



**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED  
JUNE 30, 2021 AND 2020**

**INTRODUCTION**

Treasury Metals Inc. (TSX: TML) (“Treasury Metals” or “Treasury” or the “Company”) is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Complex (“GGC” or the “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 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 Federal Government Environmental Assessment (EA) approval for the Goliath Gold Project. Key programs during 2021 and 2020 include diamond drilling and field exploration, updated engineering studies, and continuation of the permitting process towards the Company’s stated goals of completing a feasibility study and mine permits.

Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol “TML”, and on the OTCQX® Best Market under the symbol “TSRMF”. Treasury Metals 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 35 kilometres by road from Goldlund. Additional corporate information can be found on Treasury Metals Inc.’s website at [www.treasuremetals.com](http://www.treasuremetals.com).

This Management Discussion and Analysis (“MD&A”) of the financial condition and results of operations of Treasury Metals should be read in conjunction with the Company’s interim condensed consolidated financial statements for the periods ended June 30, 2021 and 2020, including the related notes thereto. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). This MD&A is presented as of August 9, 2021. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains “forward-looking” statements that are subject to risk factors set out in a cautionary note contained herein.

**HIGHLIGHTS**

Highlights for the quarter and subsequent events up to the date of this MD&A include:

- On July 22, 2021, the Company released additional drill results from its ongoing drill program at the Goldlund Gold Project, including 5.48 g/t Au over 25.9 m and 2.94 g/t Au over 26.0 m.
- On July 14, 2021, the Company announced that the TSX Exchange conditionally accepted for listing the common share purchase warrants issued to First Mining Gold Corp. in connection with the acquisition of Tamaka Gold, which closed August 7, 2020. The warrants commenced trading under the symbol TML.WT on July 15, 2021.

- On June 29, 2021, the Company held its Annual General and Special Meeting of Shareholders. All matters brought forward were approved by shareholders at the meeting and Jeremy Wyeth, President and CEO of Treasury Metals, was elected to the Board of Directors.
- On June 22, 2021, Ms. Rachel Pineault was appointed as Vice President Human Resources and Community Engagement for the Company.
- On June 16, 2021, the Company released drill results from its drill program at the Goldlund Gold Project, including 3.14 g/t over 21.5 m and announced that it planned to add a third drill rig to its 2021 exploration program.
- On May 19, 2021, the Company announced the appointment of Ausenco Engineering Canada as the lead consultant for the technical studies at the Goliath Gold Complex.
- On May 12, 2021, the Company released results from the first phase of drilling at the Miller Project, including 2.73 g/t over 23.3 m.
- On May 7, 2021, the Company announced the receipt for the final short form prospectus in connection with the previously announced offering of 6.8 million flow-through and 10.6 million non-flow-through special warrants. The special warrants automatically exercised into common shares on May 13, 2021.
- On May 5, 2021, Mr. Clinton Swemmer was appointed as Vice President Projects for the Company.
- On April 1, 2021, Mr. Orin Baranowsky became Chief Financial Officer of the Company (as announced on March 25, 2021).

## OUTLOOK

Following the acquisition of the Goldlund Gold Project, the fundamental business objective of the Company has expanded to incorporate the advancement of the Goliath Gold Complex, which includes the Goliath, Goldlund and Miller projects, to a construction decision. Throughout the first quarter of 2021, the Company continued to advance and eventually complete the PEA for the Goliath Gold Complex that included the newly released initial resource and mine plan on the Miller Project located within the Goldlund property area. Following the release of the PEA, the company put contracts out to bid for the completion of Pre-Feasibility level study work as recommended within the PEA. Subsequently, in the second quarter, bids were evaluated and Ausenco Engineering Canada Inc. was selected as the overall study lead with SRK (Canada) assisting in the areas of resource and mine design and SLR completing tailings storage design. Engineering study work is currently advancing towards the PFS level goal with several optimization and tradeoff studies nearing completion in preparation for further design work. The Company intends to continue to advance this study, including several supporting works that will position the business for long-term success.

In addition, the company has planned an exploration program that will evaluate certain attractive near-mine targets, including the Miller Project, a potential satellite deposit that is located to the northeast of the Main Zone of the Goldlund Gold Project.

Following the successful completion of the PEA, the Company initiated pre-feasibility level study (“PFS”) work that will further evaluate the development alternatives for the project and refine capital and operating cost estimates. Several technical studies are underway in support of the PFS such as further metallurgical studies focused on gold recoveries at Goldlund and updated geotechnical studies to support mine design efforts.

The Company’s Federal Environmental Assessment received federal government approval in August 2019, and the Company received permission to proceed with the provincial and construction permitting activities that will be ongoing throughout 2021. It is expected that applications will be finalized and submitted to relevant authorities throughout 2021 as information on each project becomes available. The Goliath Gold Project is expected to advance in permitting with the currently known baseline and technical information. At the Goldlund Project, additional environmental baseline work will be ongoing with the objective to use this data to commence permitting activities in late 2021. Treasury will continue engagement with local First Nations, Métis, and community groups throughout each phase of the development of the projects.

Since early 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, 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. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. 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. By undertaking a thorough review of operating expenses and the scheduling of some expenditures, the Company is focused on prudently managing the Company’s financial resources and planned activities pending a resolution of the COVID-19 pandemic.

## **MINERAL EXPLORATION PROPERTIES**

### **Goliath Gold Project**

The Goliath Gold Project (“Goliath” or “the Project”) is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. The Goliath Gold Project, which is within the greater Goliath Gold Complex, consists of approximately 7,601 hectares (approximately 76 km<sup>2</sup>) 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. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling approximately \$105,000 per year. Recently, the company has staked claims that connect to the Goldlund property to form one contiguous land package.

### **Goldlund Gold Project**

On August 7, 2020, the Company closed a definitive share purchase agreement with First Mining Gold Corp. (“First Mining”) pursuant to which Treasury acquired all of the issued and outstanding shares of Tamaka Gold Corporation, a wholly owned subsidiary of First Mining that owns a 100% interest in the Goldlund Gold Project (“Goldlund”), located adjacent to Goliath Gold Project.

