TREASURY METALS

INCORPORATED

MANAGEMENT DISCUSSION AND ANALYSIS OF OPERATING RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2009

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations of Treasury Metals Inc. ("Treasury" or the "Company") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008, including the related notes thereto. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This MD&A is presented as of August 13, 2009. 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.

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.

TREASURY METALS

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Company Highlights

- The Company closed a private placement financing for gross proceeds of $835,500.

- The Company made the remaining payments owing to the vendors in connection with its acquisition of its Thunder Lake Property (Goliath Gold Project).

- On August 19, 2008, the Company's common shares started trading on the Toronto Stock Exchange under the symbol "TML".

- The Company completed its 55 hole (13,049 m) diamond drilling program on the Goliath Gold Project, confirming high-grade gold (silver) mineralization and demonstrating potential to build significant ounces:

  - TL0819: 5.00 m @ 3.98 g/t Au, 11.10 g/t Ag; incl. 1.00 m @ 14.1 g/t Au, 0.7 g/t Ag
  - TL0824: 8.00 m @ 5.41 g/t Au, 18.50 g/t Ag; incl. 0.55 m @ 48.0 g/t Au, 204.6 g/t Ag
  - TL0836: 12.70 m @ 7.13 g/t Au, 34.5 g/t Ag; incl. 0.85 m @ 37.0 g/t Au, 72.2 g/t Ag
  - TL0837: 1.60 m @ 7.0 g/t Au, 246.0 g/t Ag; incl. 0.50 m @ 17.65 g/t Au, 565.4 g/t Ag

- The Company engaged independent consultants A.C.A. Howe International Limited to complete the first ever NI 43-101 compliant mineral resource estimate on the Thunder Lake Gold Deposit (Goliath Gold Project) and filed a related technical report on SEDAR in December 2008. A summary of the reported results is as follows:

Category	Zone	Cut-off Grade (g/tonne Au)	Tonnes Above Cut-off	Average Grade (g/tonne Au)	Ounces Au
Indicated	Main	3.0	560,000	5.9	**110,000**
Inferred	H	3.0	480,000	4.7	70,000
	Main	3.0	2,520,000	6.4	520,000
	B	3.0	130,000	4.2	18,000
	C	3.0	90,000	4	12,000
	D	3.0	50,000	3.1	5,000
Total Inferred		3.0	3,270,000	5.9	**625,000**

OVERVIEW

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

The Company's flagship asset is the Goliath Gold Project; an advanced stage, high-grade gold deposit near Dryden Ontario, with the potential for additional credits through silver, lead and zinc. Treasury's Lara Project on Vancouver Island, British Columbia, is an advanced stage, high-grade polymetallic zinc project with significant potential for more resources. In addition to these properties, the Company receives revenue from a net smelter royalty (the "NSR") from the sale of minerals from the Cerro Colorado gold mine operated by Sierra Minerals Inc. ("Sierra"). The Company's board of directors (the "Board") and management team include seasoned mining industry veterans, with proven track records in finding and developing high-quality assets and building shareholder value.

OVERALL PERFORMANCE

In 2008, the Company took significant steps to advance its business. These steps included the completion of a brokered financing for gross proceeds of $5,151,996 and the subsequent listing of the Company's shares on the Toronto Stock Exchange. The Company also advanced its major exploration projects as described in more detail below.

Throughout most of 2008, and continuing in 2009, the global financial and commodity markets were characterized by extreme volatility and falling prices as market participants reacted and responded to growing uncertainty and pessimism over the depressed North American and international economies. These circumstances have had a significant impact on the Company's operations and in particular, on the economics of its existing exploration and development projects, its strategy to evaluate and, if attractive, complete potential acquisitions and otherwise its ability to pursue growth opportunities. As a result of the limited availability of additional outside funding expected, at least in the short term, the Company has revised downwards its discretionary exploration activities on its current projects. The Company expects to continue exploration on its Goliath Gold Project and Lara Project at a reduced rate in order to preserve its cash resources while receiving income from the NSR.

In addition, the Company continues to evaluate potential transactions with companies with advanced gold projects in the Americas that, if completed, would increase the Company's value. As part of this strategy, in January 2009, the Company submitted a non-binding proposal to Sierra with a view to potentially acquiring Sierra. The Company's discussions with Sierra regarding this proposal were unsatisfactory to the Company and, as a result, the Company does not presently intend to continue any further communication with Sierra with respect to the proposal. Sierra Minerals Announced an Initial 43-101 Mineral Resource Estimate of *170,144 Ounces of Gold in Measured & Indicated (9.7 Million tonnes at 0.55 g/t Au)74,177 Ounces of Gold in Inferred (5.6 Million tonnes at 0.41 g/t Au)***.** Treasury Metals owns 6.5 million shares of Sierra Minerals which is approximately 9% of Sierra and holds a 2.5% NSR on the production from Cerro Colorado gold mine. The mine is currently cash flow positive. Sierra has set a goal for 2009 to increase production levels from an annualized rate of 20,000 ounces to 30,000 ounces of gold.

