

**Form 51-102F3**  
**Material Change Report**

**Item 1 Name and Address of Company**

Treasury Metals Inc. (“Treasury” or the “Company”)  
130 King Street West  
Suite 3680  
Toronto, Ontario  
M5X 1B1

**Item 2 Date of Material Change**

May 15, 2018

**Item 3 News Release**

A new release was disseminated on May 15, 2018 through CNW Group Ltd. A copy of the news release is attached hereto as Schedule A.

**Item 4 Summary of Material Change**

Treasury provided additional information further to its 2017 year-end financial statements regarding notification by the Canada Revenue Agency (the “CRA”) of its determination in respect of the flow-through spending audit commenced by the CRA in December 2016 regarding certain expenditures incurred by the Company in the years 2012, 2013, and 2014 that were characterized by the Company as “Canadian Exploration Expenses” for purposes of the *Income Tax Act* (Canada).

**Item 5 Full Description of Material Change**

**5.1 Full Description of Material Change**

Please refer to Schedule A for details.

**5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

Neither subsection 7.1(2) nor (3) of National Instrument 51-102 is being relied upon.

**Item 7 Omitted Information**

No Information has been omitted on the basis that it is confidential information.

**Item 8            Executive Officer**

Chris Stewart  
President and CEO  
Tel: 1.416.214.4654  
Email: cstewart@treasurymetals.com

**Item 9            Date of Report**

May 15, 2018

## Treasury Metals Inc. Provides Updates on the Audit of Flow-Through Financings by CRA

May 15, 2018, Toronto, Ontario: Treasury Metals Inc. (TSX: TML) (OTCQX: TSRMF) (the “Company”) is providing additional information further to its 2017 year-end financial statements regarding notification by the Canada Revenue Agency (the “CRA”) of its determination in respect of the flow-through spending audit (the “Audit”) commenced by the CRA in December 2016 regarding certain expenditures incurred by the Company in the years 2012, 2013, and 2014 that were characterized by the Company as “Canadian Exploration Expenses” (“CEE”) for purposes of the *Income Tax Act* (Canada).

Specifically, on March 7, 2018 the Company was advised by the CRA that the CRA had reclassified approximately \$1.8 million of CEE to operating expenses, out of the total \$12.5 million the Company raised through “flow-through share” offerings (within the meaning of such term in the *Income Tax Act* (Canada)) completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013 (the “Flow Through Financings”) and renounced to subscribers (the “Subscribers”) by the Company pursuant to the applicable subscription and renunciation agreements entered into with Subscribers. The Company understands from the Part XII.6 assessment described below that a further approximately \$ 2.2 million of CEE has been reclassified by the CRA to Canadian Development Expenses (“CDE”). The CRA has advised the Company that a review of the financings completed prior to, or subsequent to, the Flow Through Financings is not contemplated at this time.

In addition, pursuant to the Audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE. The Company understands that this amount reflects a reclassification by the CRA of the approximately \$4.0 million of CEE renounced to Subscribers in connection with the Flow-Through Financings to either operating expenses or CDE.

The Company disputes the CRA’s proposed recharacterizations of expenses from CEE to either CDE or operating expenses and consequently intends to object to such CRA determinations.

### Background

The Company raised the flow-through funds in the Flow-Through Financings to facilitate exploration of its Goliath Gold Project in northwestern Ontario. All of the funds raised pursuant to these Flow-Through Financings were expended by the Company on exploration and other ancillary activities in respect of the Goliath Gold Project and were subsequently renounced to Subscribers in accordance with the subscription and renunciation agreements entered into with Subscribers.

This reclassification, subject to the Company’s objection (as discussed above), could result in each Subscriber that claimed a deduction for such renounced CEE potentially being assessed with tax and interest owing on the disallowed amount, subject to the particulars of such assessment (if any) being dependent on the applicable tax rate and individual tax circumstances of each Subscriber. Pursuant to the terms of the subscription and renunciation agreements entered into by the Company and the Subscribers pursuant to the Flow-Through Financings, the Company has agreed to indemnify the Subscribers for certain amounts should the CRA reassess such Subscribers for tax attributable to the disallowed renunciation of CEE. The ultimate quantum of the Company’s liability with respect to this indemnification obligation cannot currently be accurately determined.

This press release and the accompanying material change report have been filed in connection with a continuous disclosure review conducted by the Ontario Securities Commission and it remedies the non-filing of this press release and accompanying material change report as of the date of receipt of the March 7, 2018 letter from the CRA.

## **About Treasury Metals Inc.**

Treasury Metals is a gold focused exploration and development company with assets in Ontario, Canada and is listed on the TSX under the symbol "TML". Treasury Metals Inc.'s 100% owned Goliath Gold Project in northwestern Ontario is slated to become one of Canada's next producing gold mines. With first-rate infrastructure currently in place and gold mineralization extending to surface, Treasury Metals plans on the initial development of an open pit gold mine to feed a 2,500 tonne per day processing plant with subsequent underground operations in the latter years of the mine life. Treasury Metals is currently in the mine permit process on the Goliath Gold Project.

For more information about Treasury Metals, please visit the Company's website at:  
<http://www.treasuremetals.com>

Follow us on Twitter @TreasureMetals

## **FOR MORE INFORMATION, PLEASE CONTACT:**

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or

Greg Ferron, Vice President, Corporate Development

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## **Forward-looking Statements**

*This release includes certain statements that may be deemed to be "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that have yet to occur, including those pertaining to the status and potential liability associated with the CRA audit are forward-looking statements. Actual results or developments may differ materially from those in forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, save and except as may be required by applicable securities laws.*