007 - $1,246,439) and current liabilities of $644,582 (2007 - $12,401,046). All of the Company’s financial liabilities and receivables have contractual maturities of less than one year and are subject to normal trade terms. Current working capital (deficit) of the Company as of December 31, 2008 is $44,944 (2007 – ($11,154,607).

Fair Value

The Company has, designated its cash and short-term investments as held for trading and investments as available for sale, which are measured at fair value. Accounts receivable are classified for accounting purposes as receivables, which are measured at amortized cost which approximates fair market value due to its short-term nature. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are at amortized costs which also approximates fair value due to its short-term nature. The amounts due from Laramide have no specified terms of repayment; as such no fair value can be determined.

5. INVESTMENTS

The Company's investments are carried at fair value and are comprised of the following:

	Number of Shares	Dec 31 2008	Number of Shares	December 31 2007
Tiomin Resources	2,242,990	$ 36,433	2,270,094	$ 707,010
Tiomin Resources - warrants	-	-	675,675	162,674
Aquiline Resources Inc.	98,803	169,941	941,307	8,678,851
Corona Gold Corporation	-	-	171,500	111,475
Sierra Minerals Inc.	6,500,000	650,000	6,942,027	2,707,390
		856,374		12,367,400
Less Aquiline Resources Inc. shares classified to current		(169,941)		-
		$ 686,433		$ 12,367,400

Laramide transferred these investments to Treasury Metals on December 27, 2007 at a fair value of $12,075,844. The Tiomin shares were originally shares and a debenture of Alliance Pacific Resources which became Radiant Resources Inc. which became shares of Tiomin Resources.

6. **MINERAL PROPERTIES AND RELATED DEFERRED COSTS**

Accumulated costs with respect to the Company's interest in mineral properties owned, leased or under option, consisted of the following:

Mineral Property Continuity

Year Ended December 31, 2008	**Minera Cerro Colorado**	**Goliath Project**	**Lara - BC**	**Total**
Acquisition costs:				
Balance, beginning of 2007	-	$100,649	-	$ 100,649
Additions 2007	$ 13,636	26,242,233	$ 3,992,315	30,248,184
Balance, December 31, 2007	13,636	26,342,882	3,992,315	30,348,833
Amortization 2008	(2,045)	-	-	(2,045)
Balance, December 31, 2008	11,591	26,342,882	3,992,315	30,346,788
Exploration costs:				
Balance, beginning of year	-	-	-	-
Assaying	-	378,902	8,234	387,136
Line cutting	-	10,667	-	10,667
Drilling	-	2,299,722	-	2,299,722
Surveying	-	39,691	-	39,691
Other	-	671,993	4,507	676,500
Geophysics	-	166,724	-	166,724
Consulting	-	712,590	5,818	718,408
Equipment Rental	-	337,771	-	337,771
Balance, December 31, 2008	-	4,618,060	18,559	4,636,619
Total, December 31, 2008	$ 11,591	$ 30,960,942	$ 4,010,874	$34,983,407

Goliath Gold Project

The Goliath Gold Project is located in the Kenora Mining Division in north-western Ontario, 20 km east of the City of Dryden, 125 km east of the City of Kenora, and 325 km northwest of the port City of Thunder Bay.

The Goliath Gold Project consists of 116 contiguous unpatented claims (123 units – 1,968 ha) and 16 patented land parcels (723 ha). The total area of the claim group is approximately 2,591 ha covering portions of the Hartman and Zealand townships east of the City of Dryden. The Company's 2008 drilling was confined to unpatented claims 1106348 and 1106347, and patented claims 21609, 34461 and 4822.

6. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

The Goliath Gold Project comprises two underlying properties: the Thunder Lake Property comprising the 116 unpatented claims and 13 patent parcels and, the Laramide Property comprising 3 patent parcels. Certain underlying royalties and payment obligations remain on 14 of the 16 patented land parcels of about $110,000 per year.