The Company will continue to evaluate its strategic options and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt.

Trends

- The future performance of the Company is largely tied to the exploration and development of the Goliath Gold Project, the continuing collection of the NSR from Sierra and the overall strength of the financial markets.

- Current financial markets are likely to be volatile in Canada for the remainder of fiscal 2009 and potentially into 2010, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing/raising funds. Companies worldwide have been negatively affected by these trends. As a result, the Company may have difficulties raising equity or debt financing for the purposes of carrying out exploration and development activities with respect to its Goliath Gold Project and Lara Project or acquiring new assets, particularly without excessively diluting present shareholders of the Company. See "Risk Factors".

SELECTED ANNUAL INFORMATION

The following tables summarize selected annual and quarterly financial data of the Company for the six month period ended June 30, 2009 and for the year ended December 31, 2008. The information set forth below should be read in conjunction with the audited financial statements for the year ending December 31, 2008.

Unaudited	**Q2 Jun 2009**	**Q1 Mar 2009**	**Annual Dec 2008**	**Q4 Dec 2008**	**Q3 Sept 2008**	**Q2 Jun 2008**
	$	**$**	**$**	**$**	**$**	**$**
Revenue	104,465	113,349	577,422	158,450	110,253	113,934
Expenses	560,159	265,879	1,022,666	355,995	180,760	370,836
Net Income (Loss)	(455,564)	(70,298)	(2,998,031)	(212,640)	(2,623,294)	(241,807)
Net (loss) per share (basic and diluted)	(.01)	(.01)	(0.13)	(.01)	(0.10)	(.01)

RESULTS OF OPERATIONS

Unaudited	Q2 Jun 2009	Q1 Mar 2009	Q4 Dec 2008	Q3 Sept 2008	Q1 Jun 2008	Q1 Mar 2008	Annual Dec 2007
	$	**$**	**$**	**$**	**$**	**$**	**$**
Investments	**1,063,575**	**1,190,273**	**856,374**	**1,420,268**	**9,856,360**	**11,979,287**	**12,367,400**
Mineral properties and deferred costs	**35,430,691**	**34,046,666**	**34,983,407**	**34,866,033**	**33,196,602**	**31,464,050**	**30,348,833**
Total liabilities	**357,737**	**666,316**	**644,582**	**815,094**	**10,587,166**	**15,481,552**	**12,401,046**
Total assets	**37,252,298**	**36,562,468**	**36,359,365**	**37,306,409**	**44,126,396**	**51,399,100**	**43,962,672**

THREE MONTHS ENDED JUNE 30, 2009

Net loss for the three month period ended June 30, 2009 was $455,564 as compared to a loss of $241,807 in 2008. The Company's net NSR revenue in this period was $104,465 as compared with $113,934 in 2008. The decrease is a result of the accumulation of prior costs that were not previously billed by the operator.

Stock based compensation charges were $312,915 which are a non cash item, there were no charges for the corresponding period. These charges relate to the issuance of stock options.

Legal fees were $30,000 in the period as compared to $53,633 in 2008. Legal fees should decrease in the next few quarters.

The Company's total payroll for the three month period ended June 30, 2009 were $36,505 of approximately three quarters the salary of the President and Chief Executive Officer. The balance of his salary was allocated to mineral exploration costs.

The Company was incurred $11,430 of Part XII tax with respect to flow-through renunciation during the three month period ended June 30, 2009; there were no similar taxes in 2008.

The Company spent $139,920 on mineral properties in the second quarter of 2009 as compared to $1,685,163 during 2008. These expenditures will increase significantly in the next few quarters as the company meets its flow through share issuance obligations.

The Company's investments increased as a result of the up-turn in the stock market.

Transfer agent and filing fees for the first quarter were approximately $64,000. The increase is a result of the significant increase in the number of shareholders. Most of these costs only incurred once a year with respect to year end filing, these costs should decrease going forward.

The company raised $835,500 through the issuance of 4,267,500 common shares.

SIX MONTHS ENDED JUNE 30, 2009

Net loss for the six month period ended June 30, 2009 was $525,862 as compared to a loss of $162,097 in 2008. The Company's net NSR revenue in this period was $217,765 as compared with $276,110 in 2008. The decrease is a result of the accumulation of prior costs that were not previously billed by the operator.

Stock based compensation charges were $312,915 which are a non cash item, there were no charges for the corresponding period. These charges relate to the issuance of stock options.

Legal fees were $48,487 in the period as compared to $105,610 in 2008. Legal fees should decrease in the next few quarters.

