

2022

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars, except and otherwise noted) (Unaudited)



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying interim condensed consolidated financial statements of Treasury Metals Inc. were prepared by management in accordance with International Financial Reporting Standards. The most significant of these standards have been set out in Note 2 of the annual consolidated financial statements of the Company as at and for the year ended December 31, 2021. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

The Board of Directors is responsible for ensuring management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the period end financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

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

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate control over its financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on "Internal Control Over Financial Reporting Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2022.

CONCLUSION RELATING TO DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of management, including the Chief Executive and Chief Financial Officers, of the effectiveness of the Company's disclosure controls and procedures as defined in the National Instrument 52-109. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of the Company's disclosure and controls and procedures were effective as at March 31, 2022.

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of financial statements by an auditor.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	March 31 2022	December 31 2021
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 4,708,945	\$ 10,090,415
Accounts receivable and prepaid expenses (Note 5)	1,592,517	1,126,862
Investments (Note 6)	768,521	693,825
	<u>7,069,983</u>	11,911,102
Property and equipment (Note 7)	2,857,860	2,556,660
Mineral properties and related deferred costs (Note 8)	193,136,362	188,132,850
	<u>\$ 203,064,205</u>	<u>\$ 202,600,612</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 2,752,396	\$ 1,723,673
Current portion of long-term debt (Note 10)	87,589	-
Derivative liability (Note 10)	431,342	710,032
Flow-through premium (Note 11)	285,409	1,561,508
	<u>3,556,736</u>	3,995,213
Long-term debt (Note 10)	5,787,523	5,409,515
Deferred tax liability	2,558,777	2,233,000
	<u>11,903,036</u>	11,637,728
Shareholders' Equity		
Capital stock (Note 11)	209,453,412	209,453,412
Contributed surplus	25,309,066	24,598,080
Deficit	(42,680,358)	(42,092,961)
Accumulated other comprehensive loss	(920,951)	(995,647)
	<u>191,161,169</u>	190,962,884
	<u>\$ 203,064,205</u>	<u>\$ 202,600,612</u>

Nature of Operations and Going Concern (Note 1)
 Commitments and Contractual Obligations and Contingencies (Note 17)
 Subsequent Event (Note 19)

SIGNED ON BEHALF OF THE BOARD

(Signed) "Marc Henderson"
 Director

(Signed) "Flora Wood"
 Director

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended March 31	
	2022	2021
Expenses		
Administrative, office and shareholder services	\$ 273,175	\$ 320,015
Professional fees	64,025	39,613
Salary and benefits	720,862	545,516
Amortization	16,448	-
Share-based payments (Note 14)	607,711	330,621
Accretion of long-term debt (Note 10)	80,587	78,980
Finance expense	130,277	120,510
Foreign exchange loss (gain)	(76,676)	(59,130)
Loss (gain) on debt extinguishment	-	(136,798)
Loss (gain) on debt and derivative liability (Note 10)	(278,690)	(2,034,543)
	<u>1,537,719</u>	<u>(795,216)</u>
Income (loss) before income taxes	(1,537,719)	795,216
Deferred income tax recovery	950,322	-
Net income (loss) for the period	\$ (587,397)	\$ 795,216
Income (loss) per share - basic and diluted	\$ (\$0.00)	\$ 0.01
Weighted average number of shares outstanding	137,879,334	112,720,476

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE LOSS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended	
	March 31	
	2022	2021
Net income (loss) for the period	\$ (587,397)	\$ 795,216
Other comprehensive income (loss)		
Unrealized gain (loss) on equity investments, net of taxes	74,696	(153,564)
Other comprehensive income (loss) for the period	74,696	(153,564)
Total comprehensive income (loss) for the period	\$ (512,701)	\$ 641,652

