



# TREASURY

METALS Inc.

# 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
FOR THE THREE MONTHS ENDED MARCH 31, 2022  
(Expressed in Canadian dollars, except and otherwise noted)



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## INTRODUCTION

This management's discussion and analysis ("MD&A") reflects the assessment by management of the activities, consolidated financial condition and consolidated results of the operations of Treasury Metals Inc. ("Treasury Metals" or the "Company") for the three months ended March 31, 2022. This MD&A should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2022 and the notes thereto (the "Financial Statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should also be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2021 and 2020 and the related MD&A. All dollar figures in this MD&A are expressed in Canadian dollars, unless stated otherwise. References to CAD/CDN and US\$ are to Canadian dollars and United States ("U.S.") dollars, respectively. This MD&A is dated May 10, 2022 and information contained herein is presented as of such date, unless otherwise indicated.

Further information about the company and its operations is available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com), on the OTCQX® Best Market ("OTCQX") at [www.otcmarkets.com](http://www.otcmarkets.com) and on the Company's website at [www.treasuremetals.com](http://www.treasuremetals.com).

## DESCRIPTION OF THE BUSINESS

Treasury Metals is a Canadian gold exploration and development company focused on its 100%-owned Goliath Gold Complex, which includes the district-scale Goliath, Goldlund and Miller projects. The Goliath Gold Complex benefits from access to first-rate infrastructure at its location spanning from the Dryden area to Sioux Lookout, northwestern Ontario, within the Kenora Mining Division. Treasury Metals is advancing the Goliath Gold Complex through the Canadian permitting process to begin mining production for an open-pit gold mine and subsequent underground operations to be developed in the latter years of mine life. The Company was granted *Canadian Environmental Assessment Act, 2012* ("CEAA") approval for the Goliath Gold Project. Key programs during 2022 include drilling and field exploration, updated engineering studies, and continuation of the permitting process towards the Company's stated goals of completing a pre-feasibility study and mine permits on the Goliath Project.

The Company's issued and outstanding common shares ("Common Shares") are listed on the Toronto Stock Exchange (the "TSX") under the symbol "TML" and also trade on the OTCQX under the symbol "TSRMF". In addition, the Company has common share purchase warrants that trade on the TSX under the symbol "TML.WT" (see "*Mineral Exploration Properties - Goldlund Gold Project*"). The Company operates its corporate headquarters in Toronto, Ontario, and a Project Office at the Goliath Gold Project. The Goldlund Gold Project is operated from the Goliath Gold Project office, approximately 50 kilometres by road from Goldlund. Additional corporate information can be found on the Company's website at [www.treasuremetals.com](http://www.treasuremetals.com).

The Company requires equity capital and other financing to fund working capital and development activities, corporate overhead costs, exploration and other costs relating to the advancement of exploration and mining properties. The Company's ability to continue as an active mineral property developer and explorer is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. There is no assurance that financing efforts will be successful, sufficient or on terms acceptable to the Company, or if the Company will attain profitable levels of operation in the future.

This MD&A contains "forward-looking" information that are subject to risk factors set out in a cautionary note contained herein.

### Q1 2022 Highlights

- On February 2, 2022, the Company announced that its 2022 drilling and exploration program would include 25,000 metres focused on regional exploration of new targets identified, or on previous targets which have seen limited historical drilling. The Company also provided additional gold results from 40 holes from the Goliath Gold Complex 2021 drilling campaign, including:
  - Hole TL21-559, which intersected 5.5 metres grading 9.55 g/t Au, including 1.5 metres grading 24.40 g/t Au and 1.5 metres grading 8.60 g/t Au in the Main Zone from 162.0 metres to 167.5 metres downhole; and
  - Hole GL-21-078, which intersected 6.8 metres grading 11.58 g/t Au, including 1.5 metres @ 48.8 g/t Au from 242.2 metres to 249.0 metres downhole.
- On February 14, 2022, the Company entered into a royalty agreement (the "Spratt Royalty") with an affiliate of Spratt Resource Streaming and Royalty Corp. ("Spratt"), for a US\$20 million royalty financing. The funds will be used to facilitate a decision on construction at the Goliath Gold Complex. Pursuant to the terms of the agreement, Spratt will receive a 2.2% net smelter returns royalty from all minerals produced at the Goliath Gold Complex for the life of the project. The terms of the agreement provide among other things a buyback provision by the Company, a step-down royalty reduction upon achieving certain production targets, minimum payments to Spratt of US\$500,000 on a quarterly basis, payable in cash or Common Shares, until the earlier of December 31, 2027, or achievement of commercial production and a participation right for further project financing to a maximum of US\$40 million by Spratt.
- On February 17, 2022, the Company announced new discoveries at the Goliath Gold Complex. Gold was discovered at the Ocelot target for the first time, and positive gold results were encountered in new drillholes at the previously identified Far East and Fold Nose mineralization. Results included:
  - Far East hole TL21-568 with 6.95 g/t Au over 1.0 metre from 86.0 to 87.0 metres downhole and 0.51 g/t Au over 13.5 metres from 172.5 to 186.0 metres downhole;
  - Fold Nose hole TL21-578 with 0.54 g/t Au over 7.5 metres including 1.24 g/t Au over 1.5 metres from 170.0 to 177.5 metres downhole;
  - Fold Nose hole TL21-576 with 0.23 g/t Au over 28.0 metres from 100.0 to 128.0 metres downhole; and
  - Ocelot hole OC-21-003 with 0.92 g/t Au over 2.0 metres from 79.0 to 81.0 metres downhole on a new target identified by the Treasury Metals Geology team.
- A second new discovery at the Caracal target at the Goliath Gold Complex was announced on March 16, 2022. Results included:
  - CC-21-006, which intersected 1.04 g/t Au over 28.4 metres; including 2.70 g/t Au over 7.0 metres, which includes 4.44 g/t Au over 1.0 metre and 9.14 g/t Au over 1.0 metre; and 7.12 g/t Au over 1.0 metre;
  - CC-21-009, which intersected 0.48 g/t Au over 7.0 metres; including 1.74 g/t Au over 1.0 metre; and also intersected 3.84 g/t Au over 1.0 metre.

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Subsequent to quarter-end:

- On April 11, 2022, the Company announced the closing of the Sprott Royalty transaction.
- On April 14, 2022, the Company announced an updated Mineral Resource Estimate (effective Date – January 17, 2022) for the Goliath Gold Complex (the “2022 MRE”). The 2022 MRE is based on a total of 3,185 drill holes measuring 540,329 metres for the Goliath, Goldlund and Miller deposits, incorporating 176 new drill holes and 41,072 metres since the mineral resource estimate set out in the March 2021 Preliminary Economic Assessment (the “PEA”) of the Goliath Gold Complex. The 2022 MRE will form the basis for the pre-feasibility study (“PFS”) on the Project, which the Company expects to complete in the second half of 2022. See “*Preliminary Economic Assessment for the Goliath Gold Complex (March 2021)*” and “*Updated Mineral Resource Estimate for the Goliath Gold Complex*” in this MD&A.
- On April 28, 2022, the Company announces additional results from the Fold Nose exploration program target at the Goliath Gold Complex.
  - New vein-hosted, lode-gold style mineralization identified on Goliath Property; and
  - Fold Nose hole TL21-579A intersected 10.98 g/t Au over 10.5 metres from 210.0 to 220.5 metres downhole including 74.00 g/t Au over 1.5 metres from 217.5 to 219.0 metres downhole.