The \$91,016,596 purchase price of the transaction was determined as per the fair value of the financial instruments and other non-financial assets and liabilities provided by the Company. In exchange for all of the issued and outstanding common shares of Tamaka, First Mining received from the Company 43,333,333 common shares and 11,666,667 warrants with an exercise price of \$1.50 for a period of 36 months, a 1.5% net smelter returns royalty (“Goldlund Royalty”) with the option for the Company to buy-back 0.5% of the Goldlund Royalty for \$5.0 million, and a milestone cash payment of \$5.0 million, with 50% payable upon receipt of a final and binding mining lease under the Mining Act (Ontario) to extract ore from an open pit mine at Goldlund, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at Goldlund. In addition, the Company incurred \$1,850,094 in consulting and legal costs related to the acquisition.

Within 12 months of closing of the Transaction, First Mining will distribute up to 23.3 million of the Treasury Metals common shares and all the Treasury Metals Warrants to its shareholders, retaining approximately 20 million Treasury Metals shares following the distribution, leaving First Mining with no more than 19.9% holding of Treasury Metals. As per the agreement with First Mining, the Company was required to list the warrants issued to First Mining as part of the consideration for the purchase of Tamaka Gold Corporation. The distribution of shares and warrants occurred on July 15, 2021, and the warrants were listed on the TSX Exchange under the symbol TML.WT. Upon completion of the distribution of 23,333,333 shares and 11,666,666 warrants, and at the date of this MD&A, First Mining held 20 million shares, representing 15.36% of Treasury Metals’ common shares.

Goldlund hosts a large near-surface gold resource estimated to contain 840,000 ounces of gold in the Indicated category, plus 311,000 ounces of gold in the Inferred category and includes 79,000 ounces of gold at the Miller Project in the inferred category all within a 271 km<sup>2</sup> property package located directly to the northeast of Goliath. The close 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.

### **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.

**Goldeye Explorations Limited (a wholly owned subsidiary of Treasury Metals Inc.)**

The acquisition of Goldeye Explorations Limited (“Goldeye”) was completed on November 24, 2016. Effective upon closing, Goldeye became a wholly owned subsidiary of Treasury and all of the issued and outstanding common shares of Goldeye were acquired by Treasury. The acquisition provides Treasury with a high-quality asset, the Weebigee Project, in northwestern Ontario. The Weebigee Project, Goldeye’s principal asset, is a high-grade gold project located near Sandy Lake in northwestern Ontario. 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 has been executed in November 2020 to reflect the 50.1% ownership by G2 Goldfields and the 49.9% ownership by Treasury Metals. 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.

Goldeye’s most recent 2019 exploration program by its Optionee, reported significant gold results, following an earlier 2014 Goldeye work program consisting of a 2,200 metre shallow drill program.

Three other gold exploration properties were inherited 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 of these properties are grassroots with no exploration permits in place for more advanced field work, such as diamond drilling.

**GOLIATH GOLD COMPLEX**

On August 19, 2019, the Canadian Environmental Assessment Agency (“CEAA”) issued a positive statement that the proposed Goliath Gold Project may proceed. This decision means that the Company can now focus on the remaining technical studies and permitting, and prepare for a construction decision.

**TECHNICAL REPORTS**

**Preliminary Economic Assessment (March 2021)**

On February 2, 2021, the company announced positive results of the Preliminary Economic Assessment for the Goliath Gold Complex. The 2021 Preliminary Economic Assessment of the Goliath Gold Complex is a N.I. 43-101 compliant technical report that 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 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 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 largely existing road networks.

Highlights for the Goliath Gold Complex PEA include:

- Long-term Gold Price of USD\$1,600/oz
- Exchange rate of CAD\$1.00 = USD\$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") of \$233 million
- Life of mine ("LOM") of 13.5 years
- Total production of 24,000 kt of mill feed yielding 1.1 Moz Au
- Average annual gold production of 102,000 oz over first 9 years
- Average recovery of 93.6%
- Measured and indicated mineral resource of 55,417 kt at a 1.10 g/t Au grade
- Cash cost of USD\$699/oz, All-in sustaining cost ("AISC") of USD\$911/oz

The following table summarizes the NI 43-101 Mineral Resource Estimate in the Measured, Indicated and Inferred Mineral Resource classifications for each specific project area:

**2021 Mineral Resource Estimate (Notes 1-7)**

Deposit	Cut-off Grade (g/t)	Quantity ('000 tonnes)	Grade Gold (g/t)	Contained Gold ('000 oz)
<b>Measured Resources</b>				
Goliath Open Pit	0.25	1,471	1.90	90
Goliath Underground	1.6	98	4.84	16
<b>Total Measured</b>		<b>1,569</b>	<b>2.09</b>	<b>105</b>
<b>Indicated Resources</b>				
Goliath Open Pit	0.25	26,956	0.87	757
Goliath Underground	1.6	2,592	3.16	263
Goldlund Open Pit	0.26	24,300	1.07	840
<b>Total Indicated</b>		<b>53,848</b>	<b>1.07</b>	<b>1,860</b>
<b>Total Measured and Indicated</b>		<b>55,417</b>	<b>1.10</b>	<b>1,965</b>
<b>Inferred Resources</b>				
Goliath Open Pit	0.25	5,644	0.65	76
Goliath Underground	1.6	704	2.75	62
Goldlund Open Pit	0.26	14,400	0.56	260
Goldlund Underground	1.6	233	6.8	51
Miller Open Pit	0.26	1,981	1.24	79
<b>Total Inferred</b>		<b>22,962</b>	<b>0.77</b>	<b>528</b>

Note on Mineral Resources:

(1) Mineral resources are estimated in conformance with the CIM Mineral Resource definitions referred to in NI 43-101 Standards of Disclosure for Mineral Projects. This mineral resource estimate covers the Goliath Deposit, the Goldlund Deposit and the Miller deposit.

(2) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The quantity and grade of the reported Inferred Mineral Resources in this estimation are conceptual in nature and are estimated based on limited geological evidence and sampling. Geological



evidence is sufficient to imply but not verify geological and grade or quality continuity. For these reasons, an Inferred Mineral Resources has a lower level of confidence than an Indicated Mineral Resources and it is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

(4) Goliath: Mineral resources are reported within an optimized constraining shell using a gold price of US\$1700/Oz and a Silver price of US\$23/Oz and recoveries of 95.5% for gold and 62.6% for silver and a base mining, processing + G&A costs of \$CDN18.68/tonne open pit, \$CDN93.54/tonne for underground Grades were estimated using 1.5-meter capped composites via Ordinary kriging for the Main and C zones and inverse distance cubed for all other zones.