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

	Common Shares	Capital Stock	Special Warrants	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2021	112,621,146	\$ 187,969,705	\$ -	\$ 23,655,291	\$ (38,342,602)	\$ (229,657)	\$ 173,052,737
Net cash from special warrants issuance (Note 12)	-	-	16,470,588	-	-	-	16,470,588
Stock options exercised (Note 11)	100,000	90,000	-	-	-	-	90,000
Fair value of stock options exercised (Note 11)	-	34,200	-	(34,200)	-	-	-
Warrants exercised (Notes 11 and 13)	13,699	14,606	-	-	-	-	14,606
Fair value of warrants exercised (Notes 11 and 13)	-	11,591	-	(11,591)	-	-	-
Rounding adjustment (Note 11)	(61)	-	-	-	-	-	-
Share-based payments - compensation (Note 14)	-	-	-	411,147	-	-	411,147
Net income for the period	-	-	-	-	795,216	-	795,216
Other comprehensive (loss) for the period	-	-	-	-	-	(153,564)	(153,564)
Balance, March 31, 2021	112,734,784	\$ 188,120,102	\$ 16,470,588	\$ 24,020,647	\$ (37,547,386)	\$ (383,221)	\$ 190,680,730
Flow-through shares issued for cash in private placement (Note 11)	7,692,971	6,539,025	-	-	-	-	6,539,025
Share issue costs (Note 11)	-	(32,682)	-	-	-	-	(32,682)
Exercise of non-flow-through Special Warrants (Note 12 and 13)	10,631,579	10,100,000	(10,100,000)	-	-	-	-
Exercise of flow-through Special Warrants (Note 12 and 13)	6,820,000	7,502,000	(7,502,000)	-	-	-	-
Share issue costs (Note 11)	-	(1,213,714)	1,131,412	-	-	-	(82,302)
Warrants exercised (Notes 11 and 13)	-	189	-	-	-	-	189
Flow-through share premium (Note 11)	-	(1,561,508)	-	-	-	-	(1,561,508)
Share-based payments - compensation (Note 14)	-	-	-	577,433	-	-	577,433
Net income (loss) for the period	-	-	-	-	(4,545,575)	-	(4,545,575)
Other comprehensive (loss) for the period	-	-	-	-	-	(612,426)	(612,426)
Balance, December 31, 2021	137,879,334	\$ 209,453,412	\$ -	\$ 24,598,080	\$ (42,092,961)	\$ (995,647)	\$ 190,962,884
Share-based payments - compensation (Note 14)	-	-	-	346,322	-	-	346,322
Share-based payments - restricted share units (Note 14)	-	-	-	364,664	-	-	364,664
Net income (loss) for the period	-	-	-	-	(587,397)	-	(587,397)
Other comprehensive income (loss) for the period	-	-	-	-	-	74,696	74,696
Balance, March 31, 2022	137,879,334	\$ 209,453,412	\$ -	\$ 25,309,066	\$ (42,680,358)	\$ (920,951)	\$ 191,161,169

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended March 31	
	2022	2021
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net income (loss) for the period	\$ (587,397)	\$ 795,216
Adjustments for:		
Amortization	16,448	-
Deferred income tax recovery	(950,322)	-
Share-based payments (Note 14)	607,711	330,621
Accretion on long-term debt (Note 10)	80,587	78,980
Loss (gain) on debt extinguishment (Note 10)	-	(136,798)
Loss (gain) on debt and derivative liability (Note 10)	(278,690)	(2,034,543)
Foreign exchange on long-term debt (Note 10)	(78,713)	(59,220)
Net change in non-cash working capital items:		
Accounts receivable and prepaid expenses	(465,655)	(355,482)
Accounts payable and accrued liabilities	474,927	704,897
Net cash used in operating activities	<u>(1,181,104)</u>	<u>(676,329)</u>
Financing Activities		
Cash received from special warrants issued, net of costs (Note 13)	-	16,470,588
Proceeds from the exercise of options	-	90,000
Proceeds from the exercise of warrants	-	14,606
Capitalized interest on long-term debt (Note 10)	124,648	-
Payment of lease liabilities	(5,393)	(2,218)
	<u>119,255</u>	<u>16,572,976</u>
Investing Activities		
Acquisition of property and equipment	(7,772)	(3,060)
Acquisition of mineral properties and related deferred costs	(4,311,849)	(2,174,274)
	<u>(4,319,621)</u>	<u>(2,177,334)</u>
Increase in cash and cash equivalents	(5,381,470)	13,719,313
Cash and cash equivalents, beginning of the period	10,090,415	4,437,345
Cash and cash equivalents, end of the period	\$ 4,708,945	\$ 18,156,658

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	Three Months Ended	
	March 31	
	2022	2021
Supplementary cash flow information		
Changes in non-cash activities:		
Capitalized interest on long-term debt (Note 10)	<u>\$ 124,648</u>	<u>\$ -</u>
Share-based payments capitalized to mineral properties and related deferred costs (Note 14)	<u>\$ 103,275</u>	<u>\$ 80,526</u>
Amortization charged to property and equipment (Note 7)	<u>\$ 30,587</u>	<u>\$ 28,379</u>

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

1. NATURE OF OPERATIONS AND GOING CONCERN

Treasury Metals Inc. (the "Company" or "Treasury Metals") is incorporated under the laws of Ontario and listed on the Toronto Stock Exchange under the symbol "TML". The address of the Company's registered office is 15 Toronto St, Suite 401, Toronto, Ontario, Canada. The mineral properties of Treasury Metals are all located in Canada and are in the exploration stage and, based on information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown on the interim condensed consolidated statements of financial position for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, maintaining beneficial interest in its properties and the underlying mining claims, obtaining the necessary regulatory approvals and permits, the ability to obtain the necessary financing to fulfill its obligations as they arise, the ability to complete the development of the claims, and achieving profitable production or the proceeds from the disposition of the properties. The Company's success depends on the successful development of the properties and 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 Goliath Gold Complex.

