



**INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE THREE MONTHS ENDED

MARCH 31, 2020 AND 2019

**(UNAUDITED - EXPRESSED IN CANADIAN
DOLLARS)**

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 the Note 2 of these interim condensed consolidated financial statements. Any applicable changes in accounting policies have also been disclosed in these financial statements. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments 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, 2020.

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 controls and procedures were effective as at March 31, 2020.

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 entity's auditor.

TREASURY METALS INC.
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

	March 31, 2020	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 863,726	\$ 1,636,845
Accounts receivable and prepaid expenses (Note 5)	292,012	259,281
	<u>1,155,738</u>	<u>1,896,126</u>
Investments (Note 6)	41,511	40,220
Property and equipment (Note 7)	2,414,110	2,426,357
Mineral properties and related deferred costs (Note 8)	81,349,492	80,090,994
	<u>\$ 84,960,851</u>	<u>\$ 84,453,697</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 1,731,133	\$ 1,347,719
Short-term debt and current portion of long-term debt (Note 10)	767,621	28,350
Non-cash derivative liability (Note 10)	895,712	1,939,648
Unrenounced flow-through share premium	-	447,160
	<u>3,394,466</u>	<u>3,762,877</u>
Long-term debt (Note 10)	5,307,536	4,822,668
Deferred tax liability	3,165,685	2,977,900
	<u>11,867,687</u>	<u>11,563,445</u>
Shareholders' Equity		
Capital stock (Note 11)	97,640,878	97,640,878
Contributed surplus (Note 12) & (Note 13)	11,261,183	11,108,238
Deficit	(35,530,248)	(35,586,509)
Accumulated other comprehensive loss	(278,649)	(272,355)
	<u>73,093,164</u>	<u>72,890,252</u>
	<u>\$ 84,960,851</u>	<u>\$ 84,453,697</u>
Nature of Operations and Going Concern (Note 1)		
Commitments and Contractual Obligations and Contingencies (Note 16)		
SIGNED ON BEHALF OF THE BOARD		
(Signed) <u>"Doug Bache"</u> Director	(Signed) <u>"Marc Henderson"</u> Director	

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

Three Months Ended March 31,	2020	2019
Income		
Interest income	\$ 114	\$ 883
	<u>114</u>	<u>883</u>
Expenses		
Administrative, office and shareholder services	\$ 316,913	\$ 243,551
Professional fees	42,992	35,835
Salary and benefits	139,003	145,609
Stock-based compensation (Note 13)	119,340	56,940
Accretion and amortization of long-term debt transaction costs (Note 10)	42,676	93,265
Interest and financing costs	175,677	140,334
Foreign exchange loss (gain)	410,563	(93,043)
Fair value loss (gain) in non-cash derivative liability (Note 10)	(1,043,936)	5,466
	<u>203,228</u>	<u>627,957</u>
Loss before income taxes	(203,114)	(627,074)
Deferred income tax (expense) recovery	259,375	61,364
Net loss for the period	\$ 56,261	\$ (565,710)
Loss per share - basic and diluted	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding	169,728,932	132,854,649

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

Three Months Ended March 31,	2020	2019
Net loss for the period	\$ 56,261	\$ (565,710)
Other comprehensive income (loss)		
Unrealized loss on equity investments, net of taxes (Note 6)	(5,547)	(237,643)
Realized loss on sale of FVTOCI investments	(747)	-
Other comprehensive loss for the period	(6,294)	(237,643)
Total comprehensive loss for the period	\$ 49,967	\$ (803,353)