(5) Goldlund: Mineral resources are reported within an optimized constraining shell using a gold price of US\$1700/Oz and gold recovery of 89% and a mining and processing + G&A costs of \$CDN18.51/tonne open pit, \$CDN93.53/tonne for underground and \$CDN2.71/tonne for base mill feed cost. Gold grades were estimated using 2.0 m capped composites within 9 mineralized zones using ordinary kriging.

(6) Miller: Mineral resources are reported within an optimized constraining shell using a gold price of US\$1700/Oz and gold recovery of 89% and a mining, base mill feed and G&A cost of US\$21.22/tonnes.

Grades were estimated using 2.0 m capped composites within the granodiorite domain using Inverse Distance Cubed interpolation.

(7) Summation errors may occur due to rounding.

## **ENVIRONMENTAL, PERMITTING AND DEVELOPMENT ACTIVITIES**

### **Environmental Assessments and Permitting**

Treasury Metals has engaged a number of technical consultants for the collection of baseline environmental data for the Goliath, Goldlund and Miller Projects, collectively referred to as the Goliath Gold Complex. The objective of the work completed, underway or planned is to characterize the existing physical, biological, and human environment at each of the three 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.

The approach to environmental studies, permitting and approvals, and impact assessment for the Goliath Gold Complex will be to treat the Goliath, Goldlund and Miller deposits as three distinct projects. The schedule for the Goliath Project is overall ahead of the schedule for the Goldlund and Miller Projects, given that a Federal Environmental Assessment (EA) has already been completed for this project. The Federal EA process commenced in November 2012 with Treasury Metals submission of a Project Description. The Company worked in cooperation with all stakeholders and government agencies for both the creation and refinement of the Environmental Impact Statement under EA guidelines to ensure that all potential effects were appropriately defined, characterized, and, in turn, addressed. Following the submission of the final version of the EIS to the federal government's Canadian Environmental Assessment Agency (CEAA Agency) the Company also addressed "Information Requests" for public stakeholders, Indigenous communities and government agencies/experts to request additional detail or clarification. Treasury Metals received Federal government approval under the *Canadian Environmental Assessment Act, 2012* (CEAA, 2012) for the Goliath Gold Project on August 19, 2019, with the Minister of Environment and Climate Change Canada concluding that the Project is not likely to cause significant adverse environmental effects. Potential benefits of the Project are expected to include employment and business opportunities, as well as tax revenues at all levels of government.

The Goliath Gold Project as presented in the recent PEA is similar to the previous PEA but 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 within the scope and scale of the currently approved EA approval. At this time, it is not anticipated that the optimization of the Goliath Project design would affect the current Federal EA approval of the Goliath Gold Project, or that would trigger an Impact Assessment under the *Impact Assessment Act* for a mining expansion. While this engineering design revision is not anticipated to have an effect on the current Federal EA approval on the Goliath Gold Project, additional environmental data will need to be measured and modelled to support the change in the description of the assessed project. Additional environmental programs for the Goliath Gold Project may also be required to update environmental baseline data relied on in the EA to support permitting efforts. Next steps for the Goliath Gold Project are to proceed with additional studies to meet commitments in the EA approval regarding project changes and to proceed to permits and approvals required prior to or for construction.

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 surround 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. A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project, as outlined in their respective sections below.

#### Preliminary Feasibility Study and Tradeoff Studies

Treasury continues to refine the technical studies in support of updated economics for the life of the Project. Work is currently being completed to narrow different options for the project including: the ore processing and tailings storage options, mining methods and costing for the mining processes, proposed haulage from each site to the centralized mill facility, mill feed optimization, water treatment optimization and the use of battery-operated equipment for underground mining. The purpose of evaluating all additional options is to improve project economics by potentially reducing capital expenditure requirements for the project and simplifying environmental permitting. Completion of these studies is anticipated to guide a decision to proceed into Feasibility level studies in 2022.

#### Community Relations

Engagement efforts with the Indigenous and public communities have primarily focused on development of key milestones and providing opportunities for all regional communities to identify their input and describe how the Project may affect their land use, and their way of life. Treasury Metals has been in contact with stakeholders, including Indigenous peoples and communities and the public, throughout the environmental assessment process, and all stages of Project development. Treasury Metals has been in direct contact with all potentially affected Indigenous communities as defined by the Canadian Environmental Assessment Agency (“CEAA”), and the Ministry of Energy, Northern Development and Mines. All prior communication with Indigenous and public stakeholders up to April 2017 has been captured within the revised EIS, Appendix DD and Appendix V.

Current engagement activities have focused on delivery and dissemination of technical work supporting the continuation of the federal 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 occurring in the second quarter. 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.

Treasury Metals has finalized four (4) separate interim funding agreements with Eagle Lake First Nation to support the communication and review of project-related activities and followed this with the formal execution of a Memorandum of Understanding. In addition to this, in December 2017, Treasury signed a Memorandum of Understanding with the Métis Nation of Ontario. On March 20, 2019, the Company announced the signing of an Engagement Agreement with Wabauskang First Nation. As of June 26, 2019, the Company entered into a Memorandum of Understanding with Lac des Mille Lacs First Nation. 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. Treasury Metals has also committed to honouring agreements with Wabigoon Lake Ojibway Nation and Lac Seul First Nation that were previously agreed upon with First Mining Gold prior to the Tamaka purchase. Further, it is anticipated in addition to these agreements referred to in the latter the Company will engage certain identified Indigenous communities in comprehensive agreement discussions focusing on continued dialogue, education, training, and other Project aspects. Treasury Metals 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.

## **EXPLORATION**

Since Treasury Metals began drilling the Goliath Gold Project in 2008 to June 30, 2021, a total of 569 diamond drill holes comprised of 535 newly collared holes, 4 wedge holes, and 30 re-entry holes for a total of 185,720 metres have been drilled on the property. Further details can be found at [www.treasuremetals.com](http://www.treasuremetals.com).