The interim condensed consolidated financial statements were prepared on a going concern basis, which 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 not generated revenue from operations. On March 31, 2022, the Company's working capital is \$4,229,998 (December 31, 2021 – \$10,187,429) excluding the flow-through share premium liability and the derivative liability. For the period ended March 31, 2022, the Company incurred a net loss of \$587,397 (2021 – income \$795,216), has cash outflows from operations of \$1,181,104 (2021 - \$676,329), has not yet achieved profitable operations, had accumulated losses of \$42,680,358 (December 31, 2021 - \$42,092,961) and expects to incur further losses in the development of its business. Should the Company be unable to raise sufficient financing to maintain operations, the Company may be unable to realize the carrying value of its net assets. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These interim condensed consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

Since December 31, 2019, 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 currently unknown, 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, or on its ability to raise capital to fund operations, in future periods. While the Company's operations have not been significantly impacted by the COVID-19 outbreak, it is not possible to reliably estimate the ongoing effect on the Company's operations.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards board ("IASB"). These interim condensed consolidated financial statements do not contain all the required annual disclosures and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2021.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial instruments, as set out in the accounting policies in note 2 of the 2021 annual consolidated financial statements.

These interim condensed consolidated interim financial statements were approved by the Company's Board of Directors on May 10, 2022.

(b) Basis of Consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and its wholly owned Canadian subsidiaries Goldeye Explorations Ltd., Silvereye Explorations Ltd, Tamaka Gold Corp. and Goldlund Resources Inc. On March 2021, Treasury Metals Inc., Tamaka Gold Corp., and Goldlund Resources Inc. were amalgamated.

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

(c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its wholly owned Canadian subsidiaries.

(d) Use of estimates and judgments

The preparation of these interim condensed consolidated financial statements in conformity with IFRS requires judgments and estimates that affect the amounts reported. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2021.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

3. ADOPTION OF NEW ACCOUNTING STANDARDS

(a) Standards and amendments issued but not yet effective or adopted

IAS 12, Income Taxes The IASB issued an amendment to IAS 12, Income Taxes to narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Instead, a deferred tax asset and a deferred tax liability will need to be recognized for temporary differences arising on initial recognition of certain transactions, such as leases and decommissioning provisions. The amendment is effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. An assessment will be performed prior to the effective date of January 1, 2023, to determine the impact to the Company's financial statements.

IAS 1, Presentation of Financial Statements The IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify one of the requirements under the standard for classifying a liability as non-current in nature, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendment includes: (i) specifying that an entity's right to defer settlement must exist at the end of the reporting period; (ii) clarifying that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; (iii) clarifying how lending conditions affect classification; and (iv) clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments. An assessment will be performed prior to the effective date of January 1, 2023, to determine the impact to the Company's financial statements.

4. CASH AND CASH EQUIVALENTS

	March 31	December 31
	2022	2021
Cash	\$ 4,622,140	\$ 10,003,610
Funds in trust	6,805	6,805
Cashable GIC	80,000	80,000
	\$ 4,708,945	\$ 10,090,415

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

	March 31	December 31
	2022	2021
Advances to consultants	\$ 354,136	\$ 438,224
Prepaid expenses and other advances	236,960	202,991
Harmonized sales tax	1,001,421	485,647
	\$ 1,592,517	\$ 1,126,862

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

6. INVESTMENTS

The Company's investments are classified as fair value through other comprehensive income ("FVTOCI") and are carried at fair value.

	Number of Shares	March 31 2022	Number of Shares	December 31, 2021
Millrock Resources Inc. - Shares	147,778	\$ 8,128	147,778	\$ 7,388
Platinex Inc. - Shares	16,500,000	742,500	16,500,000	660,000
Platinex Inc. - Consideration Warrants (i)	2,000,000	17,586	2,000,000	22,778
Platinex Inc. - Secondary Warrants (i)	3,000,000	307	3,000,000	3,659
		\$ 768,521		\$ 693,825

- (i) At March 31, 2022, the 2,000,000 Consideration Warrants and 3,000,000 Secondary Warrants was assigned a fair value of \$17,586 and \$307, respectively, using the Black-Scholes option pricing model with the following assumptions: share price \$ 0.045, dividend yield 0%, expected volatility, based on historical volatility 109.51%, a risk-free interest rate of 2.21% and an expected life of 3 months.

7. PROPERTY AND EQUIPMENT

Cost	Land	Buildings ⁽ⁱ⁾	Furniture and equipment	Vehicles ⁽ⁱⁱ⁾	Total
At January 1, 2022	\$ 1,496,909	\$ 1,268,916	\$ 470,219	\$ 209,213	\$ 3,445,257
Additions		252,213	7,772	88,250	348,235
Disposals	-	-	-	(124,003)	(124,003)
At March 31, 2022	\$ 1,496,909	\$ 1,521,129	\$ 477,991	\$ 173,460	\$ 3,669,489
Accumulated amortization					
At January 1, 2022	\$ -	\$ (406,893)	\$ (317,085)	\$ (164,619)	\$ (888,597)
Amortization for the year	-	(26,964)	(12,953)	(7,118)	(47,035)
Disposals	-	-		124,003	124,003
At March 31, 2022	-	(433,857)	(330,038)	(47,734)	(811,629)
Net book value at March 31, 2022	\$ 1,496,909	\$ 1,087,272	\$147,953	\$ 125,726	\$ 2,857,860

- (i) Buildings include right-of-use assets with net book value of \$235,764 (December 31, 2021 -\$nil) which represents lease agreements entered into as at March 31, 2022.
- (ii) Vehicles include right-of-use assets with net book value of \$83,390 (December 31, 2021- \$nil) which represents lease agreements entered into as at March 31, 2022.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