## **DEVELOPMENT AND EXPLORATION SUMMARY**

### **Goliath Gold Complex**

The 100%-owned Goliath Gold Complex refers to a prospective 65-km trend in a 330 km<sup>2</sup> land package comprised of three distinct deposits—Goliath, Goldlund and Miller—located within the Wabigoon-Greenstone belt in the Dryden-Sioux Lookout Area of northwestern Ontario.

### **Goliath Gold Project**

The Goliath Gold Project (“Goliath”) is in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. The Goliath Gold Project, which is within the greater Goliath Gold Complex, consists of approximately 7,601 hectares (18,782 acres) and covers portions of Hartman, Zealand, Echo and Pickerel townships. Goliath is comprised of two historic properties that consists of: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp.; and the Goliath Property, transferred to the Company from Laramide Resources Ltd. Goliath has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling approximately \$105,000 per year. Recently, the Company has staked claims that connect to the Goldlund property to form one contiguous land package.

Goliath consists of both an open pit and underground mine with 798,900 and 325,100 ounces of gold in the Measured and Indicated Mineral Resource Category for the open pit and underground respectively. The Deposit also includes Inferred Mineral Resource of 91,500 ounces of gold in both open pit and underground.

During Q1 2022, approximately 5,232 metres in 17 holes were drilled at Goliath: 1,026 metres were drilled in 5 holes on the West Zone, 3,207 metres in 8 holes were drilled on the South Syncline exploration target, and 999 metres were drilled in 4 holes on the Far East exploration target.

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<b>Goliath Gold Project</b> Exploration and development program expenditures (\$)	<b>Balance</b>	<b>Incurred in three months ending</b>	<b>Balance</b>	<b>Incurred in three months ending</b>	<b>Balance</b>
	<b>31-Dec-20</b>	<b>31-Mar-21</b>	<b>31-Dec-21</b>	<b>31-Mar-22</b>	<b>31-Mar-22</b>
Metallurgy	259,550	–	259,550	–	259,550
Geochemistry	121,388	–	230,143	45,685	275,828
Geotechnical	137,649	–	137,649	–	137,649
Hydrogeology	206,336	–	244,448	500	244,948
Environmental	1,270,257	52,579	1,505,931	–	1,505,931
Environmental Assessment	5,053,639	1	5,053,640	164,642	5,218,282
Pre-Feasibility & Feasibility	2,806,206	474,853	4,686,760	1,762,602	6,449,362
Drilling and other exploration exp.	25,111,384	105,415	31,252,038	1,521,481	32,773,519
Community Relations	822,823	12,946	910,850	65,384	976,234
Property purchases and payments	28,583,433	104,456	28,687,889	104,438	28,792,327
Dryden - salaries and consultants	8,490,429	160,212	9,390,645	150,266	9,540,914
Dryden Infrastructure	3,498,137	96,548	3,848,009	132,652	3,980,661
Amortization	539,478	18,843	654,483	30,587	685,070
Share-based payments	1,478,424	80,526	1,712,471	103,275	1,815,746
<b>Total</b>	<b>78,379,133</b>	<b>1,106,377</b>	<b>88,574,509</b>	<b>4,081,512</b>	<b>92,656,021</b>

**Goldlund-Miller Gold Project**

On August 7, 2020, the Company acquired a 100% interest in the Goldlund-Miller Gold Project located adjacent to the Goliath Gold Project through the acquisition of all the shares of Tamaka Gold Corporation. The Goldlund-Miller property covers approximately 27,118 hectares and is comprised of two deposits: Goldlund and Miller. The Goldlund and Miller Gold Projects are located between Dryden and Sioux Lookout, about 30 km northeast of the Goliath Gold Project. The proximity of the projects, combined with well-developed infrastructure in the region, is expected to generate co-development synergies as the properties are advanced in tandem.

The Goldlund Gold Project ("Goldlund"), a proposed open pit mine, hosts a large near-surface gold Mineral Resource estimated to contain 940,000 ounces of gold of Indicated Mineral Resource, plus 703,500 ounces of gold of Inferred Mineral Resource. Gold occurs in essentially two types of deposits in the Goldlund area. The most important gold mineralization is associated with quartz vein and stock-work structures, which are found in albite-trondhjemite sills, as well as in porphyry sills and mafic metavolcanic rocks (Page, 1984). Trace to minor quantities of gold (and silver) are found in disseminated and massive sulphide deposits (copper- nickel, copper-zinc) in metavolcanic rocks.

The Miller Gold Project ("Miller"), a proposed open pit mine, is located on the Goldlund property and is situated approximately 10 km northeast and along strike of the Goldlund deposit. The geology and gold mineralization are similar to that of Goldlund. The Miller deposit is a proposed open pit containing 74,600 ounces of gold of Indicated Mineral Resource, plus 4,500 ounces of gold of Inferred Mineral Resource.

Limited drilling activities were performed during Q1 2022 on the Goldlund and Miller projects, as drilling during this time was primarily focused on the Goliath project. Drilling will resume in Q2 2022 at the Ocelot and Caracal targets located along strike between Goldlund and Miller.

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Goldlund Gold Project Exploration Program Expenditures (\$)	Balance	Incurred in three months ending	Balance	Incurred in three months ending	Balance
	31-Dec-20	31-Mar-21	31-Dec-21	31-Mar-22	31-Mar-22
Acquisitions of properties and data	90,882,421	–	90,882,421	–	90,882,421
Drilling & Assaying	286,943	973,089	3,447,718	431,882	3,879,600
Environmental	74,107	200,005	913,193	108,363	1,021,556
Consultants	207,610	2,475	219,473	–	219,473
Pre-Feasibility & Feasibility	166,469	5,324	267,587	332,436	600,023
Community Relations	–	14,900	14,900	–	14,900
Amortization	20,708	9,536	51,737	–	51,737
Other	30,555	28,211	138,968	49,319	188,287
<b>Total</b>	<b>91,668,813</b>	<b>1,233,540</b>	<b>95,935,997</b>	<b>922,000</b>	<b>96,857,997</b>

**Preliminary Economic Assessment for the Goliath Gold Complex (March 2021)**

On February 2, 2021, the Company announced positive results of the PEA for the Goliath Gold Complex. The PEA was prepared in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Subsequently, on March 11, 2021, the Company filed on SEDAR a technical report entitled "NI 43-101 Technical Report & Preliminary Economic Assessment of the Goliath Gold Complex", dated March 10, 2021, with an effective date of January 28, 2021, led by independent consultants Ausenco Engineering Canada Inc. The PEA outlines the proposed plan for mining and development of three separate projects: Goliath Project, Goldlund Project and the Miller Project. The report includes an update of both Goliath and Goldlund mineral resource estimates along with a maiden resource estimate for the Miller Project. Additional details for the mineral processing, mining methods tailings storage and closure methods show proposed design and provide both capital and operating expenses.

As laid out in the report, the mining plan is proposed to include open pit operations in a phased and staggered approach at the Goliath, Goldlund and Miller project areas. In addition, there is also a proposed underground mining operation at the Goliath site. A single gold processing facility is proposed to be located at the Goliath site and includes all associated infrastructure such as tailings and office facilities. The facilities within the Goliath site largely follow the layout that has been previously approved within the Federal Environmental Assessment and are not expected to have a material effect on that decision. Haulage of gold-bearing rock from the Goldlund and Miller projects is proposed to be overland using existing road networks.