On March 25, 2021, the Company announced an expanded drill program including the 25,000 metres to be drilled at Goliath. An initial program of 15,000 metres will be targeted at extending the known continuity of mineral resources within the Main and C Zones of the proposed underground mining areas. The remaining 10,000 metres are being planned for exploration targets outside of the existing resource and across the full extent of the Goliath claim area. These targets include areas with near surface potential both to the west and northeast along strike to the currently planned open pit. Drilling on Goliath commenced on April 16, 2021. During Q2 2021, approximately 5,300 metres in 7 holes were drilled on the Main and C Zones at Goliath.

**Goliath Gold Project latest eight quarters of exploration and development program expenditures**

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jun-21
Metallurgy	240,517	-	19,033	-	-	259,550
Geochemistry	121,388	-	-	-	41,725	163,113
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	206,336	-	-	-	14,075	220,412
Environmental	1,197,086	-	73,171	52,579	(11,592)	1,311,244
Environmental Assessment	38,157	-	15,483	1	-	053,640
Pre-Feasibility & Feasibility	2,269,689	46,447	490,070	474,853	443,492	724,552
Drilling and other exploration exp.	24,839,282	101,977	170,125	105,415	941,349	26,158,149
Community Relations	808,348	-	14,476	12,946	15,147	850,916
Property purchases and payments	28,583,433	-	-	104,456	-	28,687,889
Dryden - salaries and consultants	8,161,049	118,212	211,168	160,212	244,984	8,895,624
Dryden Infrastructure	3,328,010	87,938	82,187	96,547	22,243	3,616,925
Amortization	507,736	12,247	19,494	18,843	28,379	586,700
Black-Scholes on options compensation	1,291,068	15,031	172,325	80,524	72,386	1,631,334
<b>Total Goliath Gold Project</b>	<b>76,729,749</b>	<b>381,852</b>	<b>1,267,532</b>	<b>1,106,377</b>	<b>1,812,188</b>	<b>81,297,698</b>

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Jun-20
Metallurgy	240,467	50	-	-	-	240,517
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	206,336	-	-	-	-	206,336
Environmental	1,150,996	27,309	7,846	10,936	-	1,197,086
Environmental Assessment	4,861,314	5,392	14,135	7,316	-	5,038,157
Pre-Feasibility & Feasibility	2,106,870	71,230	90,104	1,485	-	2,269,689
Drilling and other exploration exp.	22,842,506	360,452	654,334	896,856	85,133	24,839,282
Community Relations	683,653	127,313	13,937	(16,554)	-	808,348
Property purchases and payments	28,478,887	-	-	104,546	-	28,583,433
Dryden - salaries and consultants	7,732,899	93,710	127,250	125,477	81,713	8,161,049
Dryden Infrastructure	3,174,652	28,289	61,558	48,227	15,284	3,328,010
Amortization	457,207	11,793	14,242	12,247	12,247	507,736
Black-Scholes on options compensation	1,158,423	21,188	46,143	33,605	31,709	1,291,068
<b>Total Goliath Gold Project</b>	<b>73,353,248</b>	<b>896,726</b>	<b>1,029,549</b>	<b>1,224,140</b>	<b>226,086</b>	<b>76,729,749</b>

## **GOLDLUND GOLD PROJECT**

On August 7, 2020, the Company closed a share purchase agreement with First Mining Gold Corp. for the acquisition of all of the shares of Tamaka Gold Corporation, a subsidiary of First Mining Gold, a public company owning a 100% interest in the Goldlund Gold Project, located adjacent to Goliath Gold Project.

The \$91,016,596 purchase price of the transaction was determined as per the fair value of the financial instruments and other non-financial assets and liabilities provided by the Company. In exchange for all of the issued and outstanding common shares of Tamaka, First Mining received from the Company 43,333,333 common shares and 11,666,667 warrants with an exercise price of \$1.50 for a period of 36 months, a 1.5% net smelter returns royalty (“Goldlund Royalty”) with the option for the Company to buy-back 0.5% of the Goldlund Royalty for \$5.0 million, and a milestone cash payment of \$5.0 million, with 50% payable upon receipt of a final and binding mining lease under the Mining Act (Ontario) to extract ore from an open pit mine at Goldlund, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at Goldlund. In addition, the Company incurred \$1,850,094 for consulting and legal costs related to the acquisition.

Within 12 months of closing of the Transaction, First Mining committed to distribute up to 23.3 million of the Treasury Metals common shares and all the Treasury Metals Warrants to its shareholders, retaining 20 million Treasury Metals shares following the distribution, leaving First Mining with no more than 19.9% holding of Treasury Metals. The distribution was completed on July 15, 2021.

Goldlund hosts a large near-surface gold resource estimated to contain 840,000 ounces of gold in the Indicated category, plus 311,000 ounces of gold in the Inferred category and includes 79,000 ounces of gold at the Miller Project in the inferred category all within a 271-km<sup>2</sup> property package located directly to the northeast of Goliath. The close 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 company commenced exploration drilling at Goldlund in November of 2020. Drilling has continued at Goldlund and Miller. Approximately 4,750 metres and 28 drillholes were completed at Goldlund during Q1 2021. This drilling mainly targeted Zones 2, 3, 6 near surface to increase confidence on resources within and adjacent to the northeast pit proposed in the PEA. Also, in Q1, approximately 3,000 metres in 20 drillholes were completed on Miller with the primary goal to focus on extending the known resource with a portion of the drilling allocated to further understanding the geological controls on known mineralization.

Approximately 8,600 metres in 46 drillholes were completed during Q2 2021 at Goldlund. This drilling was targeting near the largest proposed pit from the PEA, to expand the resource and increase confidence on the known resource. Drilling to the Northwest of the main PEA proposed pit targeted Zones 4, 6 and 8. Drilling to the east of the main PEA proposed pit targeted Zone 5. Four holes were drilled targeting Zone 1 for metallurgy work and to gain confidence on the historical geological interpretation of that Zone.

Upcoming drilling at Goldlund will mainly target extensions of Zone 1 and target infill on the Zone 4 known mineralization.