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

	Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, January 1, 2019	145,090,001	\$ 93,119,530	\$ 9,623,143	\$ (30,743,664)	\$ (242,626)	\$ 71,756,383
Shares issued with respect to a services agreement	100,000	29,000	-	-	-	29,000
Stock-based compensation	-	-	79,697	-	-	79,697
Net loss for the period	-	-	-	(565,710)	-	(565,710)
Other comprehensive loss	-	-	-	-	(1,596)	(1,596)
Balance, March 31, 2019	145,190,001	\$ 93,148,530	\$ 9,702,840	\$ (31,309,374)	\$ (244,222)	\$ 71,297,774
Units issued for cash in private placements (Note 11)	8,894,254	2,134,621	-	-	-	2,134,621
Flow-through issued for cash in private placements (Note 11)	15,644,677	4,266,723	-	-	-	4,266,723
Share issue cash costs (Note 11)	-	(503,630)	-	-	-	(503,630)
Issuance of compensation warrants (Note 12)	-	(54,139)	54,139	-	-	-
Issuance of warrants (Notes 11 and 12)	-	(904,067)	904,067	-	-	-
Warrants issued with respect to term loan	-	-	80,265	-	-	80,265
Unrenounced flow-through shares premium	-	(447,160)	-	-	-	(447,160)
Stock-based compensation (Note 13)	-	-	366,927	-	-	366,927
Net loss for the period	-	-	-	(4,277,135)	-	(4,277,135)
Other comprehensive loss	-	-	-	-	(28,133)	(28,133)
Balance, December 31, 2019	169,728,932	\$ 97,640,878	\$ 11,108,238	\$ (35,586,509)	\$ (272,355)	\$ 72,890,252
Stock-based compensation (Note 13)	-	-	152,945	-	-	152,945
Net loss for the period	-	-	-	56,261	-	56,261
Other comprehensive loss	-	-	-	-	(6,294)	(6,294)
Balance, March 31, 2020	169,728,932	\$ 97,640,878	\$ 11,261,183	\$ (35,530,248)	\$ (278,649)	\$ 73,093,164

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

Three Months Ended March 31,	2020	2019
Cash and cash equivalents (used in) provided by:		
Operating Activities		
Net loss for the period	\$ 56,261	\$ (565,710)
Adjustments for:		
Deferred income tax expense (recovery)	(259,375)	(61,364)
Stock-based compensation	119,340	56,940
Accretion and amortization of long-term debt transaction costs (Note 10)	42,676	93,265
Fair value change in non-cash derivative liability	(1,043,936)	5,466
Foreign exchange on long-term debt (Note 10)	440,140	(92,205)
Net change in non-cash working capital items:		
Accounts receivable and prepaid expenses	(32,730)	18,744
Accounts payable and accrued liabilities (Note 9)	398,415	(84,254)
Net cash used in operating activities	(279,209)	(629,118)
Financing Activities		
Proceeds from sale of investments (Note 10)	15,090	-
Proceeds from short-term loans, net of paid commitment fees (Note 10)	735,000	-
Long-term debt repayments (Note 10)	(8,680)	(6,187)
	741,410	(6,187)
Investing Activities		
Purchase of investments	(22,675)	-
Acquisition of mineral properties and related deferred costs	(1,212,645)	(1,016,772)
	(1,235,320)	(1,016,772)
Decrease in cash and cash equivalents	(773,119)	(1,652,077)
Cash and cash equivalents, beginning of the period	1,636,845	2,399,524
Cash and cash equivalents, end of the period (Note 4)	\$ 863,726	\$ 747,447

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

Three Months Ended March 31,	2020	2019
Supplementary cash flow information		
Changes in non-cash activities:		
Shares issued with respect to a services agreement (Note 11)	<u>\$ -</u>	<u>\$ 29,000</u>
Stock-based compensation capitalized to mineral properties and related deferred costs (Note 13)	<u>\$ 33,605</u>	<u>\$ 22,757</u>
Amortization capitalized to mineral properties and related deferred costs	<u>\$ 12,247</u>	<u>\$ 11,793</u>

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

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 130 King Street West, Suite 3680, Toronto, Ontario, Canada. The mineral properties of Treasury Metals are all located in Canada and are in the exploration stage and, on the basis of information to date, do not yet have economically recoverable reserves. The recoverability of the amounts shown on the balance sheets 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 Project.