The Company's total payroll for the six month period ended June 30, 2009 were $62,594 (2008- $123,137) of approximately three quarters the salary of the President and Chief Executive Officer. The balance of his salary was allocated to mineral exploration costs. The company has closed the investor relations position for the time being.

The Company was incurred $23,570 of Part XII tax with respect to flow-through renunciation during the six month period ended June 30, 2009 there were no similar taxes in 2008.

The Company spent $203,179 on mineral properties in the first half of 2009 as compared to $2,445,679 during 2008. These expenditures will increase significantly in the next few quarters as the company meets its flow through share issuance obligations.

The Company's investments increased as a result of the up-turn in the stock market.

Transfer agent and filing fees for the first half were approximately $109,000. The increase is a result of the significant increase in the number of shareholders. Most of these costs only incurred once a year with respect to year end filing, these costs should decrease going forward.

The company raised $835,500 through the issuance of 4,267,500 common shares.

Operational Review & Results of Operations

MINERAL EXPLORATION PROPERTIES

None of the Company's properties are at or near production. The principal mineral assets of the Company as at the date of this MD&A consist of (i) the Goliath Gold Project; and, (ii) the Lara Project, all as further described below. The Company's primary focus in 2008 and to date is the exploration and development of the Goliath Gold Project.

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

GOLIATH GOLD PROJECT

Location and Ownership

The Goliath Gold Project, located in the Kenora Mining Division of northwestern Ontario, lies about 20 km east of the City of Dryden and 325 km northwest of the port City of Thunder Bay, Ontario, Canada. The Goliath Gold Project consists of 134 contiguous unpatented mining claims and 16 patented land parcels, totalling approximately 5,287 ha (~53 km^2) and covering portions of Hartman and Zealand townships. The Project comprises two underlying properties: the Thunder Lake Property comprising 116 unpatented mining claims and 13 patented land parcels and the Laramide Property comprising 3 patented land parcels; the additional 21 unpatented mining claims represent new staking by the Company. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on 14 of the 16 patented land parcels, totalling about $108,000 per year.

Exploration Activities

Located on the Thunder Lake Property, the Thunder Lake Gold Deposit ("TLGD") was the focus of exploration activity through 2008 and the first quarter of 2009. In June 2009, Treasury initiated exploration on its ~53 km^2 Goliath Gold Project. As part of ongoing exploration Treasury has been compiling and reviewing historic diamond drill core assays, drill core, drill logs and geological and geophysical data. Objectives of its current surface program are to delineate drill targets along strike to the west (+650 metres strike) and northeast (+3,000 metres strike) of the TLGD. The program will also examine ground that covers >6 kilometres of prospective strike in the far east portion of the Property, along with other regions of the Property that are off-trend from the TLGD.

The Company is planning an initial exploration diamond drilling program in order to confirm some of the higher grade historic intercepts along strike of the TLGD. A more extensive drilling program is also being planned which will aim to increase mineral resources along strike to the west and northeast of the TLGD.

To date, the Company has completed the following exploration work on the Goliath Gold Project:

- Phase I diamond drilling program totalling 13,049 metres in 55 drill holes, focused on outlining a mineral resource at the Thunder Lake Gold Deposit (see details and highlights below).
- The first NI 43-101 compliant mineral resource estimate on the Thunder Lake Gold Deposit was completed by independent consultants A.C.A. Howe International Limited and filed on SEDAR in December 2008 (see details below).
- 2,165 line kilometres of high-resolution airborne magnetometer survey over the entire project area, providing the foundation for property wide targeting and exploration.

- 146.36 line kilometres of surface geophysics (induced-polarization) focusing on the area of the Thunder Lake Gold Deposit.
- Structural and geochemical studies, providing a better understanding of the characteristics of the Thunder Lake Gold Deposit.
- Surface exploration including geological grid mapping over the TLGD, channel sampling along strike, northeast of the TLGD and reconnaissance mapping and sampling.

Data compilation, integration and interpretation and targeting continue, with plans to provide an updated mineral resource estimate (on the basis of new drilling) and a preliminary economic assessment (scoping study); consideration is also being given to initiating environmental baseline studies.

Phase I Diamond Drilling

The Company's Phase I diamond drilling program commenced on February 15, 2008 and was completed at the end of September 2008. Data compilation, interpretation, report writing, assay results and the associated QAQC monitoring continued through to December 2008. Fifty-five NQ2 holes totalling 13,049 metres were drilled, surveyed and selectively sampled. Diamond drilling was focused on verifying results from historic drilling by Teck Cominco Limited, a former owner of the property, better definition of the lateral and down-dip extents of the Thunder Lake Gold Deposit and in-filling areas on the basis of the historic mineral resource estimate. A total of 11,737 core samples were collected and sent to Accurassay Laboratory in Thunder Bay, Ontario. A summary of selected drill results from Phase I drilling is provided in the following table:

Table – Selected drill core assays from intercepts of >8.57 g/t Au (>0.25 oz/t Au), Phase I drilling.