### Goldlund Gold Project exploration program expenditures

Goldlund Gold Project	Incurred in three months ending				Balance
	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jun-21
Acquisitions of properties and data	91,350,101	(467,680)	-	-	90,882,421
Drilling & Assaying	-	286,943	973,089	1,013,686	2,273,718
Environmental	45,425.33	28,682	200,005	222,532	496,645
Consultants	103,662.75	103,947	2,475	6,913	216,998
Pre-Feasibility & Feasibility	6,341.85	160,127	5,324	65,515	237,308
Community Relations	-	-	14,900	-	14,900
Amortization	10,353.88	10,354	9,536	21,493	51,737
Other	11,038.22	19,517	28,210	3,202	61,967
<b>Total Goldlund Gold Project</b>	<b>91,526,923</b>	<b>141,890</b>	<b>1,233,540</b>	<b>1,333,341</b>	<b>94,235,694</b>

### **LARA POLYMETALLIC PROJECT**

The Company inherited the Lara Project in early 2008, as part of the spin-out transaction from Laramide Resources Ltd. The Company, as a gold focused exploration and development company, does not consider this project to be a high priority in terms of its overall corporate strategy. Due to current market conditions, only minimal geological fieldwork has been done on the property. The Company would consider seeking a purchaser or joint venture partner for this non-core project. Work requirement spending has accumulated to the order of nearly \$500,000 to be spent by December 31, 2021.

In July 2018, Treasury Metals initiated an airborne LiDAR survey with Terra Remote Sensing Inc. (“Terra”) over the entire Lara claim package covering 63.88 km<sup>2</sup>. This survey will not only increase the accuracy of future resource and engineering studies, but also aid in the successful planning and execution of future exploration programs. The survey was successfully flown on July 13, 2018, and the data processed and delivered over the following two months. A full set of 10cm resolution orthophotos comprising of 89 TIF image files, along with 1 m resolution elevation contours, and 1m Digital Elevation Model (“DEM”) were provided to Treasury.

### Lara Project latest eight quarters of exploration program expenditures

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jun-21
Consultants	134,348	-	-	-	-	134,348
Surveys	43,210	-	-	-	-	43,210
Camp field and land costs	710,178	-	500	-	-	710,678
<b>Total Lara Polymetallic Project - BC</b>	<b>887,736</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>888,236</b>

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Jun-20
Consultants	129,117	5,231	-	-	-	134,348
Surveys	43,210	-	-	-	-	43,210
Camp field and land costs	709,678	-	500	-	-	710,178
<b>Total Lara Polymetallic Project - BC</b>	<b>882,005</b>	<b>5,231</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>887,736</b>

### GOLDEYE EXPLORATIONS LIMITED

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited (“Goldeye”), a public company that holds the Weebigee Project. The details of the acquisition are disclosed in Note 8 of the interim condensed consolidated financial statements. The principal project of Goldeye is the Weebigee Project, and additional properties including Gold Rock/Thunder Cloud and Shining Tree-Fawcett (sold in Q3 2020 to Platinex Inc.); Goldeye also has various NSR interests shown below. The Weebigee Project comprises 182 claims. Certain claims are subject to a 1% net smelter return (“NSR”) that is held by a former director of Goldeye.

The Weebigee Project is located near Sandy Lake, north of Red Lake in northwestern Ontario.

#### Weebigee Project

On April 15, 2015, Goldeye entered into an option agreement (the “GPM Option Agreement”) with GPM Metals Inc. (“GPM”) whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of \$550,000 in cash (\$50,000, \$100,000, \$150,000 and \$250,000 received in 2015, 2016, 2017 and 2018 respectively) and \$25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of \$5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM’s option, paying Goldeye an additional \$1,500,000 in cash and completing a minimum additional \$3,000,000 in exploration expenditures over the next two years. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc. (the “Optionee” or “SLG”). In April 2019, SLG announced it changed its company name to G2 Goldfields Inc. (the “Optionee” or “G2”).

In 2020, the Company recognized that G2 had made the required expenditures on the Weebigee Project to earn a 50.1% earn-in on the project per the GPM Option Agreement and a joint venture agreement was executed providing for operation of the project going forward. At the same time G2 agreed to drop the \$2 million counter claim that G2 had initiated in June 2017.

On April 9, 2021, G2 announced the spin-out of its interest in the Sandy Lake project, which included its 50.1% interest in the Weebigee project to S2 Minerals Inc. (“S2”).

The Option Agreement was subject to the terms of the exploration agreement signed between Goldeye and Sandy Lake First Nation (“SLFN”) on November 12, 2013. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014, then renewed on the same terms for a further two-year period. On November 15, 2018, the agreement was signed for a further one year and a further renewal has commenced. SLFN and Goldeye agree that the next renewal agreement is to more fully reflect the ongoing development of the project.

Weebigee is a large, relatively unexplored property that covers the most prospective portions of the Sandy Lake Greenstone belt, with similarities to the geology in the Red Lake District. In the Northwest Arm area, numerous gold showings occur within shoreline exposures of quartz-rich felsic pyroclastic units, proximal to a major deformation zone that crosses a folded ultramafic unit under the lake. Where high strain zones are evident, the felsic units show hydrothermal biotite-silica alteration, quartz veining and patchy to pervasive silica flooding, along with the development of distinct blue quartz eyes. It should be noted that much of the geology is obscured by shallow lakes and clay deposits, and the main deformation zones have never been drill tested. In the past, shoreline mapping/prospecting located a number of auriferous quartz tourmaline veins and silicified zones controlled by mafic-ultramafic dyke filled splays or high strain zones crosscutting regional foliations. Crack and seal textures, drag folded and dismembered veins, multi-stage quartz veining and local strong silica replacement zones indicate that hydrothermal alteration occurred during periods of active brittle-ductile deformation along the high strain zones. Geophysics and recent drilling indicate that a folded ultramafic horizon is located just offshore of several of these auriferous high strain zones.

A 23-hole drill program completed during February and March 2014 resulted in a significant high-grade gold discovery at Weebigee. Drilling focused on three showing areas (Knoll, Bernadette, and RvG4) that returned significant gold values from channel sampling in 2013. The following table highlights the gold grades over core interval composites (uncut) from this 2014 drill program.