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. At March 31, 2020, the Company had a working capital deficiency of \$1,343,016 (December 31, 2019 – working capital of \$520,057) excluding the non-cash unrenounced flow-through share premium liability and the non-cash derivative liability. For the period ended March 31, 2020, the Company incurred a net income of \$56,261 (2019 - net loss of \$565,710), had cash outflow from operations of \$279,209 (2019 - \$629,118) has not yet achieved profitable operations, had accumulated losses of \$35,530,248 (December 31, 2019 - \$35,586,509 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 "COVID19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, selfimposed 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 COVID19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries, or on its ability to raise capital to fund operations, in future periods.

On May 12, 2020, the Board of Directors approved the interim condensed consolidated financial statements for the periods ended March 31, 2020 and 2019.

TREASURY METALS INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)
Three Months Ended March 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting and do not include all the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019 which includes the information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies are presented as Note 2 in the audited consolidated financial statements for the year ended December 31, 2019, and have been consistently applied in the preparation of these interim condensed consolidated financial statements.

Principles of Consolidation

The interim condensed consolidated financial statements include all entities over which the Company has control. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully interim condensed consolidated from the date control is transferred to the Company, and are no longer interim condensed consolidated on the date control ceases.

The interim condensed consolidated financial statements include the accounts of the Company and its wholly owned Canadian subsidiaries Goldeye Explorations Ltd. and Silvereye Explorations Ltd.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated in preparing the interim condensed consolidated financial statements.

Basis of Preparation

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.

The financial statements are prepared on the historical cost basis except for financial instruments which are measured at their fair value, as explained in the accounting policies set out in this note.

The accounting policies set out below have been applied consistently to the years presented in the interim condensed consolidated financial statements.

3. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in compliance with IFRS requires the Company's management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements or anticipations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of the Company's assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the following items:

Impairment in mineral properties and related deferred costs - Management uses significant judgment in determining whether there is any indication that mineral properties and related deferred costs may be impaired.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Debt modification - From time to time, the Company pursues amendments to its credit agreements based on prevailing market conditions. Such amendments, when completed, are considered by the Company to be debt modifications or extinguishments. The accounting treatment of a debt modification depends on whether the modified terms are substantially different than the previous terms. Terms of an amended debt agreement are considered to be substantially different based on qualitative factors, or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate, is at least ten percent different from the discounted present value of the remaining cash flows of the original debt. If the modification is not substantially different, it will be considered as a modification with any costs or fees incurred adjusting the carrying amount of the liability and amortized over the remaining term of the liability. If the modification is substantially different then the transaction is accounted for as an extinguishment of the old debt instrument with a gain/loss to the carrying amount of the liability being recorded in the interim condensed consolidated statements of operations immediately. Also, the transaction costs related to the debt extinguishment are recorded in the profit and loss accounts.

Stock-based compensation, warrants and derivative liabilities - The Company generally utilizes the Black-Scholes option pricing model to determine the fair values of the stock-based payments, warrants and derivative liabilities. The Company uses significant judgement in the evaluation of the input variables in the Black-Scholes calculation which includes: risk free interest rate, expected stock price volatility, expected life, expected dividend yield.

Flow-through shares - The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value that would have been received for common shares with no tax attributes is initially recognized as a liability. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation and the difference is recognized as a deferred tax expense.

Deferred income taxes - In assessing the probability of realizing deferred income taxes, the Company makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, the Company gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred taxes. The Company reassesses unrecognized income tax at each reporting period.

Equity vs. Liability - The Company makes estimates and utilizes assumptions in determining whether warrants issued by the Company as part of a unit should be classified as an equity instrument or a liability.

Going Concern - The Company applies judgment in assessing whether material uncertainties exist that would cause doubt as to whether the Company could continue as a going concern.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

4. CASH AND CASH EQUIVALENTS

The balances are comprised as follows:

	March 31, 2020	December 31, 2019
Cash	\$ 833,726	\$ 1,606,845
Cashable GIC	30,000	30,000
	\$ 863,726	\$ 1,636,845

5. ACCOUNTS RECEIVABLE AND PREPAID EXPENSES

The balances are comprised as follows:

	March 31, 2020	December 31, 2019
Prepaid expenses and other advances	\$ 132,261	\$ 135,509
Harmonized sales tax	159,628	123,711
Due from Cypherpunk Holdings Inc. (Note 14)	123	61
	\$ 292,012	\$ 259,281

6. INVESTMENTS

The Company's investments in shares are classified as fair value through other comprehensive income ("FVTOCI") and are carried at fair value. The balance is comprised of the following:

	Number of Shares	March 31, 2020	Number of Shares	December 31, 2019
Zinc One Resources Inc. - Shares	-	\$ -	552,036	\$ 8,281
Goldgroup Mining Inc. - Shares	-	-	377,775	7,556
Millrock Resources Inc. - Shares	147,778	19,211	147,778	24,383
Platinex Inc. - Shares	892,000	22,300	-	-
Total FVTOCI investments		\$ 41,511		\$ 40,220

7. PROPERTY AND EQUIPMENT

Cost	Land	Building	Furniture and equipment	Vehicles (i)	Total
At January 1, 2020	\$ 1,496,909	\$ 1,183,512	\$ 164,983	\$ 143,181	\$ 2,988,585
At March 31, 2020	\$ 1,496,909	\$ 1,183,512	\$ 164,983	\$ 143,181	\$ 2,988,585
Accumulated amortization					
At January 1, 2020	\$ -	\$ (299,593)	\$ (130,748)	\$ (131,887)	\$ (562,228)
Amortization for the period	-	(8,839)	(1,713)	(1,695)	(12,247)
At March 31, 2020	\$ -	\$ (308,432)	\$ (132,461)	\$ (133,582)	\$ (574,475)
Net book value at March 31, 2019	\$ 1,496,909	\$ 875,080	\$ 32,522	\$ 9,599	\$ 2,414,110

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

7. PROPERTY AND EQUIPMENT (Continued)

Cost	Land	Building	Furniture and equipment	Vehicles (i)	Total
At January 1, 2019	\$ 1,456,092	\$ 1,061,062	\$ 164,983	\$ 143,181	\$ 2,825,318
Additions	40,817	122,450	-	-	163,267
At December 31, 2019	\$ 1,496,909	\$ 1,183,512	\$ 164,983	\$ 143,181	\$ 2,988,585
Accumulated amortization					
At January 1, 2017	\$ -	\$ (265,312)	\$ (122,188)	\$ (125,107)	\$ (512,607)
Amortization for the period	-	(34,281)	(8,560)	(6,780)	(49,621)
At December 31, 2019	\$ -	\$ (299,593)	\$ (130,748)	\$ (131,887)	\$ (562,228)
Net book value at December 31, 2019	\$ 1,496,909	\$ 883,919	\$ 34,235	\$ 11,294	\$ 2,426,357

(i) Includes the fair value of the right-of-use of a leased vehicle as per IFRS 16, see Note 10.

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As at March 31, 2020 and December 31, 2019, the accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Balance January 1, 2020	Additions	Balance March 31, 2020
Goliath Gold Project	\$ 75,279,523	\$ 1,224,140	\$ 76,503,663
Weebigee Project	3,923,735	34,358	3,958,093
Lara Polymetallic Project - BC	887,736	-	887,736
	\$ 80,090,994	\$ 1,258,498	\$ 81,349,492
	Balance January 1, 2019	Additions net of recoveries	Balance December 31, 2019
Goliath Gold Project	\$ 71,904,327	\$ 3,375,196	\$ 75,279,523
Weebigee Project	3,717,629	206,106	3,923,735
Lara Polymetallic Project - BC	882,005	5,731	887,736
	\$ 76,503,961	\$ 3,587,033	\$ 80,090,994

Goliath Gold Project

The Goliath Gold Project is located 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.