7. PROPERTY AND EQUIPMENT (Continued)

Cost	Land	Building ⁽ⁱ⁾	Furniture and equipment	Vehicles ⁽ⁱⁱ⁾	Total
At January 1, 2021	\$ 1,496,909	\$ 1,268,916	\$ 337,163	\$ 209,213	\$ 3,312,201
Additions	-	-	133,056	-	133,056
At December 31, 2021	\$ 1,496,909	\$ 1,268,916	\$ 470,219	\$ 209,213	\$ 3,445,257
Accumulated amortization					
At January 1, 2021	\$ -	\$ (367,685)	\$ (249,476)	\$ (146,895)	\$ (764,056)
Amortization for the year	-	(39,208)	(67,609)	(17,724)	(124,541)
At December 31, 2021	-	(406,893)	(317,085)	(164,619)	(888,597)
Net book value at December 31, 2021	\$ 1,496,909	\$ 862,023	\$ 153,134	\$ 44,594	\$ 2,556,660

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As of March 31, 2022, and December 31, 2021, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance January 1 2022	Additions net of recoveries	Balance March 31 2022
Goliath Gold Project	\$ 88,574,509	\$ 4,081,512	\$ 92,656,021
Goldlund Gold Project	95,935,997	922,000	96,857,997
Weebigee Project	2,734,108	-	2,734,108
Lara Polymetallic Project - BC	888,236	-	888,236
	\$ 188,132,850	\$ 5,003,512	\$ 193,136,362

	Balance January 1, 2021	Additions net of recoveries	Balance December 31, 2021
Goliath Gold Project	\$ 78,379,133	\$ 10,195,376	\$ 88,574,509
Goldlund Gold Project	91,668,813	4,267,184	95,935,997
Weebigee Project (i)	2,788,448	(54,340)	2,734,108
Lara Polymetallic Project - BC	888,236	-	888,236
	\$ 173,724,630	\$ 14,408,220	\$ 188,132,850

- (i) During the year 2021, \$75,120 of certain accruals capitalized to the Weebigee property in the previous years were reversed.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2022 and 2021

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Goliath Gold Project

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

The Goliath Project is the result of three property acquisitions. A 100% interest in the Thunder Lake Property area located around Dryden Ontario was purchased from Teck/Corona/Laramide in 2007. Also in 2007, Treasury Metals acquired a 100% interest in the Laramide Property located in Zealand Township near Dryden Ontario from Laramide Resources Ltd., which retained a 2.0 – 2.5% net smelter returns royalty as part of the transaction. The third acquisition in 2009, represents a 100% interest in a collection of certain parcels of land in the District of Kenora collectively known as the Brisson Property.

Certain underlying royalties and payment obligations remain on 13 of the 25 patented land parcels totaling approximately \$105,000 per year.

Goldlund Gold Project

On August 7, 2020, the Company acquired a 100% interest in the Goldlund Gold Project located adjacent to the Goliath Gold Project through the acquisition of all the shares of Tamaka Gold Corporation.

Goldeye Explorations

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. During the year 2020, Goldeye sold several properties and NSR interests, retaining the Weebigee Project and the Gold Rock property. All the consideration paid at the time of the Goldeye acquisition was allocated to Weebigee.

Weebigee Project

The Project is comprised of 140 claims, located near Sandy Lake, north of Red Lake in Northwestern Ontario. Certain claims are subject to a 2% NSR that is held by a former director of Goldeye.

In November 2020, G2 Goldfields ("G2") had met its expenditure requirements to earn a 50.1% interest in the Weebigee Project and a Joint Venture Agreement was concluded with Goldeye retaining the remaining 49.9% interest. G2 is the operator of the Project.

Subsequently on April 9, 2021, G2 announced the sale of its interest in the Weebigee Project to S2 Minerals Inc. ("S2"), as part of a spin out of G2's interest in the larger area of Sandy Lake. Consequently, S2 has taken the place of G2 in the Joint Venture Agreement and has become the operator of the Project.

Gold Rock Property

The Gold Rock Property is located 38 km south of Dryden, Ontario and can be accessed from Highway 502. The Property is in an early exploration stage and consists of 131 contiguous claims covering 2,750 ha and includes the Thundercloud claims consisting of 9 claims covering 190 ha. The Thundercloud claims are located 12.5 km southeast of Gold Rock. No work has been done on the property by the Company since its acquisition.

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8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

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 8 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. Consequently, the estimated non-recoverable costs associated with this project were written off in 2010. At present, the Company has renewed the mining leases of the most significant areas of this property. The expenditures are mainly related to the property renewals; there was no work done on the property during the first quarter of 2022.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2022	December 31 2021
Trade accounts payable	\$ 1,584,949	\$ 705,347
Accrued liabilities	1,167,447	1,018,326
	\$ 2,752,396	\$ 1,723,673

10. SHORT-TERM AND LONG-TERM DEBT

The present value of short and long-term debts at March 31, 2022 and December 31, 2021 is as follows:

	Convertible Debt	Lease payable	March 31 2022
Loan amount	\$ 5,949,568	\$ 370,299	\$ 6,319,867
Unaccreted amount	(413,531)	(31,224)	(444,755)
Carrying value of the debt	5,536,037	339,075	5,875,112
Current portion of the debt	-	(87,589)	(87,589)
Long-term debt	\$ 5,536,037	\$ 251,486	\$ 5,787,523

	Convertible Debt	Lease payable	December 31 2021
Loan amount	\$ 5,909,758	\$ -	\$ 5,909,758
Unaccreted amount	(500,243)	-	(500,243)
Carrying value of the debt	5,409,515	-	5,409,515
Current portion of the debt	-	-	-
Long-term debt	\$ 5,409,515	\$ -	\$ 5,409,515

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10. SHORT-TERM AND LONG-TERM DEBT (Continued)

At March 31, 2022, the convertible debt was \$ 5,949,568 (US\$4.4 million) as per a debt agreement signed in June 2016 with Extract Lending LLC and Extract Capital Master Fund Ltd. (together "Extract"), in addition to the four amendments signed in the subsequent years of which the last ("the fourth amendment") was signed on March 10, 2021. Also 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 US\$2.2 million owed to Extract by the Company together with all the rights and obligations under the debt agreement.

Under the fourth amendment, certain terms of the Company's convertible 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 five consecutive trading days to the interest payment ("5-day VWAP"), less a 15% discount. During the period, \$124,648 of interest has been capitalized to the facility.

Under the terms of the debt agreement, the debt may be converted at Extract's and Sprott's option, in part or in full, at any time, into common shares of the Company at \$0.96 per common share and the interest rate is 12-month LIBOR (minimum 200 basis points) plus 6.5%. The debt is secured by a general security agreement, a debenture delivery agreement and demand debenture, which is secured by the Goliath Gold Project property, land, and mining claims in Kenora.

As per the debt agreement, the Company will provide Extract a production fee ("Production Fee") of US\$10 per each ounce of gold and US\$0.125 per each ounce of silver produced from the Goliath Project; also, the Company had the option to repurchase the Production Fee. In the first quarter of 2017, the Company repurchased the Production Fee for US\$350,000 (CAD\$445,620) which has been capitalized in the mineral properties and related deferred costs account.

Activity of the Financial Instrument	March 31, 2022		December 31, 2021	
	Debt	Derivative	Debt	Derivative
Beginning balance	\$5,409,515	\$710,032	\$4,959,393	\$3,680,193
Accretion	-	-	58,768	-
Change in fair value – noncash	-	-	-	(1,740,431)
Foreign exchange adjustment	-	-	(37,138)	-
Carrying value prior to amendment			4,981,023	1,939,762
Loss on debt extinguishment (i)	-	-	47,097	-
Fair value of new instrument	5,409,515	710,032	5,028,120	1,939,762
Accretion	80,587	-	241,310	-
Change in fair value – noncash	-	(278,690)	(210,200)	(1,229,730)
Capitalized interest	124,648	-	331,438	-
Foreign exchange adjustment	(78,713)	-	18,847	-
Ending balance	\$5,536,037	\$431,342	\$5,409,515	\$710,032

(i) Does not include transaction costs incurred on debt amendment.

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10. SHORT-TERM AND LONG-TERM DEBT (Continued)

Under IFRS, the fourth amendment was a substantial modification of the debt, accordingly, the debt instruments were recorded at fair value on the amendment date and the net reduction originated by the amendment was immediately recorded as a loss on debt extinguishment in the consolidated statements of operations. The transaction costs incurred on amendment will be expensed and recorded in the consolidated statements of operations.

The fair value of the debt component at March 10, 2021, after the fourth amendment, was USD\$4,430,247 (CAD\$5,536,037) based on a market borrowing rate of 15.7%.

Due to the loan being denominated in U.S. dollars, the conversion feature has been presented as a non-cash derivative liability. As at March 31, 2022, the non-cash derivative liability of the debt was assigned a fair value of \$431,342 (December 31, 2021 - \$710,032) using the Black-Scholes option pricing model with the following assumptions: share price \$0.68 (December 31, 2021 - \$0.75), dividend yield 0%, expected volatility based on historical volatility 47.2% (December 31, 2021 – 48.8%), a risk free interest rate of 2.26% (December 31, 2021 – 0.97%) and an expected life of 1.25 years (December 31, 2021 – 1.5 years). The fair value gain of \$278,690 (2021 – gain of \$3,180,361), has been recognized in the interim condensed consolidated statements of operations. The effective interest rate of the debt was 15.7%.

Lease Payable

During the period ended March 31, 2022, the Company entered into a sub-lease agreement for its corporate office with a commencement date of January 1, 2022. The term of the lease is three years and ten months ending on October 30, 2025. The Company also entered into several four-year lease agreements for vehicles to be used at the project site. At March 31, 2022, the Company is committed to pay \$370,299 through monthly payments until the end of the lease agreements.