Zone	Hole	Depth (m)	Interval (m)	Assay (g/t Au)
Knoll	BK 14-07	51.8 - 55.70	3.90	18.69
Knoll	BK 14-05	14.65 - 18.15	3.50	12.45
Knoll	BK 14-16	78.33 - 85.16	6.83	8.59
Knoll	BK 14-11	22.10 - 27.57	5.47	6.71
Knoll	BK 14-12	20.70 - 27.73	7.03	6.76
Bernadette	BK 14-03	34.15 - 35.30	1.15	70.23
Bernadette	BK 14-23	7.85 - 11.70	3.85	10.89
RvG4	BK 14-18	43.56 - 47.53	3.97	23.15
RvG4	BK 14-17	48.68 - 53.19	4.51	9.35

Each of the 15 drill holes at the Knoll Zone intersected significant gold mineralization. Twenty-four core samples assayed over 10 g/t Au, including 1 intersection of 57.9 g/t Au. On the parallel Bernadette Zone, 100 m to the east, 5 individual assays over 10 g/t Au were returned, including one of 131 g/t and one of 230 g/t Au. The RvG4 Zone, on strike and 500 m to the northwest, also returned high-grade gold values with eight core samples over 10 g/t Au, five of which were over 30 g/t Au. Overall, visible gold was noted in 50% of the holes drilled. At Knoll a strike length of 100 metres was tested, with only one hole stepped back to test a vertical depth of 100 metres. All zones remain open in all directions.



On May 13, 2019 and September 4, 2019, Treasury Metals announced significant exploration results on its 100% owned Weebigee Gold Project in northwestern Ontario. The optionee earning into the Weebigee Project, G2 Goldfields Inc., reported in the May press release the results of drilling of six holes, totaling 1,980 meters, followed by the September results. The holes are on the Treasury Metals property under Option Agreement with G2. Drilling highlights in May include: From 58 m: 2.4m at 3.89 g/t Au; From 69m: 8.0m at 34.5 g/t Au; From 95.8m: 1.64m at 49.83 g/t Au; and, From 104m: 3.0m at 3.06 g/t Au. Drilling highlights in September include - 0.75 metres of 450 g/t Au and 1.40 metres of 11.85 g/t Au in holes, 19-12 and 19-14. Further details can be found in Press Releases at [www.treasuremetals.com](http://www.treasuremetals.com).

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

#### **Goldeye Project latest eight quarters of exploration program expenditures**

Goldeye Project	Balance	Incurred in three months ending				Balance
	30-Jun-20	30-Sep-20	31-Dec-20	31-Mar-21	30-Jun-21	30-Jun-21
G2 - Joint Venture	-	-	-	17,181	-	17,181
Camp field and land costs	86,836	7,500	-	1,200	1,050	96,586
Other	283,256	451	450	-	-	284,157
Acquisitions of properties and data	4,084,678	(1,216,038)	32,060	(75,120)	-	2,825,581
Option agreement collections	(490,745)	-	-	-	-	(490,745)
<b>Total Goldeye Project</b>	<b>3,964,025</b>	<b>(1,208,087)</b>	<b>32,510</b>	<b>(56,739)</b>	<b>1,050</b>	<b>2,732,759</b>

Goldeye Project	Balance	Incurred in three months ending				Balance
	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20	30-Jun-20	30-Jun-20
Consultants	10,176	-	-	-	-	10,176
Camp field and land costs	38,106	7,322	7,500	33,908	-	86,836
Other	250,798	450	15,450	450	5,931	273,079
Acquisitions of properties and data	4,084,678	-	-	-	-	4,084,678
Option agreement collections	(490,745)	-	-	-	-	(490,745)
<b>Total Goldeye Project</b>	<b>3,893,013</b>	<b>7,772</b>	<b>22,950</b>	<b>34,358</b>	<b>5,931</b>	<b>3,964,025</b>

#### **Community Relations**

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 JV partner. These meetings have resulted in the former Exploration Agreement extension that was in place, as described earlier in this MD&A. Additional efforts were made throughout 2020 to secure a newly formed Exploration Agreement to continue and strengthen relationships with Sandy Lake First Nation, and engage Keewaywin First Nation. Due to COVID-19 restrictions in place, limited travel or in-person dialogue was available. Treasury Metals and its JV 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.

### 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 1 legacy claim. All claims at the Gold Rock Project are in good standing.

### SELECTED QUARTERLY FINANCIAL INFORMATION

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 June 30, 2021 and 2020 interim condensed consolidated financial statements and the related notes thereto, prepared by management in accordance with International Financial Reporting Standards. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	Jun-21	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses	1,077,355	1,376,125	1,651,915	896,372	645,271	1,247,050	920,089	924,949
Loss (gain) on debt extinguishment / modification	183,895	(136,798)	-	-	-	-	1,344,395	-
Fair value change of derivative liability	(221,378)	(2,034,543)	(794,798)	(361,815)	3,941,094	(1,043,936)	(1,313,244)	827,360
Income tax expense (recovery)	-	-	(3,165,685)	-	-	(259,375)	1,358,576	-
Net income (loss)	(1,039,872)	795,216	2,308,568	(534,557)	(4,586,365)	56,261	(2,309,816)	(1,752,309)
Net Gain (loss) per share \$	(0.01)	0.01	0.02	(0.01)	(0.08)	0.00	(0.04)	(0.03)
Other comprehensive income (loss)	(373,133)	(153,564)	204,714	(165,236)	9,514	(6,294)	33,609	(36,318)
Total comprehensive income (loss)	(1,413,005)	641,652	2,513,282	(699,793)	(4,576,851)	49,967	(2,276,207)	(1,788,627)
Mineral properties and deferred costs	179,154,386	176,007,807	173,724,630	172,282,198	81,581,510	81,349,492	80,090,994	79,037,995
Total current liabilities	4,454,993	3,756,615	4,877,485	6,470,448	7,208,009	3,394,466	3,762,877	3,348,865
Total assets	197,785,128	199,068,704	182,889,615	184,413,454	84,369,702	84,960,851	84,453,697	82,154,576

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances while there is also \$183,895 adjustment of loss on debt modification in the current period compared to no impact in the prior year period. There are also quarterly gains or losses due to the fair value variances of the non-cash derivative liability and the foreign exchange resulting from the USD exchange rate variance 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 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 the financing transactions, issuance of shares, the exercise of warrants and 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.