Drill Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)
TL08-01	66.00	75.00	9.00	13.0	17.4	0.10	0.08
incl.	74.00	75.00	1.00	82.4	64.6	0.02	0.03
TL08-03	65.00	65.45	0.45	16.3	184.6	1.80	0.37
TL08-07	126.40	126.80	0.40	11.5	<1	0.02	0.01
and	142.00	142.20	0.20	13.1	89.7	1.84	0.91
TL08-09	37.00	37.30	0.30	10.8	41.9	0.22	0.16
and	114.60	115.00	0.40	10.6	<1	0.05	0.01
TL08-14	73.05	73.60	0.55	38.6	44.6	1.04	0.61
TL08-15	50.00	51.50	1.50	9.6	1.6	0.29	0.16
incl.	50.80	51.00	0.20	69.1	6.6	0.79	0.48
TL08-17	129.00	130.00	1.00	11.9	0.5	0.01	0.01
TL08-19	88.00	89.00	1.00	14.1	20.7	0.57	0.33
TL08-20	159.00	159.50	0.50	8.9	2.3	0.07	0.05
TL08-22	58.75	59.00	0.25	10.2	52.2	0.18	0.03
and	229.00	230.00	1.00	12.5	0.5	0.09	0.02
TL08-23	415.00	416.00	1.00	21.1	0.5	0.09	0.08
TL08-24	33.00	35.50	2.50	12.0	49.5	0.88	0.35
incl.	33.90	34.45	0.55	48.0	204.6	3.47	1.40

Table (cont.)

Drill Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Zn (%)	Pb (%)
TL08-29	20.00	21.00	1.00	9.0	0.5	0.01	0.01
TL08-36	164.30	170.00	5.70	9.14	20.5	0.13	0.10
incl.	165.00	165.85	0.85	36.99	72.2	0.59	0.48
TL08-36	170.56	171.48	0.92	11.88	143.5	0.71	0.33
and	173.00	174.00	1.00	10.51	165.7	0.01	0.02
and	176.00	177.00	1.00	12.55	5.7	0.03	0.02
TL08-37	74.50	75.00	0.50	17.65	565.4	0.09	0.07
and	203.00	204.00	1.00	9.42	1.3	0.01	0.01

NI 43-101 Mineral Resource Estimate

Indicated and Inferred Mineral Resources were determined in the Main Zone and parallel zones of the Thunder Lake Gold Deposit, which included up to hole TL08-45 of the Company's drill holes (45 drill holes from the 2008 program) and 185 historic (Teck Cominco Limited) drill holes. *Mineral resources are not mineral reserves and by definition do not demonstrate economic viability.* Results of the independent Mineral Resource Estimate are summarized as follows:

Table - Summary of Thunder Lake Mineral Resources (undiluted).

Category	Zone	Cut-off Grade (g/tonne Au)	Tonnes Above Cut-off	Average Grade (g/tonne Au)	Ounces Au
Indicated	Main	3.0	560,000	5.9	**110,000**
Inferred	H	3.0	480,000	4.7	70,000
	Main	3.0	2,520,000	6.4	520,000
	B	3.0	130,000	4.2	18,000
	C	3.0	90,000	4	12,000
	D	3.0	50,000	3.1	5,000
Total Inferred		3.0	3,270,000	5.9	**625,000**

The estimated zones, in order from hanging wall to footwall (south to north), were the H, Main, B, C and D zones. As modelled, the Main Zone has a strike length of approximately 1,400 metres and extends to a depth of about 775 metres. The majority of drill holes (current and historic) are located within 400 metres of surface with few between 400 metres and 800 metres below surface.

Indicated Resources, located from surface to about 200 metres depth, occur in 3 separate regions of the model that are separated by 50-75 metres of Inferred Resources. Inferred Resources are encompassed by the entire mineralized envelope of the Main Zone. The average true width of the Main Zone (entire mineralized envelope) is 7.6 metres.

Inferred Resources were outlined graphically, on cross-sections and longitudinal-sections. Blocks were categorised as Inferred if they were within 50 metres from a drill hole intercept. Indicated Resources were outlined graphically within areas where the intercept spacing was approximately 25 metres or less (slightly shorter than the variogram range of 29 metres).

Assays within each zone were composited into single intercepts. The interval length, dip, average zone dip (70°) and average zone strike (180°) values were used to calculate the true intercept thickness. No top-cut value was used.

Block grades were estimated using 1.5 metre regularised samples from within the interpreted zones and ordinary kriging. Block volumes were calculated by multiplying the block's horizontal thickness by its size in the easting (10 metres) and elevation (10 metres) directions. The horizontal thickness was used to correct the volume for the block's dip. Block mass values were calculated by multiplying the volume by an average specific gravity value of 2.78 t/m^3 (based on specific gravity values determined from holes TL08-01 through TL08-08).