	March 31	December 31
	2022	2021
Lease payable	\$ 370,299	\$ -
Unamortized discount	(31,224)	-
Fair value of the lease payable	\$ 339,075	\$ -

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11. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares

b) ISSUED

COMMON SHARES	Number of Shares	Stated Value
Balance, January 1, 2021	112,621,146	\$ 187,969,705
Stock options exercised	100,000	90,000
Fair value of stock options exercised	-	34,200
Warrants exercised	13,699	14,606
Fair value of warrants exercised	-	11,591
Rounding adjustment (i)	(61)	-
Balance, March 31, 2021	112,734,784	\$ 188,120,102
Flow-through shares issued for cash in private placement	7,692,971	6,539,025
Share issue costs	-	(32,682)
Exercise of non-flow-through Special Warrants (Note 12)	10,631,579	10,100,000
Exercise of flow-through Special Warrants (Note 12)	6,820,000	7,502,000
Share issue costs	-	(1,213,714)
Warrants exercised	-	189
Flow-through share premium	-	(1,561,508)
Balance, December 31, 2021	137,879,334	\$ 209,453,412
Balance, March 31, 2022	137,879,334	\$ 209,453,412

(i) In connection with a reverse stock split, a rounding difference of 61 shares was determined and written off.

Private Placements

On November 5, 2021, the Company issued 7,692,971 Canadian Exploration Expenditures (“CEE”) flow-through common shares of the Company (“CEE flow-through shares”) at a price of \$0.85 per share by way of private placement for gross proceeds of \$6,539,025. Share issuance costs of \$32,682 were incurred in relation to the offering resulting in net proceeds to the Company of \$6,506,343. A value of \$538,508 was attributed to the flow-through premium liability in connection with the financing.

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12. SPECIAL WARRANTS

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 are \$17,602,000. Each Special Warrant is exercisable to acquire one common share of the Company. The FT Special Warrants were "flow-through shares" for purposes of the Income Tax Act (Canada). A value of \$1,023,000 was attributed to the flow-through premium liability in connection with the financing.

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.

There were issuance costs of \$1,213,714 for the Special Warrants. The net proceeds from this private placement will be used for the exploration and development of the Goliath and Goldlund projects, and for general corporate purposes.

13. WARRANTS

In connection with the acquisition of Tamaka Gold Resources dated August 7, 2020, the company issued 11,666,666 warrants, as a partial payment for the transaction, with each warrant entitling the holder to purchase one common share at an exercise price of \$1.50 for a period of 36 months. The warrants were assigned a fair value of \$9,866,502 using the Black-Scholes option pricing model with the following assumptions: share price \$1.83, dividend yield 0%, expected volatility, based on historical volatility 60.44%, a risk-free interest rate of 0.30% and an expected life of 3 years.

In connection with the private placement on August 7, 2020, the Company issued 5,333,333 warrants exercisable within 24 months at a price of \$1.80 per share and were assigned a fair value of \$3,617,724 using the Black-Scholes option pricing model with the following assumptions: share price \$1.83, dividend yield 0%, expected volatility, based on historical volatility 66.6%, a risk-free interest rate of 0.26% and an expected life of 2 years.

In connection with the August 7, 2020 private placement, on August 17, 2020, the Company issued 640,000 compensation warrants exercisable within 24 months at a price of \$1.08 per share. The compensation warrants were assigned a fair value of \$541,506 using the Black-Scholes option pricing model with the following assumptions: share price \$1.67, dividend yield 0%, expected volatility, based on historical volatility 67%, a risk-free interest rate of 0.26% and an expected life of 2 years.

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13. WARRANTS (Continued)

The following table reflects the continuity of warrants for the period and year ended March 31, 2022 and December 31, 2021, respectively:

	Number of Warrants 2022	Number of Warrants 2021	Weighted Average Exercise Price 2022	Weighted Average Exercise Price 2021
Balance, beginning of period	24,592,635	27,448,028	\$ 1.54	\$ 1.51
Exercised	-	(13,699)	-	1.08
Expired	-	(2,841,694)	-	1.23
Balance, end of the period	24,592,635	24,592,635	\$ 1.54	\$ 1.54

The issued and outstanding warrants are comprised as follows:

Expiry Date	Type	Warrants at March 31 2022	Warrants at December 31 2021	Exercise Price
August 7, 2022	Warrants	5,333,333	5,333,333	\$ 1.80
August 14, 2022	Warrants	200,000	200,000	\$ 1.20
August 17, 2022	Compensation warrants	626,301	626,301	\$ 1.08
June 6, 2023	Warrants	2,798,082	2,798,082	\$ 0.96
June 25, 2023	Warrants	3,968,253	3,968,253	\$ 1.80
August 7, 2023	Warrants	11,666,666	11,666,666	\$ 1.50
		24,592,635	24,592,635	

The weighted average life of the outstanding warrants at March 31, 2022 is 1.07 years (December 31, 2021 – 1.3 years).

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14. SHARE-BASED PAYMENTS

On June 29, 2021, Company's shareholders approved the Omnibus Equity Incentive Plan (the "Incentive Plan"), replacing the previous Stock Option Plan (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; no further awards will be 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 Incentive plan provides flexibility to the Company to grant equity-based incentive awards in the form of stock options and restricted share units ("RSUs"). The Incentive Plan is a "rolling" plan which, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Common Shares), provides that the maximum aggregate number of Common Shares reserved by the Company for issuance and which may be purchased upon the exercise of all Options or RSUs (and including awards granted under the Legacy Plan) shall not exceed 9.9% of the issued and outstanding Common Shares from time to time. Limits have also been set in respect of the maximum number of awards that may be issued to Company insiders in any one-year period. As at March 31, 2022, the Company has an additional 4,760,110 (December 31, 2020 – 8,064,729) securities available for issuance under the plan.