*Financial results of operations for the three months ended June 30, 2021 compared with the three months ended June 30, 2020*

The net loss for the three-month period ended June 30, 2021 is \$1,039,872 (2020 – \$4,586,365). The variance is explained as follows:

- Office and administrative expenses in Q2 2021 were \$89,733 higher than Q2 2020 primarily due to the \$44,371 of penalties for late payment of payroll liabilities and \$31,500 of higher director fees due to higher number of directors and fee increases starting in the second half of the year 2020.
- Professional fees in Q2 2021 were \$77,153 higher than Q2 2020 mainly due to the legal fees regarding the long-term debt amendment signed in the current year.
- A \$56,893 Q2 2021 increase in salary and benefits against Q2 2020 was primarily associated with the salaries for the recently hired employees and officers.
- Stock-based compensation expense increased \$114,977 compared to Q2 2020 due to the higher balance of unvested options in the current period.
- Accretion and amortization of transaction costs on financing debt was slightly lower than Q2 2020.
- Interest and commitment fees in Q2 2021 of \$117,799 were \$15,168 lower than the \$132,967 in Q2 2020 mainly due to the interest on the short-term promissory notes in Q2 2020. There is no such short-term debt in the current period.
- There was a \$69,538 foreign exchange gain in Q2 2021 versus a \$182,913 gain in Q2 2020 primarily due to the 1.44% CAD revaluation against the USD in Q2 2021 versus 3.94% revaluation in Q2 2020. The CAD revaluation has a positive effect on the US dollar debt of the Company.
- There was a loss of \$183,895 of adjustment on the convertible debt modification as per the fourth amendment signed in Q1 2021. There was no debt modification in the year 2020.
- In Q2 2021, there was a \$221,378 unrealized gain from the change of the fair value of the non-cash derivative liabilities compared to a \$3,941,094 unrealized loss in Q2 2020. This reduction of the derivative liability is a consequence of the lower FMV of our stock. The derivative liability is a result of the conversion feature of the US dollar denominated Extract convertible debt.

*Financial results of operations for the six months ended June 30, 2021 compared with the six months ended June 30, 2020*

The net loss for the six-month period ended June 30, 2021 is \$244,656 (2020 – \$4,530,104). The variance is explained as follows:

- Office and administrative expenses in 2021 were \$92,949 higher than 2020 primarily due to the combined effect of the increase of general administrative expenses, penalties for late payment of payroll liabilities, higher regulatory fees and the increase of director fees partially offset by the \$144,182 decrease in investor relations expenses.
- Professional fee expenses were \$73,774 higher than the \$16,023 of 2020 mainly due to the legal fees regarding the long-term debt amendment signed in the current year and also the additional audit services regarding the prospectus filed in the current year.
- A \$463,406 increase in higher salary and benefits against 2020 was primarily associated with the severance accrual for the former CFO in addition to higher salaries to recently hired officers and employees.
- Stock-based compensation expense increased \$326,258 compared to 2020 due to the higher balance of unvested options in the current period.
- Accretion and amortization of transaction costs on financing debt was \$31,425 higher than 2020 due to the adjustment to the amount of loss on debt modification.
- Interest and commitment fees in 2021 of \$238,309 were \$70,335 lower than the \$308,664 in 2020 mainly due to the \$45,000 commitment fees paid in 2020 on the \$750,000 short-term promissory notes.
- There was a \$128,668 foreign exchange gain in 2021 versus a \$227,650 loss in 2020 primarily due to the 2.65% CAD revaluation against the USD in 2021 versus 4.93% devaluation in 2020. The CAD revaluation has a positive effect on the US dollar debt of the Company.
- There was a loss of \$47,097 on the convertible debt modification as per the fourth amendment signed in the current year. There was no debt modification in the year 2020.
- In 2021, there was a \$2,255,921 unrealized gain from the change of the fair value of the non-cash derivative liabilities compared to a \$28,97,158 unrealized loss in 2020. This reduction of the derivative liability is a consequence of the lower FMV of our stock. The derivative liability is a result of the conversion feature of the US dollar denominated Extract convertible debt.
- There was a deferred tax gain in 2020 of \$259,375 due to the recording of the renunciation of the two flow-through financings completed in 2019. There were no renunciations in 2021 as there were no flow-through financings completed in 2020.

## **FINANCINGS**

The financing transactions executed in the reported periods are, as follows:

- On March 10, 2021, the Company closed private placements of an aggregate of 10,631,579 non-flow-through special warrants (“NFT Special Warrants”) on a bought deal basis at a price of \$0.95 per NFT Special Warrant and 6,820,000 flow-through special warrants (“FT Special Warrants”) at a price of

\$1.10 per FT Special Warrant, the total gross proceeds to the Company was \$17,602,000. Each Special Warrant is exercisable to acquire one common share of the Company. The FT Special Warrants will be “flow-through shares” for purposes of the Income Tax Act (Canada).

- On May 6, 2021, the Company filed its final short form prospectus and obtained a receipt with the securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario in connection with the above financing. In accordance with the terms of a special warrant indenture dated as of March 10, 2021, between the Company and TSX Trust Company, as special warrant agent, each Special Warrant was automatically exercised into one Common Share on May 13, 2021, being the fifth business day after the date of obtaining the Final Receipt. As consideration for its services in connection with the private placement, the Company paid to the underwriters cash commission fees equal to \$1,018,332; there were also \$218,390 of legal fees and other costs regarding the private placement. The \$16,365,278 net proceeds from this private placement will be used for the exploration and development of the Goliath Gold Complex and for general corporate purposes.

(\$000s)	Original Use of Proceeds	Incurred to Date	Forecast Remaining	Total Forecast
Geology	\$7,510	\$2,093	\$5,418	\$7,510
Geotechnical	\$998	\$134	\$864	\$998
Mining	\$50	\$8	\$42	\$50
Metallurgy	\$300	\$46	\$254	\$300
Infrastructure	\$0	\$0	\$0	\$0
Environmental	\$1,625	\$534	\$1,091	\$1,625
PFS Study Budget	\$652	\$438	\$214	\$652
Permitting and Consultations	\$4,375	\$158	\$4,217	\$4,375
General Corporate and Working Capital	\$800	\$905	\$600	\$1,505
<b>Total</b>	<b>\$16,310</b>	<b>\$4,316</b>	<b>\$12,700</b>	<b>\$17,015</b>

Expenditures incurred and forecast remain in line with those projected, other than an increase in general corporate and working capital expenses associated with the severance payment to the former CFO, as well as increased legal and stock exchange costs associated with the listing of the warrants in Canada and the US issued to First Mining on the Tamaka Gold acquisition. The additional expenditures are expected to be funded by existing working capital resources and/or through future financings.