TREASURY METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

Three Months Ended March 31, 2020 and 2019

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

The Goliath Gold Project, prior to claim conversion as part of the third phase of the Ontario Ministry of Northern Development and Mines' Mining Act Modernization process, consisted of 126 contiguous unpatented mining claims and 23 patented land parcels. The Company converted 11 mining claims into 3 mining leases during 2016 resulting in the decrease of the mining claims from 137 to 126. Post conversion, the project consists of 240 single cell mining claims and 30 boundary cell mining claims. Patented land and mining leases remain unaffected by the claim conversion process. The total area of the project is approximately 5,049 hectares (~50 km²) covering portions of Hartman and Zealand townships. The project comprises three historic properties which are now interim condensed consolidated into one property: the larger Thunder Lake Property, the Laramide Property transferred in 2007 to the Company from Laramide Resources Ltd. ("Laramide"), and the Brisson Property acquired in 2009. The project area has been expanded from its original size through additional claim staking and land purchases/options. Certain underlying royalties and payment obligations remain on 13 of the 23 patented land parcels totaling approximately \$105,000 per year.

On October 21, 2014, the Company filed its Environmental Impact Statement ("EIS") with the Canadian Environmental Assessment Agency ("CEAA") and on April 25, 2015, the CEAA confirmed that the EIS conformed to its guidelines. As a result, the Project moved into the public comment period and technical reviews by various federal agencies.

On May 14, 2018, Treasury Metals announced as part of the mine permitting process, the Company formally submitted responses to the Information Requests along with a revised Environmental Impact Statement ("EIS") to the Canadian Environmental Assessment Agency ("CEAA"). On May 11, 2018, CEAA confirmed the EIS meets their completeness requirements to move onto the technical review of the documentation. Subsequent to this technical review, as a normal part of the EA process on July 6, 2018 CEAA returned a further series of comments and questions as part of the 2nd round of Information Requests ("IR#2"). The IR#2 paused the legislated timeline for EA completion at approximately 26 weeks remaining of government time to complete the review and issue a decision notice. On March 14th, 2019 CEAA accepted the company's submitted responses to the IR#2. This acceptance means the EIS is undergoing formal review by CEAA and the Goliath Gold Project is now within the legislated timeline period for the completion of Federal Environmental Assessments.

On August 19, 2019, the CEAA issued a positive statement for the Goliath Gold Project announcing that proposed Goliath Gold Project may proceed. This decision means that Treasury Metals Inc. can now focus on the remaining technical studies and permitting, and to prepare for a future construction decision.

On October 17, 2018 the Company provided an updated National Instrument 43101 Mineral Resource Estimate on Goliath Gold Project. The 2018 Mineral Resource Estimate is an update to the NI 43101 Mineral Resource Estimate previously released on August 28, 2015.

An updated Preliminary Economic Assessment ("PEA") was completed and the results announced in March 2017.

Laramide Property, Ontario

In 2007, the Company acquired from Laramide Resources Ltd., a related party company, a 100% interest in certain parcels of land, including surface and mineral rights totaling 411 acres in 3 patented land parcels, located in Zealand Township near Dryden, Ontario (collectively the "Laramide Property"). This interest is subject to a 2.0 - 2.5% net smelter returns ("NSR") retained by the owners.

TREASURY METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

Three Months Ended March 31, 2020 and 2019

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Thunder Lake Property, Ontario

In 2007, the Company and Laramide Resources Ltd. finalized and signed an agreement pursuant to which, Treasury Metals purchased 100% of Corona's and Teck's respective interests in the Thunder Lake West, Thunder Lake East and certain adjacent properties in and around Dryden, Ontario (collectively the "Thunder Lake Property").

Brisson Property, Ontario

In December 2009, the Company acquired a 100% interest in certain parcels of land in the District of Kenora. Under the terms of the agreement, the Company made option payments totaling \$100,000 and issued common shares of the Company equal to \$100,000 based on the market price at the date of issue.

Lara Polymetallic Project, British Columbia

In 2007, the Company acquired from Laramide Resources Ltd. a 100% interest in the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The Lara Polymetallic Project comprises 59 mineral claims covering approximately 6,392 hectares (~64 km²) at March 31, 2020.

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. As a consequence, 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.

Goldeye Explorations

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited ("Goldeye") a public company that holds certain properties.