Thunder Lake Property, Ontario

On October 1, 2007, the Company and Laramide finalized and signed an agreement pursuant to which Treasury Metals purchased 100% of Corona Gold Corporation's ("Corona") and Teck (formerly Teck Cominco Limited) respective interests in the Thunder Lake West, Thunder Lake East and certain adjacent properties in and around Dryden, Ontario (collectively the "Thunder Lake Property")

Under the terms of the agreement Corona was to receive from Laramide aggregate cash consideration of $15,000,000 and a 10% interest in Treasury Metals after it became a public company. Teck was to receive cash consideration of $3,411,687 and a 2.27% interest in Treasury Metals, Teck and Corona took out a debenture to secure their position in the final amount of $12,272,229, the debenture was cleared up as follows:

The aggregate consideration for the Properties was paid as follows

i) A cash payment of $6,137,229 at closing (paid through the issuance of shares to Laramide which had made the cash payment);

ii) A cash payment of $6,137,229, 60 days after the closing date (paid through the issuance of shares to Laramide which had made the cash payment);

iii) A cash payment of $6,137,229 (paid); and

iv) 12.27% of the common shares of Treasury Metals on completion of a transaction pursuant to which Treasury Metals becomes a public company. If such a transaction was not completed by March 31, 2008 (extended to April 30, 2008), Corona and Teck had the option of requiring Laramide to issue to Corona and Teck common shares of Laramide with a market value of $6,135,000 ($5,000,000 to Corona and $1,135,000 to Teck) in-lieu of their respective interests in Treasury Metals. Teck and Corona elected to receive 3,286,975 common shares of the Treasury Metals.

Laramide Property, Ontario

In December 2007, the Company acquired from Laramide a 100% interest in certain parcels of land, including surface and mineral rights totaling 411 acres, located in Zealand Township near Dryden, Ontario (collectively the "Laramide Property"; previously referred to as the Goliath Property). This interest is subject to a 2-2.5% NSR retained by the owners. The acquisition cost was $1,326,113 and was based on the carrying value of Laramide. Consideration for the asset acquired was through the issuance of 780,069 common shares.

Cerro Colorado Gold Mine, Mexico

In December 2007, the Company acquired from Laramide a sliding production royalty based on gold prices and the aggregate production from a mine. On the first 100,000 ounces produced, Treasury will receive a 2% sliding production royalty if gold prices are below US$350 per ounce and a 2.5% sliding production royalty if prices are above US$350 per ounce. These royalty rates escalate to 2.5% and 3% respectively once cumulative production exceeds 100,000 ounces. During 2008, the Company recognized net royalty income of $529,531 (2007 - Nil) net of some specific related charges and is amortizing the related deferred costs over 5 years. The acquisition cost was $13,636 and was based on the carrying value of Laramide. Consideration for the asset acquired was through the issuance of 8,022 common shares.

6. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Lara Project, British Columbia

In December 2007, the Company acquired from Laramide a 100% interest in and to the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The property comprises 32 mineral claims covering 6,844 hectares. The acquisition cost was $3,986,938 and was based on the carrying value of Laramide. Consideration for the asset acquired was through the issuance of 2,345,266 common shares.

The Company also acquired from Laramide a 100% interest in eight mineral claims known as the Chemanius claims, located on Vancouver Island. These claims are on properties surrounding the Lara Project. The Company is committed to a 1.0% smelter return royalty.

7. CAPITAL STOCK

(a) AUTHORIZED - Unlimited common shares
(b) ISSUED

	Number of Shares		Stated Value
COMMON SHARES			
Balance, December 31, 2006	1,000,000	$	150,000
Issued to Laramide for reimbursement of payment to Corona-Teck (Note 6)	3,608,260		6,137,229
Issued to Laramide for reimbursement of payment to Corona-Teck (Note 6)	3,608,260		6,137,229
Issued to Laramide in exchange for investments transferred (Note 5)	6,849,734		11,644,510
Issued to Laramide in exchange for resource properties (Note 6)	3,133,357		3,301,688
Issued to Laramide for flow-through share subscription	2,367,647		4,025,000
Balance, December 31, 2007	**20,567,258**	**$**	**31,395,656**
Allocated fair value of common shares issued on conversion of unit special warrants net of share issuance costs of $487,526	**2,281,275**		**2,638,419**
Conversion of flow- through special warrants	**652,607**		**1,468,434**
Issued on settlement of debenture	**3,286,975**		**6,135,000**
Balance, December 31, 2008	**26,788,115**	**$**	**41,637,509**