Highlights for the Goliath Gold Complex PEA include:

- Long-term Gold Price of US\$1,600/oz
- Exchange rate of CAD\$1.00 = US\$0.75
- After-tax net present value ("NPV") (discount rate 5%) of \$328 million
- After-tax internal rate of return ("IRR") of 30.2%
- After-tax payback period 2.2 years
- Initial capital of ("CAPEX") \$233 million
- Life of mine ("LOM") of 13.5 years
- Total production of 24,000 kt of mill feed yielding 1.1 M oz Au
- Average annual gold production of 102,000 oz over first 9 years
- Average recovery rate of 93.6%
- Measured and indicated mineral resource of 55,417 kt at a 1.10 g/t Au grade
- Cash cost of US\$699/oz, All-in Sustaining Cost ("AISC") of US\$911/oz

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The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

**Updated Mineral Resource Estimate for the Goliath Gold Complex (April 2022)**

On April 14, 2022, the Company announced the 2022 MRE for the Goliath Gold Complex, with an effective date of January 17, 2022. The 2022 MRE is based on a total of 3,185 drill holes measuring 540,329 metres for the Goliath, Goldlund and Miller deposits, incorporating 176 new drill holes and 41,072 metres since the mineral resource estimate set out in the PEA. The 2022 MRE will form the basis for the PFS on the Goliath Gold Complex, which the Company expects to complete in the second half of 2022. Highlights of the 2022 MRE included:

- Increased combined Measured and Indicated Mineral Resources for the entire Goliath Gold Complex by 9% to 2,138,600 Au ounces;
- Increased Inferred Mineral Resources for the entire Goliath Gold Complex by 48% to 782,800 Au ounces;
- Increased confidence in the Goliath Gold Project, with an increase to the Measured Resources from 105,000 Au ounces to 273,600 Au ounces at an average grade of 1.33 g/t Au;
- Successfully converted Miller deposit from a 79,000 Au ounce Inferred Mineral Resource to an Indicated Mineral Resource of 74,600 Au ounces at 1.10 g/t Au;
- Increased Goldlund Indicated Mineral Resource from 840,000 Au ounces to 940,000 Au ounces at 0.87 g/t Au;
- Increased Goldlund Inferred Mineral Resource from 311,000 Au ounces at 0.66 g/t Au to 703,500 Au ounces at 0.75 g/t Au;
- 62% of the combined Measured and Indicated Mineral Resource Au ounces are above 1.00 g/t cut-off grade and 40% above 2.20 g/t cut-off grade; and
- Improved geological confidence and better representation of deposits.

The following table summarizes the 2022 MRE in the Measured, Indicated and Inferred Mineral Resource classifications for the Goliath Gold Complex. Additional information on the 2022 MRE, including the updated mineral resource estimate for each project area, can be found in the Company news release dated April 14, 2022, available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.treasuremetals.com](http://www.treasuremetals.com).



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Mineral Resource Estimate							
Goliath Gold Complex Total (effective January 17, 2022)							
Type	Classification	Cut-off <sup>11</sup>	Tonnes	Au (g/t)	Au (Oz)	Ag (g/t) <sup>10</sup>	Ag (Oz)
Open Pit	Measured	0.25 / 0.3	6,223,000	1.20	239,500	4.70	940,600
	Indicated	0.25 / 0.3	58,546,000	0.82	1,545,000	2.53	1,878,500
	<b>Meas+Ind</b>	0.25 / 0.3	<b>64,769,000</b>	<b>0.86</b>	<b>1,784,500</b>	<b>2.99</b>	<b>2,819,100</b>
	Inferred	0.25 / 0.3	32,301,000	0.73	754,900	0.80	85,200
Underground	Measured	2.20	170,000	6.24	34,100	22.34	122,100
	Indicated	2.20	2,772,000	3.59	320,000	7.08	580,800
	<b>Meas+Ind</b>	2.20	<b>2,942,000</b>	<b>3.74</b>	<b>354,100</b>	<b>8.04</b>	<b>702,900</b>
	Inferred	2.20	270,000	3.21	27,900	4.06	6,300
Total	Measured		6,393,000	1.33	273,600	5.17	1,062,700
	Indicated		61,318,000	0.95	1,865,000	2.98	2,459,300
	<b>Meas+Ind</b>		<b>67,711,000</b>	<b>0.98</b>	<b>2,138,600</b>	<b>3.42</b>	<b>3,522,000</b>
	Inferred		32,571,000	0.75	782,800	0.84	91,500

Notes:

- Mineral Resources were estimated by ordinary kriging by Dr. Gilles Arseneau, associate consultant of SRK Consulting (Canada) Inc., Mineral Resources were prepared in accordance with NI 43-101 and the CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019). This estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.
- Mineral Resource effective date January 17, 2022.
- Goliath Open Pit Mineral Resources are reported within an optimized constraining shell at a cut-off grade of 0.25 g/t gold that is based on a gold price of US\$1,700/oz, a silver price of US\$23/oz, and a gold and silver processing recovery of 93.873\*Au(g/t)<sup>0.021</sup> and 60% respectively.
- Goldlund Open Pit Mineral Resources are reported within an optimized constraining shell at a cut-off grade of 0.3 g/t gold that is based on a gold price of US\$1,700/oz and a gold processing recovery of 90.344\*Au(g/t)<sup>0.0527</sup>.
- Miller Open Pit Mineral Resources are reported within an optimized constraining shell at a cut-off grade of 0.3 g/t gold that is based on a gold price of US\$1,700/oz and a gold processing recovery of 93.873\*Au(g/t)<sup>0.021</sup>.
- Goliath Underground Mineral Resources are reported inside shapes generated from Deswick Mining Stope Optimiser (DSO) at a cut-off grade of 2.2g/t gold that is based on a gold price of US\$1,700/oz, a silver price of US\$23/oz, and a gold and silver processing recovery of 93.873\*Au(g/t)<sup>0.021</sup> and 60% respectively.
- Goldlund Underground Mineral Resources are reported inside DSO shapes at a cut-off grade of 2.2g/t gold that is based on a gold price of US\$1,700/oz and a gold processing recovery of 90.344x\*Au(g/t)<sup>0.0527</sup>.
- Gold and Silver assays were capped prior to compositing based on probability plot analysis for each individual zones. Assays were composited to 1.5 m for Goliath, 2.0 m for Goldlund and 1.0 m for Miller.
- Excludes unclassified mineralization located within mined out areas.
- Silver grade and ounces are derived from the Goliath tonnage only.
- Goliath Open Pit and Goldlund/Miller cut-off grades are 0.25g/t and 0.30g/t, respectively.
- All figures are rounded to reflect the estimates' relative accuracy, and totals may not add correctly.

## Exploration Update

The focus of the 25,000 metre 2022 drilling program is on regional exploration of new targets identified and on previous targets with limited historical drilling. During the first quarter of 2022, the Company continued to execute on its drilling plan, drilling 5,232 metres during Q1. Drilling activities during the quarter included: 1,026 metres in 5 holes on the West Zone at Goliath, 3,207 metres in 8 holes on the South Syncline exploration target at Goliath, and 999 metres in 4 holes on the Far East exploration target at Goliath.

## Development Update

### Pre-Feasibility Study

The Company is in the process of completing the Goliath Gold Complex Pre-Feasibility Study ("PFS"). This will include a Mineral Reserve Estimate following the 2022 MRE. The PFS is a series of trade-off studies centered on Mine schedules and processing opportunities. Metallurgical testwork will be completed in the second quarter of 2022 to coincide with the completion of the process selection. Geotechnical investigations

in support of the PFS were also completed in the first quarter of 2022. Completion of the PFS is expected during the second half of 2022.