Goldeye consists of three projects, the Weebigee Project, Sandy Lake, the West Shining Tree Project, Larder Lake Mining Division, Ontario, and the Gold Rock Project, Kenora Mining Division, Ontario. Also included in Goldeye are NSR interests in Sonia-Puma NSR, Region V, Chile; McFaulds Lake NSR, Thunder Bay Mining Division, Ontario; and MacMurphy Township NSR, Larder Lake Mining Division, Ontario.

The principal asset of Goldeye is the Weebigee Project in Northwestern Ontario and all of the consideration paid in the Goldeye's acquisition was allocated to the Weebigee Project. The Company decided not to renew the Van Hise Project claims which expired in July 2017. Van Hise was not considered a strategic nor valuable project at the time of the Goldeye acquisition transaction; therefore, no charge to operations has been recorded by the Company.

Weebigee Project

The Weebigee Project is located near Sandy Lake, north of Red Lake in Northwestern Ontario. The Company holds a 100% interest in the property through its wholly owned subsidiary Goldeye, which comprises 225 claims. Certain claims are subject to a 2% net smelter return ("NSR") that is held by a former director of Goldeye. On November 12, 2013, the Company entered into an exploration agreement with Sandy Lake First Nations ("SLFN") with respect to the Company's exploration of the Weebigee Project. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014 and again on November 12, 2016 and in November 15, 2018 was renewed for a further one year. All claims are in good standing into 2020.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

8. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

On April 15, 2015, Goldeye entered into an option agreement (the "GPM Option Agreement") with GPM Metals Inc. ("GPM") whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of \$550,000 in cash (\$50,000, \$100,000, \$150,000 and \$250,000 received in 2015, 2016, 2017 and 2018, respectively) and \$25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of \$5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM's option, paying Goldeye an additional \$1,500,000 in cash and completing a minimum additional \$3,000,000 in exploration expenditures over the next two years. The GPM Option Agreement is subject to the terms of the exploration agreement signed between Goldeye and GPM on November 12, 2013. In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc. ("SLG").

A number of disputes arose from the GPM Option Agreement: the existence of a force majeure being validly declared; whether or not SLG had met the first year expenditure requirements; and whether Goldeye met the requirements necessary to participate in 50% of certain additional properties staked by SLG. These disputes went through an arbitration process that resulted in a decision that a force majeure event had occurred and, therefore, the first year's expenditure deadline was extended, the first year's expenditure requirement was met, and that Goldeye had not met the conditions to participate in specific additional property purchases. On January 16, 2019, the Arbitration Panel ruled that SLG is entitled to a costs award of \$926,960 of which \$820,325 was recorded in the interim condensed consolidated statement of operations of the year ended December 31, 2018 and subsequently paid in September 2019. In April 2019, SLG announced it changed its company name to G2 Goldfields Inc. ("G2").

There continue to be issues in dispute under the Option Agreement, including the detail and amount of expenditures incurred by G2 Goldfields, as well as the status of the transfer of additional Interests paid by the Company. G2 Goldfields and the Company are not in agreement as to whether G2 Goldfields is in compliance with the Option Agreement.

During the course of the above-described arbitration, G2 brought a counterclaim against Goldeye for \$2,000,000 plus pre-judgment and post-judgment interest and costs on a full indemnity basis for breach of contract, including breach of certain representations, warranties, and covenants. No further steps have been taken by G2 to advance the counterclaim so full discovery has not yet taken place. Accordingly, no amounts have been recorded in the interim condensed consolidated financial statements related to this matter.

Gold Rock Project, Kenora Mining Division, Ontario

The Company's 100% owned Gold Rock Project is located near Dryden, Ontario and comprises two properties, the Gold Rock property, consisting of 20 claims and the Thunder Cloud property consisting of 1 claim. All claims at the Gold Rock Project are in good standing until 2019 or later.

Shining Tree Project – Larder Lake Mining Division, Ontario

The Shining Tree Project consists of 53 claims in Fawcett, Leonard, MacMurchy and Tyrell townships, near Timmins in Northeastern Ontario. 52 of the claims are 100% owned by Goldeye and 1 claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing until December 2019. The property is subject to NSR ranging from 2% to 3% on certain claims in this area.