7. CAPITAL STOCK (Continued)

COMMON SHARE PURCHASE WARRANTS

A summary of the Company's common share purchase warrants at December 31, 2008, was as follows:

Date issued	Exercise price	Number	Expiry date	Allocated value
July 2, 2008	$2.00	161,077	July 2, 2010	$100,721
July 2, 2008	$2.75	912,750	July 2, 2010	443,167
				$543,888

On March 24, 2008, the Company completed a brokered private placement of unit special warrants and flow-through special warrants (the "Offering"). 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 warrant for gross proceeds of $5,151,996. Aggregate cash costs in the amount of $487,651 were paid in conjunction with this financing. The Company issued 161,077 broker warrants, exercisable at $2.00 until July 2, 2010.

A fair value of $100,721 was allocated to the warrants under the Black-Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 90%; a risk free rate of 2.74% and an expected life of two years.

i) Each unit special warrant was automatically exercised on July 2, 2008 ("Automatic Exercise Date"), for no additional consideration for one unit.

Each unit was comprised of one 1.25 common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at $2.75 per share until July 2, 2010.

A fair value of $433,167 was allocated to the warrants under the Black Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 90%; a risk free rate of 2.74% and an expected life of two years.

ii) Each flow-through special warrant was automatically exercised for no additional consideration, for one flow-through common share on the Automatic Exercise Date.

iii) The Company issued 3,286,975 common shares at $1.87 per share in settlement of the final payment for the debenture (see note 6).

8. RELATED PARTY TRANSACTIONS AND BALANCES

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals. These expenditures are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties.

i) On January 22, 2008, Laramide Resources Ltd. ("Laramide") announced details of the spin-off of certain non-uranium assets to Treasury Metals, the then wholly-owned subsidiary of Laramide.

As part of the transaction, Laramide transferred to Treasury Metals with an effective date of December 27, 2007, all of its shareholdings in Sierra Minerals Inc., Corona Gold Corporation, Tiomin Resources (originally Alliance Pacific Resources), and $8.5 million of its shareholdings in Aquiline Resources Inc. Certain of Laramide's non-uranium assets including the Goliath Gold Project and its polymetallic base metal and gold property known as the Lara Project on Vancouver Island, and Laramide's 2.5% Net Smelter Royalty on gold production of the Sierra Minerals Cerro Colorado mine were also transferred to Treasury Metals.

Investments and mineral properties and related deferred costs were transferred to Treasury Metals at their carrying value. Consideration for the assets transferred was made through the issuance of common shares and the payment of cash. This transaction was not in the normal course of business.

ii) On December 24, 2007, Laramide completed a private placement of 575,000 flow-through shares at a price of $7.00 per share for aggregate proceeds of $4,025,000. Finders' fees of 5%, or $76,242, were paid on a portion of the financing, in addition to $43,170 in share issuance costs. The aggregate proceeds of this private placement were held in trust as of December 31, 2007. Laramide assigned the flow-through financing to Treasury Metals by subscribing to a private placement of 2,367,647 flow-through common shares of Treasury at a price per common share of $1.70 and transferred in 2008, the $4,025,000 proceeds to the Company.

iii) Treasury Metals was charged $1,341,000 for the year ended December 31, 2008 (2007 - $nil) by a company which an officer and director has a significant interest. This company provides technical and professional services. These charges are all included in mineral properties and related deferred costs. Included in accounts payable at December 31, 2008 is an amount of $204,000 (2007 - $nil) with respect to these services.