### ***Permitting***

The Goliath Gold Project as presented in the recent PEA differs in that the Goliath Gold Project processing facility is proposed to accept ore from other deposits (specifically deposits from the Goldlund and Miller properties). The Company continues to work with relevant agencies to advance permitting and approvals. At this time, it is not anticipated that any changes to the Goliath Project will affect the current environmental assessment conclusions, nor would it require a review under the *Impact Assessment Act* for a mining expansion. Next steps for the Goliath Gold Project are to proceed with additional environmental studies required to ensure that any changes to the project will meet the Company's EA commitments and the Decision Statement conditions along with furthering the project's permitting and approvals program.

### **Environmental, Social and Governance ("ESG")**

The Company's commitment to social responsibility and the sustainable development of the Goliath Gold Complex is reflected in the following environmental, social and governance ("ESG") initiatives implemented or continued in the first quarter of 2022:

#### ***Environment***

Treasury Metals has engaged several technical consultants for the collection of baseline environmental data for the Goliath, Goldlund and Miller Projects. The objective of the work completed, underway or planned is to characterize the existing physical, biological, and human environment at each of the three mine project locations, expanding on existing information where available. In all cases, the work has/will apply standard field protocols and scientific methodologies and will address the anticipated information needs of regulatory agencies for the approval of Ontario mining projects.

Baseline data collection for the Goldlund Project is underway and is expected to be completed within 12 months. Treasury Metals has begun initial phases of environmental baseline data collection at the Miller project largely focussed on the regional area surrounding the proposed open pit such that additional resource growth could be accommodated in the future if required. Baseline data for these Projects will be required to support Provincial permitting and approvals processes, including potential Provincial EAs if required. In parallel with baseline data collection, the Company is evaluating and exploring its options with regards to the Goldlund Project as a past producer. Several exploration and development programs are ongoing for the further advancement of the Goliath Gold Project.

#### ***Social***

Current engagement activities with the Indigenous and public communities have focused on delivery and dissemination of technical work supporting the continuation of the federal and provincial permitting phase. Treasury Metals has been in communication with all Indigenous parties, and the Company continues to document all efforts to date. All Indigenous communities have been provided all relevant documentation, and the opportunity to access capacity funding has been provided to all communities. Treasury Metals has agreed in principle to reasonable proposed costs to ensure continued open dialogue and the integral review of the Project and its potential effect to traditional land use purposes within the area. Further, to support continued participation, Treasury Metals, in cooperation with representatives from Eagle Lake First Nation, has initiated the Environmental Management Committee with the inaugural meeting having occurred towards the latter part of 2021. Meetings in communities were restricted during the first quarter of 2022 due to COVID-19. The Environmental Management Committee is expected to resume meetings in the second quarter of 2022. This Committee's intention is to provide a suitable avenue for dialogue, and collaborative discussions to ensure Indigenous values and traditional knowledge are integrated into Project-related regulatory needs.

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Treasury Metals staff is working cooperatively with all third party and community representatives to secure community input to the Project, and to finalize additional agreements with regional stakeholders as part of the continued development of Goliath. The Company will engage certain identified Indigenous communities in comprehensive agreement discussions focusing on continued dialogue, education, training, and other Project aspects. The Company continues to engage and support capacity-funding opportunities to ensure open and transparent dialogue regarding the development of the Project. All efforts have been documented in support of the federal EIS, permitting process, and supporting Project-related activities.

**Governance**

In 2022, the Company will develop the terms of reference for, and initiate an Independent Tailings Review Board (ITRB) process to support, the planning and future development of a tailings facility at the Goliath Gold Project. In line with this process, the Company will develop policies related to the design and management of mine infrastructure to ensure long-term stability and environmental performance criteria meet all regulatory conditions.

**Other Exploration Projects**

***Weebigee Project***

On November 24, 2016, Treasury Metals completed the acquisition of all the issued and outstanding common shares of Goldeye Explorations Ltd. ("Goldeye"), a public company that held certain properties, including the Weebigee Project. The Weebigee Project is a high-grade gold project located near Sandy Lake in northwestern Ontario and is comprised of 140 claims. Certain claims are subject to a 2% net smelter return royalty ("NSR") that is held by a former director of Goldeye. The Weebigee Project was subject to an option agreement between Sandy Lake Gold Inc. (renamed G2 Goldfields Inc.) and Goldeye and, in 2020, the Optionee fulfilled their expenditure requirement to earn a 50.1% ownership in the Project. A joint venture was executed in November 2020 to reflect the 50.1% ownership by G2 Goldfields and the 49.9% ownership by Goldeye. On April 9, 2021, G2 Goldfields announced the spin-out of its Sandy Lake Project, which included its interest in the Weebigee Project, to S2 Minerals Inc. Consequently, S2 has taken the place of G2 in the Joint Venture Agreement and has become the operator of the Project.

Goldeye's most recent 2019 exploration program by its then Optionee reported significant gold results, following an earlier 2014 Goldeye work program consisting of a 2,200-metre shallow drill program. Further details can be found in Company press releases (May 13, 2019 and September 4, 2019) at [www.treasuremetals.com](http://www.treasuremetals.com) or under the Company's issuer profile at [www.sedar.com](http://www.sedar.com).

Three other gold exploration properties were inherited by the Company with the Goldeye acquisition: Gold Rock/Thunder Cloud; Shining Tree-Fawcett (subsequently acquired by Platinex Inc. in Q3 2020); and Van Hise/Larder Lake (subsequently dropped), all of which reside in the Province of Ontario. All these properties are grassroots with no exploration permits in place for more advanced field work, such as diamond drilling. No work was done on these properties during the three months ended March 31, 2022.

Engagement and community relation efforts have been ongoing with Sandy Lake First Nation. Company representatives have conducted communication efforts and multiple community visits as part of these activities. Treasury Metals held a collaborative meeting with leadership of the community and Treasury's Optionee, which since 2020 has become a joint venture partner, resulting in the extension of an exploration agreement that was in place. Due to COVID-19 restrictions in place, limited travel or in-person dialogue was available. Treasury Metals and its joint venture partner are acutely aware of the risks of COVID-19 and in accordance with good practice, will engage in travel and work programs at a suitable junction following confirmatory dialogue with leadership of the Indigenous communities of interest.

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Weebigee Project exploration program expenditures (\$)	Balance	Incurring in three months ending	Balance	Incurring in three months ending	Balance
	31-Dec-20	31-Mar-21	31-Dec-21	31-Mar-22	31-Mar-22
G2 -Joint Venture	10,176	17,181	27,357	–	27,357
Camp field and land costs	94,336	1,200	97,935	–	97,935
Other	273,980	–	273,980	–	273,980
Acquisitions of properties and data	2,900,701	(75,120)	2,825,581	–	2,825,581
Option agreement collections	(490,745)	–	(490,745)	–	(490,745)
<b>Total</b>	<b>2,788,448</b>	<b>(56,739)</b>	<b>2,734,108</b>	<b>–</b>	<b>2,734,108</b>

**Lara Polymetallic Project**

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property consists of 59 mineral claims.

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

In early 2011, the annual mining leases on a significant portion of the property were not renewed. As a consequence, in 2010, the estimated non-recoverable costs associated with this project were written off. At present, the Company has renewed the mining leases of the most significant areas of this property. The expenditures are mainly related to property renewals. There was no work done on the property during the three months ended March 31, 2022.