TREASURY METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The balances are comprised as follows:

	March 31, 2020	December 31, 2019
Trade accounts payable	\$ 1,534,400	\$ 1,074,316
Accrued liabilities	176,704	230,659
Taxes and payroll deductions payable	-	40,811
Due to Laramide Resources Ltd. (Note 14)	20,029	1,933
	\$ 1,731,133	\$ 1,347,719

10. SHORT-TERM AND LONG-TERM DEBTS

The present value of the short and long-term debts at March 31, 2020 and December 31, 2019 is as follows:

	Convertible Debt	Mortgage and lease payable	Short-term loans	Total Debt March 31, 2020
Loan amount	\$ 6,242,280	\$ 34,422	\$ 750,000	\$ 7,026,702
Unaccreted amount	(940,904)	(10,641)	-	(951,545)
Carrying value of the debt	5,301,376	23,781	750,000	6,075,157
Current portion of the debt	-	(17,621)	(750,000)	(767,621)
Long-term debt	\$ 5,301,376	\$ 6,160	\$ -	\$ 5,307,536

	Convertible Debt	Mortgage and lease payable	Total Debt December 31, 2019
Loan amount	\$ 5,960,145	\$ 70,351	\$ 6,030,496
Unaccreted amount	(1,427,143)	(5,558)	(1,432,701)
Carrying value of the debt	4,533,002	64,793	4,597,795
Current portion of the debt	-	(32,405)	(32,405)
Long-term debt	\$ 4,533,002	\$ 32,388	\$ 4,565,390

Convertible Debt

At March 31, 2020, the convertible debt owed to Extract Lending LLC and Extract Capital Master Fund Ltd. (together "Extract") is US\$4.4 million (CAD\$6.2 million) as per a debt agreement signed in June 2016 in addition to the three amendments signed in the three subsequent years of which the last ("the third amendment") was signed on August 15, 2019.

Under the third amendment terms, the debt may be converted at Extract's option, in part or in full, at any time, into common shares of the Company at \$0.32 per common share (December 31, 2018 - \$0.36) and the maturity date was extended one year up to November 30, 2022. As consideration for the third amendment, the Company paid to Extract an extension fee of US\$44,000 (CAD\$58,630) and issued 600,000 warrants, with a fair value of \$80,265, entitling Extract to purchase common shares at an exercise price of \$0.40 per share for a three-year term.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Pursuant to the current terms of the debt and at December 31, 2018, 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.

The details of the terms of the original debt agreement and the two subsequent amendments are disclosed in the audited interim condensed consolidated financial statements at December 31, 2018.

Activity of the financial instrument	March 31, 2020	December 31, 2019
Beginning balance - Debt portion	\$ 4,819,025	\$ 4,533,002
Beginning balance - Non-cash derivative liability	1,939,648	1,775,856
Carrying value of financial instruments	6,758,673	6,308,858
Accretion	42,676	257,792
Changes in fair value of non-cash derivative liability	(1,043,936)	198,721
Foreign exchange adjustment	439,675	(110,622)
Carrying value prior to amendment	6,197,088	6,654,749
Loss on debt extinguishment (i)	-	1,245,495
Fair value of new debt instrument	6,197,088	7,900,244
Accretion	-	144,291
Changes in fair value of non-cash derivative liability	-	(1,174,273)
Foreign exchange adjustment	-	(111,589)
Ending balance - Debt portion	\$ 5,301,376	\$ 4,819,025
Ending balance - Non-cash derivative liability	\$ 895,712	\$ 1,939,648
Financial instrument - Ending balance	\$ 6,197,088	\$ 6,758,673

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

Under IFRS, the third amendment dated August 15, 2019, and the previous two amendments were considered to be extinguishments of debt, accordingly, the new debt instruments were recorded at fair value on the amendment date and the variances originated by the amendments were immediately recorded in the loss on debt extinguishment account of the consolidated statements of operations.

The fair value of the debt component upon issuance at August 15, 2019 was USD\$3,595,750 (CAD\$4,786,303) based on a market borrowing rate of 16.4%.