A summary of the resource model in terms of cut-off gold grade (grade sensitivity) is as follows:

Table - Cut-off Sensitivities for Thunder Lake Mineral Resources (undiluted).

Total Indicated Resources – Main Zone			
Block Cut-off (g/tonne Au)	Tonnes Above Cut-off	Average Grade (g/tonne Au)	Ounces Au
6	170,000	10.0	50,000
5	250,000	8.6	70,000
4	360,000	7.4	90,000
3	**560,000**	**5.9**	**110,000**
2	820,000	4.8	130,000
1	1,930,000	2.9	180,000
Total Inferred Resources – All Zones			
Block Cut-off (g/tonne Au)	Tonnes Above Cut-off (Rounded)	Average Grade (g/tonne Au)	Ounces Au
6	1,100,000	9.2	320,000
5	1,600,000	8.2	420,000
4	2,200,000	7.2	510,000
3	**3,300,000**	**5.9**	**625,000**
2	6,700,000	4.1	890,000
1	13,600,000	2.7	1,200,000

Expenditures

Exploration expenditures in the second quarter of 2009 were relatively low as compared to 2008. Expenditures during the year ended December 31, 2008 were approximately $4.6 million.

Table – Expected 2009-2010 Exploration Expenditures on the Goliath Gold Project

Project/Property	Exploration Work	Planned Expenditures for fiscal 2009 and 2010 (CAD$)	Expenditures to date (CAD$)	Remaining Commitments (CAD$)	Timing for Completion of Planned Activities
Goliath Gold (Thunder Lake and Laramide properties)	Diamond drilling; property wide exploration; assays; updated Mineral Resource Estimate; Preliminary Economic Study; Environmental Baseline Study	1,350,000	$4,713,821	Nil	End Q2 2010

LARA PROJECT

Location and Ownership

The Lara Project, located in the southern region of Vancouver Island, lies about 75 km north of Victoria, 15 km northwest of Duncan and about 12 km west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property, which was formerly owned by Laramide, comprises 32 mineral claims covering 6,844 hectares and with the exception of 8 mineral claims that are subject to a 1% NSR payable to Bluerock Resources Ltd., the property is owned 100% by the Company.

Exploration Activities

Located on the Lara Property is a high-grade polymetallic base metal deposit, referred to as the Lara Deposit (aka Coronation Trend) that in addition to high-grade zinc contains lead, copper and significant gold and silver concentrations. As the Lara Property has not been the focus of the Company's exploration programs to date, other than claim maintenance, data review and report writing, the Company has not completed any significantly new exploration results on the Lara Project. However, the Company has inherited a considerable amount of historical work completed on the Property by Laramide and other exploration/mining companies. This historic work includes extensive geological and geophysical surveys, over 100,000 meters of drilling and, in the late 1980's a small underground program that ramped in to the deposit and confirmed geological continuity in the two lenses of massive sulphide mineralization. Prior to 2008, Laramide completed a comprehensive data compilation, integration and review program and a 500 line kilometre (property wide) high-resolution electromagnetic-magnetic-radiometric helicopter-borne geophysical survey. Treasury is planning on utilizing this extensive data set to target for future surface exploration and diamond drilling programs but has yet to review and interpret all of the available data.

In addition, Laramide contracted a NI 43-101 compliant mineral resource estimate and Technical Report on the Lara Deposit (Coronation Deposit), which was filed by Laramide on SEDAR in November 2007 and later by the Company in July 2008. A summary of the mineral resource estimate at various cut-off zinc grades is as follows:

1% Zn Block Cut-off

Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Pb (%)	Au (g/t)
Indicated	1,146,700	3.01	32.97	1.05	0.58	1.97
Inferred	669,600	2.26	32.99	0.90	0.44	1.90

2% Zn Block Cut-off

Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Pb (%)	Au (g/t)
Indicated	428,600	5.65	47.04	2.25	1.18	2.39
Inferred	207,900	3.99	37.57	1.73	0.84	2.30

3% Zn Block Cut-off

Category	Tonnes	Zn (%)	Ag (g/t)	Cu (%)	Pb (%)	Au (g/t)
Indicated	189,600	9.74	60.85	4.44	2.23	3.07
Inferred	91,100	6.15	40.79	3.15	1.45	2.50

The Lara Polymetallic Deposit is located on a relatively small region (<10% of the total area) of the larger Lara Property. In addition to the Lara Deposit target area, there are at least 5 other known areas on the Property that host similar style of mineralization and none of these targets have been systematically tested.

The Company is currently planning on data integration, interpretation and targeting work in 2009 as well as initiation of First Nation and community consultations and environmental baseline studies, subject to its available funds.