**Gold Rock Project, Kenora Mining Division, Ontario**

The Company's 100%-owned Gold Rock Project is located near Dryden, Ontario and comprises two properties: the Gold Rock property, consisting of 20 legacy claims and the Thunder Cloud property consisting of one legacy claim. All claims at the Gold Rock Project are in good standing and no work was done on these properties during the three months ended March 31, 2022.

The drill hole results in the Company's September 4, 2019, press release included the discovery of a new zone of mineralization in the W3 area. After this release, G2 Goldfields completed drilling an additional four holes totaling approximately 750 metres. All new diamond drill holes were completed in the W3 Zone, 1.8 kilometers east of the W1/W2 area.

**RESULTS OF OPERATIONS**

The following table sets forth selected consolidation information of the Company as of March 31, 2022 and March 31, 2021, prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three-month period ended March 31, 2022.

(\$)	Three months ended	
	March 31, 2022	March 31, 2021
Total Revenue <sup>(1)</sup>	–	–
Net income (loss)	(587,397)	795,216
Net gain (loss) per share - basic and diluted	(0.00)	0.01

<sup>(1)</sup> Treasury Metals is an exploration and development company that is not in commercial production

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The net loss for the three months ended March 31, 2022, was \$587,397, compared to a net income of \$795,216 for the three months ended March 31, 2021. The net loss primarily resulted from the following:

- During the three-month period ended March 31, 2022, there was a \$278,690 unrealized gain from the change in fair value of the derivative liabilities compared to a \$2,034,543 unrealized gain for the same period in 2021. The reduction of the derivative liability is mainly due to the lower fair market value of the Company's share price. The derivative liability is a result of the conversion feature of the US\$-denominated Extract and Sprott convertible debt.
- Share-based payment expense was \$607,711 for the three-month period ended March 31, 2022 compared to \$330,621 for the same period in 2021, resulting from a higher balance of stock options and RSUs vested during the period.
- Salaries and benefits was \$720,862 in the first quarter of 2022 compared to \$545,516 in the first quarter of 2021, mainly resulting from new hires.
- Deferred income tax recovery was \$950,322 in the first quarter of 2022 compared to \$nil in the first quarter of 2021 resulting from a flow-through share premium recovery on eligible flow-through funds raised in 2021. These recoveries are non-cash amounts.

**SUMMARY OF QUARTERLY FINANCIAL RESULTS**

The following tables summarize the Company's selected financial data for the last eight quarters. The information set forth below should be read in conjunction with the Financial Statements and the related notes thereto, prepared by management in accordance with IFRS. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

(\$)	Q1 Mar-22	Q4 Dec-21	Q3 Sep-21	Q2 Jun-21
Expenses	1,816,409	1,000,848	1,196,295	1,077,355
Loss (gain) on debt extinguishment / modification	–	–	–	183,895
Fair value change of derivative liability – loss (gain)	(278,690)	(250,961)	(673,479)	(221,378)
Income tax (expense) recovery	950,322	(2,233,000)	–	–
Net income (loss)	(587,397)	(2,982,887)	(522,816)	(1,039,872)
Net income (loss) per share	(0.00)	(0.03)	–	(0.01)
Other comprehensive income (loss)	74,696	267,403	(506,696)	(373,133)
Total comprehensive income (loss)	(512,701)	(2,715,484)	(1,029,512)	(1,413,005)
Mineral properties and deferred costs	193,136,362	188,132,850	183,954,446	179,154,386
Total current liabilities	3,556,736	3,995,213	5,218,354	4,454,993
Total assets	203,064,205	202,600,612	198,433,824	197,785,128

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(\$)	Q1 Mar-21	Q4 Dec-20	Q3 Sep-20	Q2 Jun-20
Expenses	1,376,125	1,651,915	896,372	645,271
Loss (gain) on debt extinguishment / modification	(136,798)	–	–	–
Fair value change of derivative liability – loss (gain)	(2,034,543)	(794,798)	(361,815)	3,941,094
Income tax (expense) recovery	–	3,165,685	–	–
Net income (loss)	795,216	2,308,568	(534,557)	(4,586,365)
Net income (loss) per share	0.01	0.05	–	(0.08)
Other comprehensive income (loss)	(153,564)	204,714	(165,236)	9,514
Total comprehensive income (loss)	641,652	2,513,282	(699,793)	(4,576,851)
Mineral properties and deferred costs	176,007,807	173,724,630	172,282,198	81,581,510
Total current liabilities	3,756,615	4,877,485	6,470,448	7,208,009
Total assets	199,068,704	182,889,615	184,413,454	84,369,702

The most significant expense variances quarter to quarter are due to vesting costs of various stock options and restricted share unit (“RSU”) issuances. Quarterly gains or losses were due to fair value variances of derivative liability and foreign exchange resulting from the USD exchange rate variations in addition to the accretion and amortization of the convertible debt.

The quarterly variations in the other comprehensive income (loss) result from the quarter end adjustments to the market value of the long-term investments. The fluctuation in total assets from one quarter to the next is primarily a function of cash increases through various financing transactions, issuance of shares, the exercise of warrants and stock options, the valuation at fair market value of the investments, and the use of cash for operating expenses. In Q1 2021, there was a \$16.5 million net cash inflow from a private placement and in Q3 2020 the acquisition of the Goldlund Gold Project closed, resulting in a \$91 million increase of the mineral properties and deferred costs assets partially offset by the \$1.2 million decrease for the sale of the Shining Tree property.

### FINANCINGS

There were no financing transactions completed by the Company in the first quarter of 2022.

On February 11, 2022, the Company entered into the US\$20 million Sprott Royalty transaction, the funds to be used to facilitate a decision on construction at the Goliath Gold Complex. Pursuant to the terms of the agreement, Sprott will receive a 2.2% net smelter return royalty from all minerals produced at the Goliath Gold Complex for the life of the project. The terms of the agreement provide among other things a buyback provision by the Company, a step-down royalty reduction upon achieving certain production targets, minimum payments to Sprott of US\$500,000 on a quarterly basis, payable in cash or Common Shares, until the earlier of December 31, 2027, or achievement of commercial production and a participation right for further project financing to a maximum of US\$40 million by Sprott. Subsequent to quarter-end, the Company closed the Sprott Royalty transaction.

### FINANCIAL INSTRUMENTS

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques. Measurement in subsequent periods depends on the classification of the financial instrument. A description of financial instruments and their fair value is included in the audited consolidated financial statements for the year ended December 31, 2021, filed under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.treasuremetals.com](http://www.treasuremetals.com).

## **LIQUIDITY AND CAPITAL RESOURCES**

The interim consolidated financial statements of the Company for the three months ended March 31, 2022 were prepared on a going concern basis. The going concern basis assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company has no operating cash flow from a producing mine and therefore must utilize its current cash reserves, income from short-term investments, funds obtained from the exercise of convertible securities and other financing transactions to maintain its capacity to meet working capital requirements and planned expenditures, or to fund any further development activities. It is not possible to predict whether future financing efforts will be available on reasonable terms, or at all (see "*Risks and Uncertainties*" in this MD&A).

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern and to realize its assets and discharge its liabilities in the normal course of business and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's cash and cash equivalents at March 31, 2022 was \$4,708,945 million compared to \$10,090,415 million at December 31, 2021. The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company relies on external financing to generate sufficient operating capital. Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and as such, alternative funding programs are also being pursued by the Company. The Company's management believes it will be able to raise any required funds in the short term. Management will monitor the current market situation and make prudent business decisions, as they are required. See "*Risks and Uncertainties*" in this MD&A.

The Company does not have any other unused and undisclosed sources of financing.