Options

	Number of Stock Options 2022	Number of Stock Options 2021	Weighted Average Exercise Price 2022	Weighted Average Exercise Price 2021
Balance, at beginning of period	5,585,325	4,019,667	\$ 1.16	\$ 1.19
Options granted	2,728,129	2,148,000	0.70	1.07
Exercised	-	(100,000)	-	0.90
Cancelled and forfeited	(760,999)	(482,333)	1.21	1.04
Rounding adjustment (i)	-	(9)	-	-
Balance at end of the period	7,552,455	5,585,325	\$ 0.99	\$ 1.16

(i) In connection with a reverse stock split, a rounding difference of 9 options was determined and written off.

During the period ended March 31, 2022, the share-based payment charged to mineral properties and related deferred costs amounted to \$46,014 (2021 - \$80,526) and \$300,308 (2021 - \$330,621) was charged to operating expense.

The Company estimates expected life of options and expected volatility based on historical volatility, which may differ from actual outcomes.

The weighted average life of the outstanding options at March 31, 2022 is 2.05 years (December 31, 2021 – 1.7 years).

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14. SHARE-BASED PAYMENTS (Continued)

The outstanding options are comprised as follows:

Grant Date	Expiry Date	Number of Stock Options at March 31, 2022	Number of Stock Options at December 31, 2021	Exercise Price
December 19, 2019	December 19, 2022	1,013,326	1,248,325	0.90
November 10, 2020	November 10, 2023	1,913,000	2,439,000	1.35
February 5, 2021	November 10, 2023	198,000	198,000	1.35
February 5, 2021	December 7, 2023	600,000	600,000	1.35
March 8, 2021	March 8, 2024	300,000	300,000	0.95
May 31, 2021	May 31, 2024	150,000	150,000	0.97
June 28, 2021	June 28, 2024	250,000	250,000	0.90
September 7, 2021	September 7, 2024	400,000	400,000	0.87
February 18, 2022	February 18, 2025	2,728,129	-	0.70
		7,552,455	5,585,325	

At March 31, 2022, 4,932,885 of the outstanding options were fully vested and exercisable (December 31, 2021 – 3,814,992).

On February 18, 2022, the Company granted 2,728,129 stock options to directors, officers and certain employees to buy common shares at an exercise price of \$0.70 each expiring on Feb 18, 2025. The stock options granted to directors vest 50% on date of grant and the remaining balance of 50% on February 18, 2023. The options granted to officers and certain employees vest 33.3% on date of grant, 33.3% vest on February 18, 2023 and the remaining balance 33.34% vest on February 18, 2024. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.70, dividend yield 0%, expected volatility 58.09% based on historical volatility, a risk-free interest rate of 1.42%, and an expected life of 3.00 years. As a result, the fair value of the options was estimated at \$760,690 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

On September 7, 2021, the Company granted 400,000 options to certain employees to buy common shares at an exercise price of \$0.87 each expiring on September 7, 2024. The stock options vest 25% at March 7, 2022, 25% at September 7, 2022, 25% at March 7, 2023 and the remaining 25% vest at September 7, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.87, dividend yield 0%, expected volatility 60.1% based on historical volatility, a risk-free interest rate of 0.67%, and an expected life of 3 years. As a result, the fair value of the options was estimated at \$140,414 and will be recognized in the property cost and operations over the periods the options vest.

On June 28, 2021, the Company granted 500,000 options to employees to buy common shares at an exercise price of \$0.90, each expiring on June 28, 2024. The stock options vest 25% at December 28, 2021, 25% at June 28, 2022, 25% at December 28, 2022 and the remaining 25% vest at June 28, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.90, dividend yield 0%, expected volatility 59.96% based on historical volatility, a risk-free interest rate of 0.65%, and an expected life of 3 years. As a result, the fair value of the options was estimated at \$90,561 and will be recognized in the statement of operations over the periods the options vest. As at December 31, 2021, 250,000 options were canceled.

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14. SHARE-BASED PAYMENTS (Continued)

On May 31, 2021, the Company granted 150,000 options to an employee to buy common shares at an exercise price of \$0.97, each expiring on May 31, 2024. The stock options vest 25% at November 30, 2021, 25% at May 31, 2022, 25% at November 30, 2022 and the remaining 25% vest at May 31, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.92, dividend yield 0%, expected volatility 60.3% based on historical volatility, a risk-free interest rate of 0.65%, and an expected life of 3 years. As a result, the fair value of the options was estimated at \$53,622 and will be recognized in the property cost over the periods the options vest.

On March 8, 2021, the Company granted 300,000 options to an employee to buy common shares at an exercise price of \$0.95, each expiring on March 8, 2024. The stock options vest 25% at September 8, 2021, 25% at March 8, 2022, 25% at September 8, 2022 and the remaining 25% vest at March 8, 2023. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.92, dividend yield 0%, expected volatility 59.21% based on historical volatility, a risk-free interest rate of 0.49%, and an expected life of 3 years. As a result, the fair value of the options was estimated at \$106,751 and will be recognized in the statement of operations over the periods the options vest.