<u>Expenditures</u>

Table – Expected 2009-2010 Exploration Expenditures on the Lara Project

Project/Property	Exploration Work	Planned Expenditures for fiscal 2009 and 2010 (CAD$)	Expenditures to date (CAD$)	Remaining Commitments (CAD$)	Timing for Completion of Planned Activities
Lara (Lara Property)	Data integration, interpretation and targeting; First Nation and community consultation; Environmental Baseline Study	$175,000	$34,259	Nil	End Q2 2010

NET SMELTER ROYALTY, CERRO COLORADO GOLD MINE

Sierra is a small-scale gold (silver) producer which currently produces about 20,000 ounces of gold per year from its heap leach operation in Sonora State, Mexico. The NSR consists of a 2.5% sliding production net smelter royalty from the Cerro Colorado Gold mine. The Company's revenue from the NSR for the six month period ended June 30, 2009 was $217,765, and also includes numerous earlier costs that were not previously billed by the operator.

OBJECTIVES AND MILESTONES

The objectives of the Company are to (i) increase and improve current mineral resources at the Goliath Gold Project and concurrently investigate the sensitivities to develop these resources toward feasibility; (ii) enhance its geological knowledge of the Lara Project and begin community and First Nations consultations along with environmental baseline studies in order to move the property forward toward development; and (iii) aggressively target, review and, if desirable, acquire and develop advanced gold assets in the Americas in order to augment and strengthen its current mineral property portfolio and to achieve mid-tier gold producer status in the near future.

Milestones, target dates, work required and estimated costs (CAD$1,525,000) to meet these milestones are outlined in the following tables.

Table - Goliath Gold Project (Ontario)

Milestone	Target	Work Required	Cost (est.)
Data integration, interpretation and targeting; report writing	Jan to Oct 09	completion of Phase I reporting and targeting for Phase II	$65,000
Preliminary Economic Assessment	Oct to Dec 09	scoping level review of sensitivities to development of resources	$75,000
Develop, explore and sample new property-wide targets	June to Sept 09	follow up on geophysical, geochemical and geological surveys; surface sampling	$100,000
Diamond drilling	Sept to Dec 09	Confirm historic intercepts outside of TLGD; expand current resource	$750,000
Community Engagement	Jan to Dec 09	Community/First Nation consultation	$35,000
Environmental Baseline Studies	Sept 09 to Nov 10	desktop and field studies; impact assessment	$100,000
Update Mineral Resource Estimate	Dec 09 to Jan 10	update NI 43-101 compliant Mineral Resource Estimate	$75,000
Drill test new exploration targets	Nov 09 to Mar 10	follow up on geophysical, geochemical and geological surveys; drilling, trenching, sampling	$150,000
		Total:	**$1,350,000**

Table - Lara Polymetallic Project (British Columbia)

Milestone	Target	Work Required	Cost (est.)
Data integration, interpretation and targeting; report writing	Jan to Dec 09	database review and integration; geophysical review/property-wide targeting	$75,000
Community and First Nations consultation	Sept 09 to Mar 10	engage local stakeholders	$50,000
Environmental Baseline Study	Sept 09 to Nov 10	initiate desktop and field studies; impact assessment	$50,000
		Total:	**$175,000**

The Company believes that the Goliath Gold Project (Thunder Lake Gold Deposit) and Lara Polymetallic Deposit each has excellent potential. However, given the general uncertainties in mineral exploration, the Company believes that acquiring additional mineral properties in other geopolitically stable jurisdictions will better minimize overall exploration risk. Accordingly, the Company intends to continue to seek, evaluate and, if desirable, complete potential acquisitions with a view to enhancing the Company's value.

In conducting its search for additional mineral properties, the Company may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for and acquisition of additional mineral properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental issues; land title; competition; and, the potential failure of the Company to generate adequate funding for any such acquisitions. See "Risk Factors".

LIQUIDITY AND SOLVENCY

As at June 30, 2009, the Company had a working capital of $370,295. This is in contrast to working capital of $44,943 at December 31, 2008.

The Company had investment holdings having a market value at June 30, 2009 of $1,243,395 as compared to $856,374 at December 31, 2008.

The Company holds the NSR on the Cerro Colorado gold mine and 98,803 shares of Aquiline Resources Inc.

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 liabilities and obligations for the following five years and thereafter as of December 31, 2008, are summarized below.

Detail		Total $	1-3 years $	4 years $	5 years and thereafter $
Purchase obligations include:					
Accounts payable and accrued liabilities		666,316	666,316		
Property payments		545,401	325,401	110,000	110,000
Committed exploration expenditures Ontario		830,000	830,000		
Committed exploration expenditures – Lara		39,300	39,300		
Discretionary expenditures using capital resources		0			
Corporate expenses	a	1,645,000	975,000	335,000	335,000
Total		3,726,017	2,836,017	445,000	445,000

(a) includes $175,000 per year to the CEO of the Company.