As of March 31, 2022, the Company had net working capital of \$4,229,998 (December 31, 2021 - \$10,187,429) (excluding flow-through share premium liability and derivative liability). The change in working capital during the quarter is a result of (5,957,431).

As of March 31, 2022:

- Accounts receivable and prepaid expenses are comprised mainly of advances to contractors and sales tax receivables from the Government of Canada. Accounts receivable and prepaid expenses have increased mainly due to higher advances to contractors, which also resulted in a higher HST receivable.
- Investments in marketable securities, as of March 31, 2022, consist of 147,778 shares of Millrock Resources Inc., and 16,500,000 shares and 5,000,000 warrants of Platinex Inc., all of which collectively have a fair value of \$768,521.
- The Company's carrying value of debt is \$5,536,037 (US\$4.4 million) at March 31, 2022. Accounts payable and accrued liabilities are short-term and non-interest bearing.
- The Company is committed to spend \$6,539,025 by December 31, 2022 on Canadian exploration expenses ("CEE") as part of the flow-through financing dated on November 5, 2021. At March 31, 2022, the Company has spent \$3,042,912, leaving a remaining commitment of \$3,496,113. All flow-through spending commitments from previous flow-through financings have been fulfilled.

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- In view of the current COVID-19 pandemic, the Company is evaluating all spending to ensure that its financial resources are maintained throughout this pandemic.
- The Company received \$nil from the exercise of stock options and warrants as of March 31, 2022.

As of March 31, 2022, the Company paid \$1.1 million of administration and salary costs and \$5.0 million of additions to mineral properties and related deferred costs.

The Company's liquidity risk with financial instruments is minimal as excess cash is invested in interest-bearing accounts with two major Canadian banks. In addition, amounts receivable are comprised mainly of sales tax receivable and advances to suppliers, which are expected to be received and paid within one year, and interest receivable on cash and cash equivalents.

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

### SHARE CAPITAL

The following table sets forth information concerning the outstanding securities of the Company on March 31, 2022.

#### Fully Diluted Shares

As at	March 31 2022	March 31 2021
Common Shares issued	137,879,334	112,734,784
Warrants outstanding <sup>(1)</sup>	24,592,635	27,434,329
Stock options outstanding <sup>(1)</sup>	7,552,455	5,017,658
RSUs outstanding <sup>(1)</sup>	1,337,489	–
<b>Total</b>	<b>171,361,913</b>	<b>145,186,771</b>

<sup>(1)</sup> Each stock option, RSU and warrant is exercisable for one Common Share

As of March 31, 2022, the exercise in full of outstanding warrants and stock options would raise a total of approximately \$27.8 million; there are nil in-the-money stock options. Management does not know when and how much will be collected from the exercise of such securities, as this is dependent on the determination of the holder and the market price of the Common Shares.

As of May 10, 2022, there were 137,926,750 Common Shares outstanding.

#### Warrants

Please refer to Notes 12 and 13 to the Financial Statements for detailed information on the Company's Warrants.

As of May 10, 2022, there were 24,592,635 Warrants outstanding with an average exercise price of \$1.54, of which there are 11,666,666 Warrants at an exercise price of \$1.50 with an expiry date of August 7, 2023 that exercise on a cashless basis. The exercise in full of the remaining outstanding Warrants would raise a total of approximately \$20.3 million. Management does not know when and how much will be collected from the exercise of such securities as this is dependent on the determination of the warrant holders and the market price of the Common Shares.



### **Share-Based Payments**

On June 29, 2021, shareholders of the Company approved the Omnibus Equity Incentive Plan (the "Equity Incentive Plan"), replacing the previous stock option plan of the Company (the "Legacy Plan"). The Legacy Plan continues to be authorized for the sole purpose of facilitating the vesting and exercise of existing awards previously granted under the Legacy Plan. Once the existing awards granted under the Legacy Plan are exercised or terminated, the Legacy Plan will terminate and be of no further force or effect.

The maximum number of Common Shares issuable under the Equity Incentive Plan shall not exceed 9.9% the issued and outstanding Common Shares from time to time. The Equity Incentive Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options and RSUs will increase as the Company's issued and outstanding share capital increases. Under the Equity Incentive Plan, directors, officers, employees, and consultants may be granted stock options and/or RSUs to purchase Common Shares. RSUs may be awarded to an employee or consultant as a discretionary payment in consideration of past or futures services to the Company. Upon vesting, RSUs are converted into Common Shares. Limits have also been set in respect of the maximum number of stock options or RSUs that may be issued to insiders at any time as well as within any one-year period.

During the first quarter of 2022, the Company granted: (i) an aggregate of 2,728,129 stock options to certain directors, officers and employees of the Company with an exercise price of \$0.70 and expiring on February 18, 2025; and (ii) an aggregate of 1,337,489 RSUs to certain directors, officers and employees. The RSUs have an expiry date of December 31, 2025 and vest in accordance with the following schedule: (i) 33.33% on the grant date; (ii) 33.33% one year from the grant date; and (iii) 33.34% two years from the grant date. On any date that falls on or after the vesting date but on or before November 30, 2025, the holder may deliver a written conversion notice specifying that the holder elects to receive Common Shares on the basis of one (1) Common Share for one (1) RSU; the RSUs cannot be settled in whole or in part for cash. The fair value assigned to the RSUs was estimated using the volume-weighted average price of the Common Shares on the TSX for the five trading days immediately preceding the grant date. As of March 31, 2022, 1,337,489 RSUs were outstanding.

As of March 31, 2022, 7,552,455 stock options were outstanding at an average exercise price of \$0.99 (December 31, 2021 – 5,585,325 stock options at an average exercise price of \$1.16), of which 4,932,885 stock options were exercisable (December 31, 2021 – 3,814,992 stock options). The exercise in full of the outstanding stock options would raise a total of approximately \$7.5 million. Management does not know when and how much will be collected from the exercise of such securities as this is dependent on the determination of the option holders and the market price of the Common Shares.

As of May 10, 2022, there were 7,522,455 stock options and 1,290,073 RSUs outstanding.

## **FINANCIAL INSTRUMENTS AND RELATED RISKS**

### **Management of Capital**

The Company manages its capital structure and makes appropriate adjustments, based on the funds available to the Company, 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 considers capital from two perspectives: its working capital position and its capital stock, warrant, and stock option components of its shareholders' equity.

To effectively manage the Company's capital requirements, management has put in place a rigorous planning, budgeting, and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient committed loan facilities and planned future capital raises to meet its short-term business

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requirements, considering its anticipated cash flow from operations and its holding of cash and cash equivalents and marketable securities.

At March 31, 2022, the Company expects its capital resources and projected future cash flows from financing to support its normal operating requirements on an ongoing basis, and planned development and exploration of its mineral properties and other expansionary plans.

The properties in which the Company currently has an interest are in the exploration stage and as such the Company is dependent on external financing to fund its activities. 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 period ended March 31, 2022.

### **Risk Disclosures**

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

#### **Credit Risk**

The Company has cash and cash equivalents balance of \$4,708,945 (December 31, 2021 - \$10,090,415). The Company's current policy is to invest excess cash in investment grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. There is no significant credit risk with respect of receivables.

#### **Interest Rate Risk**

The Company has exposure to interest rate risk since its long-term debt has an interest rate based on 12-month LIBOR, subject to an interest floor.

#### **Market Price Risk**

The Company has convertible long-term debt denominated in U.S. Dollars. The convertible feature of this long-term debt has been classified as a derivative liability. Among other variables, the fair value of the derivative liability is affected by changes in the market price of the Company shares.