- On August 7, 2020, the Company closed a private placement for aggregate gross proceeds of \$11.52 million through the issuance of 10,666,667 units at a price of \$1.08 per unit. Each unit consisted of one common share and one-half common share purchase warrants entitling the holder to acquire one common share at an exercise price of \$1.80 for a period of 24 months from the date of issuance. The private placement was completed in connection with the share purchase agreement signed with First Mining Gold Corp. The Company incurred \$1,278,407 in issue costs regarding this private placement. The net proceeds of this financing are to be used for the exploration and development of the Goliath Gold and Goldlund Gold Projects.

- On March 10, 2021, the Company signed the fourth amendment of the convertible debt, under such amendment certain terms of the debt were changed such as the extension of the debt maturity by seven months to June 30, 2023 and the addition of the ability, at the Company's option, to pay interest in cash; in kind, capitalizing it to the facility or by issuing shares based on the average volume-weighted price of the 5 consecutive trading days to the interest payment ("5 day VWAP"), less a 15% discount.
- On March 10, 2021, Extract and Sprott Private Resource Lending II ("Sprott") signed a debt assignment agreement by which Extract assigned, transferred, and sold to Sprott USD\$2.2 million owed to Extract by the Company together with all the rights and obligations under the debt agreement.
- In the current period 100,000 options and 13,699 warrants were exercised from which the Company received \$104,606.
- On March 26, 2020, the Company signed three promissory notes for a total of \$750,000 due and payable on September 26, 2020 bearing an annual interest rate of 15% starting on June 26, 2020. The Company paid a total of \$45,000 of commitment fees representing 6% of the principal. The notes and the accrued interest were repaid on maturity.

## LIQUIDITY

As at June 30, 2021, the Company had net working capital of \$14,303,136 (December 31, 2020 - 4,982,048) (excluding the non-cash unrenounced flow-through share premium liability and the non-cash derivative liability).

In conjunction with the closing of the private placement on March 10, 2021, Extract assigned to Sprott Lending Resources US\$2.2 million of the convertible debt; in addition, a fourth amendment to the Credit Agreement was signed including the extension of the maturity date to June 30, 2023, and also the Company gave up its right to repay the loan before the maturity date, and the addition of the ability, at the Company's option, to make future interest payments in cash, in kind or common shares.

As at June 30, 2021, and at the date of this report,

- The cash resources of the Company are held in cash with major Canadian financial institutions;
- 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 the higher advances to contractors, which also results in the higher HST receivable in the current period.
- Investments in marketable securities, as at June 30, 2021, consist of 147,778 shares of Millrock Resources Inc., 16,500,000 and 5,000,000 of shares and warrants of Platinex Inc., respectively, all of which have a fair value of \$933,118.
- The Company's debt to Extract is CAD\$4,891,039 at June 30, 2021, which consists of the USD\$4.4 million (CAD\$5.5 million) loan received offset by the unaccrued costs of \$0.6 million.
- Accounts payable and accrued liabilities are short-term and non-interest bearing.
- The Company is committed to spend \$7,502,000 by December 31, 2022 on Canadian exploration expenses ("CEE") as part of its flow-through Special Warrants funding agreement dated on March 10, 2021. At June 30, 2021, the Company has spent \$1,153,387, leaving a remaining commitment of



\$6,348,613. All flow-through spending commitments from previous flow-through financings have been fulfilled.

- In light of the current COVID-19 pandemic, the Company is evaluating all spending to ensure that its financial resources are maintained throughout this pandemic.

In addition to the \$16,365,278 net proceeds from the March 10, 2021 financing, in the current period the Company received \$104,795 from the exercise of stock options and warrants.

In the current period, the Company paid \$1 million of administration and salary costs and \$5.2 million in the additions of mineral properties and related deferred costs. As at June 30, 2021, the Company has approximately \$14.6 million of cash resources.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company relies on external financing 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".

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.

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The following table sets forth information concerning the outstanding securities of the Company on June 30, 2021.

<b>Common Shares of no par value</b>	<b>Number</b>
Shares	130,186,363
Warrants	26,582,661
Options	5,576,658

See Notes 12 to 15 to the June 30, 2021 interim condensed consolidated financial statements for more detailed disclosure of outstanding share data.

### **OFF-BALANCE SHEET TRANSACTIONS**

During the period ended June 30, 2021, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

### **CONTINGENCIES AND COMMITMENT**

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

- 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 \$7,502,000 by December 31, 2022 on Canadian exploration expenses ("CEE") as part of its flow-through Special Warrants funding agreement dated on March 10, 2021. At June 30, 2021, the Company has spent \$1,153,387, leaving a remaining commitment of \$6,348,613. 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, that 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. Subsequently to the date of the current financial statements, 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. The Company strongly disputes the CRA's proposed re-characterizations of expenses from CEE to either CDE or operating expenses and has filed a Notice of Objection with the CRA. Due to the uncertainty of the final outcome and tax amount, no liability has been recorded in the interim condensed consolidated financial statements.

### **RELATED PARTY TRANSACTIONS**

There are no related party transactions that must be disclosed in the interim condensed consolidated financial statements or in the MD&A at June 30, 2021.

### **DIVIDENDS**

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

## **FINANCIAL INSTRUMENTS**

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 0.8%.

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

## **RISKS AND UNCERTAINTIES**

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated March 24, 2021, which is filed on SEDAR and is herein incorporated by reference. Risks are reviewed and updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis. There have been no new risks identified to the date of this MD&A.

## **OTHER INFORMATION**

This Management Discussion and Analysis of the financial position and results of operation as at June 30, 2021 should be read in conjunction with the interim condensed consolidated financial Statements for the periods ended June 30, 2021 and 2020. Additional information can be accessed at the Company's website [www.treasuremetals.com](http://www.treasuremetals.com) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

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

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

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of June 30, 2021 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of June 30, 2021, pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein. There have been no changes in internal control over financial reporting during the period ended June 30, 2021 that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Jeremy Wyeth  
President and Chief Executive Officer  
August 9, 2021

### ***Qualified Person***

*Mark Wheeler, the Company's Director, Projects, 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 Statements***

*This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.*

*Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.*