On February 5, 2021, the Company granted a total of 798,000 options to an officer and certain employees to buy common shares at an exercise price of \$1.35 each, expiring between November 10, 2023 and December 7, 2023. The stock options vest 33.3% at date of granting, 33.3% at November 10, 2021 and the remaining balance 33.34% vest on November 10, 2022. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$1.06, dividend yield 0%, expected volatility 61.61% based on historical volatility, a risk-free interest rate of 0.32%, and an expected life of 2.76 years. As a result, the fair value of the options was estimated at \$272,255 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

Restricted Share Units ("RSUs")

On February 18, 2022, the Company granted 1,337,489 RSUs to directors, officers and certain employees that have an expiry date of December 31, 2025. The RSUs 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.

For the three months ended March 31, 2022 and 2021, the Company recognized share-based payment expense related to the vesting of RSUs amounting to \$57,261 charged to mineral properties and related deferred costs (2021-\$nil) and \$307,403 (2021 - \$nil) was charged to operating expense.

	Number of Units 2022	Number of Units 2021	Weighted Fair Value 2022	Weighted Fair Value 2021
Balance, at beginning of period	-	-	\$ -	\$ -
Granted	1,337,489	-	0.70	-
Exercised	-	-	-	-
Cancelled and forfeited	-	-	-	-
Balance at end of the period	1,337,489	-	\$ 0.70	\$ -

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15. RELATED PARTY DISCLOSURES

Certain corporate entities that are related to the Company's officers and directors provided services to Treasury Metals. Laramide Resources Ltd. had a director and an officer in common with Treasury Metals and shared office facilities with the Company. Up to March 31, 2021, Laramide Resources charged Treasury Metals \$94,536 for office space rent and other expenditures paid by Laramide on behalf of the Company and the Company charged \$13,221 of shared expenditures paid upon behalf of Laramide. After March 31, 2021, Laramide ceased to be a related party to the Company and accordingly there is no account payable to Laramide as of March 31, 2022 and December 31, 2021.

A company called Cypherpunk Holdings Inc. had an officer and director in common with Treasury Metals. Up to March 31, 2021, Cypherpunk was charged \$881 for shared expenditures paid by the Company. After March 31, 2021, Cypherpunk ceased to be a related party to the Company and accordingly there was no account receivable from Cypherpunk as of December 31, 2021 and March 31, 2022.

Transactions with related parties were conducted in the normal course of business.

16. KEY MANAGEMENT COMPENSATION

Key management includes the Chief Executive Officer, Chief Financial Officer and Directors of the Company.

The compensation payable to key management is shown below:

Periods ended March 31,	2022	2021
Salaries	\$ 412,729	\$ 115,000
Director fees	61,000	60,250
Other cash compensation	-	-
Share-based compensation, at fair value	180,896	311,454
	\$ 654,625	\$ 486,704

17. COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

1) 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 8, 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.

2) An audit was commenced by the Canada Revenue Agency (the "CRA") in December 2016 of the flow-through expenditures incurred by the Company on the Goliath Gold Project, 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 \$2.2 million of CEE to Canadian Development Expenses ("CDE"). In addition, pursuant to the audit, the CRA 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 on July 2, 2021, the CRA issued a Notice of Reassessment that reduced the amount of the unpaid Part XII.6 tax to \$430,689.

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17. COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES (Continued)

On September 30, 2021, the Company filed a Notice of Appeal where it disputes the CRA's proposed re-characterizations of expenses from CEE to either CDE or operating expenses. Due to the uncertainty of the outcome, no liability has been recorded in the interim condensed consolidated financial statements. The Notice of Appeal was transmitted to the Department of Justice on October 21, 2021 and lawyers were assigned by the Department of Justice in December 2021.

18. FINANCIAL RISK FACTORS

Capital Management

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.

At March 31, 2022, the Company has a working capital of \$4,229,998 excluding the flow-through share premium liability and derivative liability (December 31, 2021 - \$10,187,429); Capital stock and contributed surplus total \$234,762,478 (2021 - \$234,051,492).

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 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.

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18. FINANCIAL RISK FACTORS (Continued)

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 US 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 \$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.

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18. FINANCIAL RISK FACTORS (Continued)

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 statement of financial position, 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.

March 31, 2022:	Level One	Level Two	Level Three
Investments	\$ 750,628	\$ 17,893	\$ -
Derivative liability		(431,342)	-
	\$ 750,628	\$ (413,449)	\$ -
December 31, 2021:	Level One	Level Two	Level Three
Investments	\$ 667,388	\$ 26,437	\$ -
Derivative liability	-	(710,032)	-
	\$ 667,388	\$ (683,595)	\$ -

There have been no transfers between levels 1, 2, or 3 during the periods.

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19. SUBSEQUENT EVENT

On April 11, 2022, the Company closed its previously announced royalty agreement with an affiliate of Sprott Resource Streaming and Royalty Corp. ("Sprott"), for a US\$20 million royalty financing. These funds will 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.