#### **Foreign Currency Risk**

The Company is exposed to foreign currency risk on financial assets and liabilities that are denominated in a currency other than the Canadian dollar. The currency giving rise to this risk is primarily the US dollar. The balance of net monetary liabilities in such currency as of March 31, 2022 is \$5,534,939 (December 31, 2021 - \$5,424,084).

#### **Liquidity Risk**

The Company is exposed to liquidity risk primarily because of its trade accounts payable and its debt. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a cash and cash equivalents balance of

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\$4,708,945 (December 31, 2021 - \$10,090,415) to settle current liabilities of \$2,839,985 (December 31, 2021 - \$1,723,673), excluding the flow-through share premium liability and derivative liability. All the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company relies on external financing to generate sufficient operating capital and the management believes it will be able to raise any required funds in the short-term.

### **Sensitivity Analysis**

As at March 31, 2022 and December 31, 2021, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

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

- (i) The Company is exposed to interest rate risk on LIBOR fluctuations for its long-term debt. A variance of 1% in the 12-month LIBOR will affect the annual Company's net comprehensive loss by approximately \$59,496 (2021 - \$59,098).
- (ii) The Company is exposed to foreign currency risk on fluctuations of balances that are denominated in US currency related to cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect the net comprehensive loss by \$553,494 (2021 - \$542,408).
- (iii) The Company is exposed to market risk as it relates to its investments held in marketable securities. If market prices had varied by 10% from their March 31, 2022 fair market value positions, the comprehensive loss would have varied by \$76,852 (2021 - \$69,383).

### **Fair Value Hierarchy**

The Company has designated its investments as FVTOCI, which are measured at fair value. The non-cash derivative liability is classified as FVTPL and is measured at fair value with unrealized gains or losses reported in the consolidated statement of operations.

Accounts payable and accrued liabilities and the long-term debt are considered as other financial liabilities, which are measured at amortized cost which also approximates fair value. The fair value of long-term debt approximates their carrying amount due to the effective interest rate being close to the market rate.

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where fair value measurement is required. Fair value amounts represent point in time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and investments approximate their fair value.

### **TRENDS AND RISKS THAT HAVE AFFECTED THE COMPANY'S FINANCIAL CONDITION**

See the "Risks and Uncertainties" section of this MD&A for information regarding known trends, demands, commitments, events, or uncertainties that are reasonably likely to have an effect on the Company's business and industry and economic factors affecting the Company's performance.

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**OFF-BALANCE SHEET TRANSACTIONS**

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, without limitation, such considerations as liquidity and capital resources. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

**CONTINGENCIES AND COMMITMENTS**

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

- Certain underlying royalties and payment obligations of \$105,000 per year remain on 13 of the 23 patented land parcels.
- The Company is committed to spend \$6,539,025 by December 31, 2022, on CEE as part of the flow-through financing dated November 5, 2021. At March 31, 2022, the Company has spent \$3,042,912, leaving a remaining commitment of \$3,496,113. All flow-through spending commitments from previous flow-through financings have been fulfilled.
- An audit was initiated by the Canada Revenue Agency (the "CRA") in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013. On March 7, 2018, the Company was advised by the CRA that, out of the total of \$12.5 million the Company raised through the flow-through share financings and renounced to subscribers, the CRA had reclassified approximately \$1.8 million of CEE to operating expenses and a further approximately \$2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE. On July 2, 2021, the CRA sent a Notice of Reassessment that reduced the amount of the unpaid Part XII.6 tax to \$430,689. On September 30, 2021, the Company filed a Notice of Appeal where it strongly disputed the CRA's proposed re-characterization of expenses from CEE to either CDE or operating expense. Due to the uncertainty of the outcome and tax amount, no liability has been recorded in the consolidated financial statements.

Contractual Obligations (\$)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 Years
Long Term Debt <sup>(1)</sup>	5,536,037	–	5,536,037	–	–
Capital Lease Obligations	–	–	–	–	–
Operating Leases <sup>(2)</sup>	517,140	230,041	223,947	63,152	–
Purchase Obligations	–	–	–	–	–
Other Long-term Obligations	–	–	–	–	–
<b>Total Contractual Obligations</b>	<b>6,053,177</b>	<b>230,041</b>	<b>5,759,984</b>	<b>63,152</b>	<b>–</b>

<sup>(1)</sup> This payable represents a US\$4.7 million Debt Facility with a maturity date extended up to June 30, 2023.

<sup>(2)</sup> This payable represents a sub-lease agreement of the administrative offices in Toronto until June 2023 and October 2025, respectively. This payable also represents vehicle leases until January 2026.

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**RELATED PARTY TRANSACTIONS**

Until March 31, 2021, certain corporate entities that are related to the Company's officers and directors provided services to Treasury Metals. Laramide Resources Ltd. ("Laramide") had a director and an officer in common with Treasury Metals and shared office facilities with the Company. After March 31, 2021, Laramide ceased to be a related party to the Company and accordingly there was \$nil accounts payable to Laramide as of March 31, 2022 (March 31, 2021 – \$94,536).

Cypherpunk Holdings Inc. had an officer and director in common with Treasury Metals. After March 31, 2021, Cypherpunk ceased to be a related party to the Company and accordingly there was \$nil accounts receivable from Cypherpunk as of March 31, 2022 (March 31, 2021 – \$881).

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

**Compensation of Key Management Personnel**

The following table summarizes remuneration attributable to key management personnel for the three-month periods ended March 31, 2022 and 2021:

(\$)	Three months ended	
	March 31, 2022	March 31, 2021
Salaries expense of key management	412,729	115,000
Directors fees	61,000	60,250
Stock-based compensation, at fair value	180,896	311,454
<b>Total</b>	<b>654,625</b>	<b>486,704</b>

**DIVIDENDS**

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

**FINANCIAL INSTRUMENTS**

The current bank accounts, accounts receivable and accounts payable are non-interest bearing.

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

**ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of income and expenses for the reporting period. The Company also makes estimates and assumptions concerning the future. The determination of estimates and associated assumptions are based on various assumptions including historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Please refer to the Financial Statements for

information on the Company's significant judgements in applying accounting policies as well as significant accounting estimates and assumptions.

### **ADOPTION OF NEW ACCOUNTING STANDARDS**

During the quarter ended March 31, 2022, no new accounting standards were adopted. Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2023. Please refer to the Financial Statements for information on future accounting pronouncements as well as new accounting standards issued and effective.

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

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

### **CORPORATE GOVERNANCE**

Management and the Board recognizes the value of good corporate governance and the need to adopt best practices. The Company is committed to continuing to improve its corporate governance practices in light of its stage of development and evolving best practices and regulatory guidance. The Board has adopted a board mandate outlining its responsibilities and defining its duties. The Board has three committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Each Committee has a committee charter, which outlines the committee's mandate, procedures for calling a meeting, and provides access to outside resources. The Board has also adopted a code of ethics, which governs the ethical behavior of all employees, management, and directors. Separate trading blackout and disclosure policies are also in place. For more details on the Company's corporate governance practices, please refer to the Company's website ([www.treasuremetals.com](http://www.treasuremetals.com)) and the statement of Corporate Governance contained in the Company's most recent Management Information Circular. The Company's directors have expertise in exploration, metallurgy, mining, accounting, legal, banking, financing and the securities industry. The Board meets at least four times per year and each Committee meets as required.

### **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

#### **Disclosure Controls and Procedures**

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of March 31, 2022, to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

#### **Internal Controls over Financial Reporting**

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

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

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

Management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting as of March 31, 2022. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein.