Based on current gold prices, the Company estimates that the NSR will generate approximately $450,000 per year in revenue during 2009. The Company must utilize its current cash reserves, income from the NSR, funds obtained from the exercise of warrants, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing discretionary and committed exploration programs and to fund any further development activities. The Company anticipates that it will raise additional capital when and if the opportunity arises. See "Risk Factors".

The Company believes that it will be able to raise funds in the short term. However, the Company may be unsuccessful in doing so in timely manner or at all. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

The Company relies on external financing over and above the funds received from the NSR to generate sufficient operating capital.

On the date of this MD&A, the cash resources of the Company are held in cash with major Canadian financial institutions.

The Company continues to have no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest bearing.

Accounts receivable are comprised mainly of sales tax receivables from the Government of Canada.

Liquidity costs have negatively affected the Company's financial position since the market value of the Company's investments declined significantly from the start of 2008. The Company can sell the investments to access funds to settle its obligations as they arise. However, management currently intends to maintain its investments until it becomes advantageous to sell these shares or liquidity concerns otherwise necessitate a sale of shares.

Due to the current market conditions, the Company has decided to conserve cash. The Company also intends to reduce monthly discretionary expenditures in a prudent manner in response to current market conditions. The Company will continue to monitor the global market situation and may re-adjust its programs depending on future market conditions.

INVESTOR RELATIONS ACTIVITIES

The Company did not incur any significant investor relations costs in the period.

OFF BALANCE SHEET TRANSACTIONS

During the six month period ended June 30, 2009, 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 COMMITMENTS

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

- to one officer of the Company for salary and professional fees payable;
- to Canada Revenue Agency in respect of flow-through expenditures of approximately $741,000 by December 31, 2009;
- certain underlying royalties and payment obligations remain on 14 of the 16 patented land parcels of about $108,000 per year; and
- work commitment of approximately $55,000 on the Lara Property by February 2010.

RELATED PARTY TRANSACTIONS

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

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

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

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

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

iii) Treasury Metals was charged $27,718 for the period ended June 30, 2009 (2008 - $872,000) by a company which an officer and director has a significant interest. This company provides technical and professional services. These charges are all included in mineral properties and related deferred costs. Included in accounts payable at June 30, 2009, there is an amount of $17,579 with respect to these services which is net of an advance of $30,000 (2008 - $100,000 advance).

iv) At June 30, 2009, $15,620 was due from Laramide, (2008 – $2,730,943 was owed to). The amounts due and from Laramide are the result of expenses paid by Laramide on behalf of Treasury Metals, cash advanced to Treasury Metals, and for the non-share consideration on the transfer of investments and mineral properties from Laramide to Treasury Metals. Treasury Metals agreed in 2008 to exchange 842,504 common shares of Aquiline Resources Inc. with Laramide for $5.05 million in debt owed to Laramide, resulting in a loss of $2,552,787. This transaction was not in the normal course of business and was recorded at the exchange amount.

v) During the period ended June 30, 2009, $52,031 (2008 - $102,000) was charged by a law firm where an officer of Treasury Metals is an employee and an officers charged $30,000 in professional fees of these amounts $74,192 is in accounts payable at the end of the period. Aquiline Resources Inc. charged $38,246 for offices space and services $86,214 is still included in accounts payable (the Company and Aquiline have several common directors).

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 operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

CRITICAL ACCOUNTING POLICIES

Mineral Properties and Related Deferred Costs

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

Foreign Exchange

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

Use of Estimates

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

Loss per Share

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

Income Taxes

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

Cash

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

Short – term Investments

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

Revenue Recognition

Royalty revenue consists of a 2.5% sliding production net smelter royalty on gold and silver that is sold at the Cerro Colorado gold mine in Mexico. Revenue is recorded in the period the gold and silver is sold. Interest revenue is recognized when earned and gains (losses) on sale of investments are recognized on the transaction date. Unrealized gains and losses on investments held for trading are reflected in the statements of operations and comprehensive income (loss).

Other Stock-based Payments

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

Stock-Based Compensation

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

Flow-through Shares

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

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

Asset Retirement Obligations

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

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

As at June 30, 2009, the Company has not incurred or committed any asset retirement obligations.

Financial Instruments, Comprehensive Income (Loss)

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

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

Accounting Policy Choice for Transaction Costs

The company expenses transaction costs relating to its financial instruments.

Changes in Accounting Policies Including Initial Adoption

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

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

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

Future Accounting Pronouncements

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards (IFRS) will replace current GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended June 30, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;
- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	In progress, expected to be complete during Q2 2009
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Throughout 2009
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout 2009
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q4 2009 – Q1 2010

Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2009 – Q2 2010
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2010

Mining Exploration Costs

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Corporation's presentation of its financial position or results of operations as at June 30, 2009.

Goodwill and Intangible Assets

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

Financial Instruments and other Instruments

Net Fair Value of Financial Assets and Liabilities
The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

Cash and short term investments have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost which approximates fair value due to its short term value. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost which also approximates fair value due to its short term nature. The amounts due to Laramide have no specified terms of repayment; as such no fair value can be determined.