iv) At December 31, 2008, $24,270 was due from Laramide, (2007 – $1,131,896). The amounts due to Laramide are the result of expenses paid by Laramide on behalf of Treasury, cash advanced to Treasury, and for the non-share consideration on the transfer of investments and mineral properties from Laramide to Treasury Metals. The 2007 balance included a $4,025,000 share subscription receivable from Laramide. Treasury agreed to exchange 842,504 common shares of Aquiline Resources Inc. with Laramide for $5.05 million in debt owed to Laramide, resulting in a loss of $2,552,787. This transaction was not in the normal course of business and was recorded at the exchange amount.

v) During the year ended December 31, 2008, $230,000 (2007 - $nil) was charged by a law firm where an officer of Treasury is an employee and two other officers charged $46,000 in professional fees of these amounts $145,000 is in accounts payable at year end. Aquiline Resources Inc. charged $107,000 for offices space, services and accounting personnel, $46,500 of this amount is still included in accounts payable (the Company and Aquiline have several common directors).

Transactions in (iii) and (v) were conducted in the normal course of operations and are measured at the exchange amounts.

9. LOSS PER SHARE

	2008	2007
Weighted average shares outstanding - basic and diluted	23,237,204	3,041,211
Basic and diluted loss per share	$ 0.13	$ 0.04

10. INCOME TAXES

The following table reconciles income taxes calculated at combined Federal and Provincial tax rates with income tax expense (recovery) in the financial statements:

Years Ended	December 31 2008	December 31, 2007
Net loss reflected in the statement of operations, before income taxes	$ (2,998,031)	$ 125,586
Statutory rates	33.50%	36.12%
Expected income tax recovery	(1,004,340)	45,362
Permanent differences		
Non-taxable portion of capital losses	428,000	-
Differences in tax rates	84,000	-
Other	(201,025)	-
Increase in valuation allowance	693,365	(45,362)
Future income tax recovery	$ -	$ -

Net future income tax balances are summarized as follows	December 31 2008	December 31, 2007
Future income tax assets (liabilities)		
Capital loss carry forwards	$ 370,000	-
Non-capital loss carry forwards	190,000	-
Share issue costs and other	176,000	-
Escess of book value of investments	461,000	$ 29,045
Valuation allowance	(1,197,000)	-
Future income tax recovery	$ -	$ 29,045

The Company has available for carry forward non-capital losses of $657,000 and capital losses of $2,553,000. The non-capital losses expire as follows

December 31, 2028	$ 592,000
December 31, 2027	65,000
	$ 657,000

11. STOCK OPTION PLAN

The Company has established a stock option plan to provide incentive compensation to the Company's directors, officers, employees and consultants.

The exercise price, terms and conditions of the options are established by the board of directors, subject to the rules of the regulatory authorities having jurisdiction over the securities of the Company. The exercise price at the time of the grant of the options shall not be less than the closing market price of the Common Shares listed on the TSX on the day prior to their grant. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years. The options are non-transferable.

The Company has reserved for issuance 10% of the issued and outstanding Common Shares from time to time under the Stock Option Plan. No options have been issued to date. The minutes of the Company approve the granting of options subject to listing as a public company. These options were not granted after becoming a public company.

12. COMMITMENTS

Pursuant to the 2009 renunciation the Company is committed to spending approximately $890,000 on Canadian exploration costs by December 31, 2009 as part of its 2008 flow-through funding agreements.

13. SUBSEQUENT EVENTS

The Company received permission from the TSX to amend the exercise price of 912,750 outstanding common share purchase warrants issued pursuant to a warrant indenture dated as of March 24, 2008, from $2.75 to $0.60. The amendment is pending warrant-holder approval.

Treasury appointed a financial advisor at the rate of US$10,000 per month payable quarterly in arrears for a period of six months.

The Company renounced $4,025,000 and $1,500,996 in 2009 of exploration expenditures and a future tax liability of $1,267,000 will be recognized as a reduction in capital stock.

14. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and the capital stock and warrant units component properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2008. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be equity, which is comprised of capital stock, warrants, accumulated other comprehensive loss and deficit, which as at December 31, 2008 totalled $35,714,783 (2007 - $31,532,581).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

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

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.