As of March 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in National Instrument 52-109 – *Certification of Disclosure in Issuer's Annual and Interim Filings*, are effective to achieve the purpose for which they have been designed. There have been no changes in internal control over financial reporting during the quarter ended March 31, 2022, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting. The control framework used to evaluate the effectiveness of the design and operation of the Company's internal controls over financial reporting is the 2013 Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission.

## **NON-IFRS MEASURES**

### **Working Capital**

The Company has referred to working capital throughout this MD&A to supplement its financial statements, which are presented in accordance with IFRS. Working capital is a non-IFRS performance measure. The Company believes that this measure provides investors with an improved ability to evaluate the performance of the Company. Non-IFRS measures do not have any standardized meaning prescribed under IFRS. Therefore, such measures may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following table provides a reconciliation of working capital to the financial statements as at March 31, 2022 and December 31, 2021:

<b>As at</b>	<b>March 31 2022</b>	<b>December 31 2021</b>
Current assets	7,069,983	11,911,102
Less current liabilities <sup>(1)</sup>	2,839,985	1,723,673
<b>Working capital</b>	<b>4,229,998</b>	<b>10,187,429</b>

(1) excluding the flow-through share premium liability and derivative liability

## **Other**

In the discussion relating to the PEA, the Company referred to estimated Cash Operating Costs and All in Sustaining Costs ("AISC"), both Non-IFRS performance measures with no standardized meaning, but common in the gold mining industry. Cash Operating Costs reported in the PEA include mining costs, processing and water treatment costs, general and administrative costs of the mine, off-site costs, refining costs, transportation cost and royalties. This measure excludes non-cash costs including, but not limited to, depreciation. Cash Operating costs per ounce is calculated as the total cash operating costs divided by the payable gold equivalent ounces. AISC is reflective of the expenditures that are required to produce an ounce of gold from operations. AISC reported in the PEA includes total cash costs, sustaining capital, capital required to expand operations and closure costs, but excludes corporate general and administrative costs and salvage. AISC per ounce is calculated as AISC divided by gold equivalent ounces payable.

## **RISKS AND UNCERTAINTIES**

The business of the Company is subject to a variety of risks and uncertainties. Investment in Common Shares should be considered highly speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of development, production and exploration and the location of its properties in Colombia. Readers should carefully consider the risks disclosed in this MD&A, the Company's annual information form ("AIF") for the year ended December 31, 2021, audited annual consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2021 and other publicly-filed documentation regarding the Company available under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, the AIF is available upon request from the Company. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or relating to the Company's operations and any of these risk elements could have a material adverse effect on the business of the Company.

## **Covid-19**

The Company continues to face risks related to COVID-19, which could continue to significantly disrupt its operations and may materially and adversely affect its business and financial conditions. Since January 2020, the COVID-19 outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Global financial conditions remain subject to sudden and rapid destabilizations in response to future events, as government authorities may have limited resources to respond to future crises.

The COVID-19 pandemic crisis and a continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, government-imposed restrictions, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company and its business. Future crises may be precipitated by any number of causes, including additional epidemic diseases, natural disasters, geopolitical instability, changes to energy prices and/or sovereign defaults. If increased levels of volatility continue, or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, demand for metals, including demand for gold, the availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company's operations and business and the market price of the Company's securities. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.



### **ADDITIONAL INFORMATION**

Additional information regarding the Company can be found in the annual information form of the Company dated March 24, 2022 for the financial year ended December 31, 2021, which is available electronically on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's issuer profile.

For additional information on the Goliath Gold Complex, please refer to the PEA, available on the Company's website at [www.treasuremetals.com](http://www.treasuremetals.com) and under the Company's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **QUALIFIED PERSON**

Maura Kolb, the Company's Director, Exploration, is a Qualified Person as defined by NI 43-101, and is responsible for the preparation of, and has reviewed and approved, the technical disclosure in this Management's Discussion and Analysis, unless otherwise indicated.

### **Cautionary Note Regarding Forward-Looking Information**

This MD&A may contain forward-looking information within the meaning of applicable Canadian securities legislation, including, but not limited to, statements relating to the future financial or operating performance of the Company, the Company's mineral projects, the future price of metals, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production (if any), capital, operating and exploration expenditures, the impact of COVID-19 on the Company's business or prospects, costs and timing of the development of new deposits, costs and timing of future exploration, use of proceeds from financings, proposed extensions regarding the flow-through funds spend period, the ability of the Company to obtain any outstanding permits or approvals required for its operations on the timing described herein (if at all), requirements for additional capital, government regulation of mining operations and mineral exploration activities, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, development of the Goliath Gold Complex, timing to complete a pre-feasibility study on the Goliath Gold Complex (if at all), and advancement of exploration activities. Often, but not always, forward-looking information can be identified by the use of words and phrases 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 information reflects the Company's beliefs and assumptions based on information available at the time such statements were made. Actual results or events may differ from those predicted in forward-looking information. All of the Company's forward-looking information is qualified by (i) the assumptions that are stated or inherent in such forward-looking information, including the assumptions listed below, and (ii) the risks described in the section entitled "Risks and Uncertainties" in this MD&A, the financial statements of the Company, and the sections entitled "Risk Factors" and "Forward-Looking Statements" in the annual information form of the Company for the fiscal year ended December 31, 2021, dated March 24, 2022, which are available electronically on SEDAR ([www.sedar.com](http://www.sedar.com)) under the Company's issuer profile.

Although the Company believes that the assumptions underlying the forward-looking information contained in this MD&A are reasonable, this list is not exhaustive of the factors that may affect any forward-looking information. The key assumptions that have been made in connection with forward-looking information include the following: the significance of drill results and ongoing exploration activities; timing to obtain assay results from labs; ability of exploration activities (including drill results) to accurately predict mineralization; the predictability of geological modelling; the accuracy of the Company's records of its property interests; the global economic climate; the impact of COVID-19 on the Company's business and prospects; metal prices; environmental risks; community and non-governmental actions; that permits required for the Company's operations will be obtained on a timely basis in order to permit the Company to proceed on schedule with its planned drilling programs; that skilled personnel and contractors will be

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available as the Company's operations continue to grow; that the price of gold will exceed levels that will render the project of the Company economical; the relevance of the assumptions, estimates and projections in technical reports; the timing and results of a pre-feasibility study on the Goliath Gold Project; and that the Company will be able to continue raising the necessary capital to finance its operations and realize on its mineral resource estimates.

Forward-looking information involves known and unknown risks, future events, conditions, uncertainties, and other factors which may cause the actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; public health crises; the actual results of current exploration activities; errors in geological modelling; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations of grade or recovery rates; failure of plant and equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities.

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 information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is given as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events, or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking information 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 information.

**Cautionary Statement regarding Mineral Resource Estimates**

This MD&A uses the terms measured, indicated and inferred mineral resources as a relative measure of the level of confidence in the resource estimate. Readers are cautioned that mineral resources are not mineral reserves and that the economic viability of resources that are not mineral reserves has not been demonstrated. The mineral resource estimate disclosed in this MD&A may be materially affected by geology, environmental, permitting, legal, title, socio-political, marketing or other relevant issues. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to an indicated or measured mineral resource category, however, it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration. The mineral resource estimate is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Definition Standards on Mineral Resources and Mineral Reserves" incorporated by reference into NI 43-101. Under NI 43-101, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies or economic studies except for preliminary economic assessments. Readers are cautioned not to assume that further work on the stated resources will lead to mineral reserves that can be mined economically.