The Company has made the following classifications:

Cash and short term investments	Held for trading
Accounts payable and accrued liabilities	Other liabilities
Investments	Held to maturity
Due to related parties	Other liabilities

Financial Instrument Risk Exposures
It is management's opinion that the Company is not exposed to significant interest or credit risks arising from its financial instruments and that their fair values approximate their carrying value unless otherwise noted. Fluctuation in currency exchange rates, principally the Canadian/US dollar exchange rate and, to a lesser extent, other exchange rates, can impact the Company's earnings and cash flows. All of the sales related to the NSR are denominated in US dollar, whereas certain obligations and operating expenses are in denominated in Canadian dollar and Mexican Peso.

Risks and Uncertainties

Political Risk
All of the Company's properties are located in Canada and the NSR is based on operations in Mexico. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in these countries. In addition, Mexico is a developing country that has experienced political and economic difficulties over the years. The Company's mineral exploration activities could be affected in varying degrees by such political instability and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

Business Risk
There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company may not always own 100% of the mineral concessions. Similarly, any non-compliance with or non-satisfaction of the terms of the Option by the Company could affect its ability to exercise the Option and earn its interest in the mining concessions and assets relating to properties.

Mining concessions may not include surface rights and there can be no assurance that the Company will be successful in negotiating long term surface rights access agreements in respect of the properties. Failure to obtain surface rights could have an adverse impact on the Company's future operations.

The Company current or future operations, including development activities, are subject to environmental regulations which may make operations not economically viable or prohibit them altogether.

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely to a significant degree on management's discretion and judgement, as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company operations and financial performance.

Interest Rate Risk
The Company invests cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

Foreign Currency Risk
The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial Institution.

Sensitivity Analysis
The sensitivity analysis shown in the notes below may differ materially from actual results.

Interest rate risk on cash equivalents is minimal as these have fixed interest rates.

The Company has designated its cash as held-for-trading, and is measured at fair value. Financial instruments included in other assets are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities. As at June 30, 2009, if quoted market price of equity investments had decreased/increased by 10% with all other variables held constant, the loss for the six months ended June 30, 2009, would have been approximately $109,000 higher/lower.

Commodity Price Risk
The price of the common shares in the capital the Company, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Additional Capital
The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favourable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting
All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition
The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition
The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

DISCLOSURE OF OUTSTANDING SHARE DATA

SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares. As of June 30, 2009, the Company had 31,880,444Common Shares outstanding. See note 7 to the unaudited June 30, 2009, financial statements for more detailed disclosure of outstanding shares data.

OTHER INFORMATION

This MD&A of the financial position and results of operation as at December 31, 2008, should be read in conjunction with the audited financial statements for the year ended December 31, 2008 and the Unaudited June 30, 2009 financial statements. Additional information will be accessible at the Company's website www.treasurymetals.com or through the Company's public filings at www.sedar.com.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board. The financial statements were prepared by the Company's management in accordance with GAAP. 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.

The Company has designed appropriate internal controls over financial reporting ("ICFR") 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 GAAP.

The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable Canadian GAAP. ICFR should include those policies and procedures that establish the following inter-related, non-discrete results:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP;

- receipts and expenditures are only being made in accordance with authorizations of management and the Board ;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Based on their assessment of ICFR, the Company's President and Chief Executive Officer and Chief Financial Officer (the "Certifying Officers") have concluded that the Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP as at June 30, 2009, except with respect to the Company's use of a service organization as noted below.

The Company uses a service organization in Canada to perform the majority of its financial reporting functions including the recording of transactions, the reconciliation of accounts and the preparation of financial statements. Controlling and monitoring processes performed by the service organization are as important as controlling and monitoring processes performed within the Company. Management currently monitors the work performed by the service organization through the review of financial statements and other financial information and discussions with the staff of the service organization. Though these monitoring controls do provide some assurance, they lack a sufficient level of precision to ensure errors are prevented or detected.

The Company understands that service organization intends to obtain an "Auditors report of controls at a service organization", which when completed in 2009, will provide information on which the Certifying Officers can assess whether internal controls at the service organization are sufficient and are designed and operating effectively.

There have been no changes in ICFR during the period ended June 30, 2009, that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Certifying Officers have evaluated the effectiveness of the Company's disclosure controls and procedures ("DCP") and concluded that, based on their evaluation, the DCP were effective as of December 31, 2008 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities laws, as required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation.

Due to the inherent limitations in all control systems, an evaluation of the DCP can only provide reasonable assurance over the effectiveness of controls. As a result, DCP are not expected to prevent and detect all misstatements due to error or fraud.

Scott Jobin-Bevans
President and Chief Executive Officer
August 13, 2009