Due to the loan being denominated in U.S. dollars, the conversion feature has been presented as a non-cash derivative liability, and upon issuance was assigned a fair value of \$3,113,921 using the Black-Scholes option pricing model with the following assumptions: share price \$0.365, dividend yield 0%, expected volatility, based on historical volatility of 60%, a risk free interest rate of 1.3% and an expected life of 3.3 years. As at March 31, 2020, the non-cash derivative liability of the debt was assigned a fair value of \$895,712 (December 31, 2019 - \$1,939,648) using the Black-Scholes option pricing model with the following assumptions: share price \$0.20 (December 31, 2019 - \$0.30), dividend yield 0%, expected volatility, based on historical volatility 57.9% (December 31, 2019 - 55.9%), a risk free interest rate of 0.7% (December 31, 2019 - 1.69%) and an expected life of 32 months (December 31, 2019 - 35 months). The fair value gain of \$1,043,936 (2019 - loss of \$5,466), has been recognized in the interim condensed consolidated statements of operations. The effective interest rate of the debt is 16.4%.

TREASURY METALS INC.
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10. SHORT-TERM AND LONG-TERM DEBTS (Continued)

Lease agreement

	March 31, 2020	December 31, 2019
Lease payable	\$ 12,554	\$ 19,201
Unamortized discount	(4,175)	(9,076)
Fair value of the lease payable	8,379	10,125
Current portion of the lease payable	(6,160)	(6,482)
Long-term portion of the lease payable	\$ 2,219	\$ 3,643

In August 2017, the Company signed a four-year lease agreement for a vehicle used at the Goliath Project. At March 31, 2020, the Company is committed to pay \$12,554 through monthly payments until the end of the lease agreement in August 2021. Under IFRS 16, the Company recorded the payable at fair value based on incremental borrowing rate of 20.41%.

Mortgage

	March 31, 2020	December 31, 2019
Short-term	\$ 15,402	\$ 21,868
	\$ 15,402	\$ 21,868

The mortgage is related to a purchase of land and building located on the Goliath Gold Project property for a total of \$200,000. The purchase was made in November 2010 consisting of 120 monthly payments with annual interest rate of prime plus 3% expiring in October 2020.

Short-term loans

On March 26, 2020 the Company signed three promissory notes with three unrelated parties totalling \$750,000. The notes are unsecured, bear interest at an annual rate of 15% commencing on June 26, 2020, and are repayable on September 26, 2020. Interest is accrued daily and is payable at the maturity date of the notes. The notes are repayable at any time without penalty and a mandatory repayment is required out of the proceeds of any equity financing or warrant exercise proceeds prior to the maturity date. A \$45,000 commitment fee was payable on the notes.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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11. CAPITAL STOCK

a) AUTHORIZED

Unlimited common shares

b) ISSUED

COMMON SHARES	Number of Shares	Stated Value
Balance, January 1, 2019	145,090,001	\$ 93,119,530
Shares issued with respect to a services agreement	100,000	29,000
Balance, March 31, 2019	145,190,001	\$ 93,148,530
Units issued for cash in private placements	8,894,254	2,134,621
Flow-through issued for cash in private placements	15,644,677	4,266,723
Share issue cash costs	-	(503,630)
Issuance of compensation warrants	-	(54,139)
Issuance of warrants	-	(904,067)
Flow-through shares premium	-	(447,160)
Balance, December 31, 2019 and March 31, 2020	169,728,932	\$ 97,640,878

On February 7, 2019, the Company issued 100,000 common shares in consideration for a services agreement signed with a third party entity. The fair value of the shares at issuance date was \$0.29 per common share.

Private Placements

On November 21, 2019, the Company closed a private placement for aggregate gross proceeds of \$2,795,233 through the issuance of 9,807,800 flow-through units at a price of \$0.285 per flow-through unit. On November 26, 2019, the Company closed an additional subscription for aggregate gross proceeds of \$100,000 through the issuance of 350,877 flow-through units at a price of \$0.285 per flow-through unit. Each flow-through unit consisted of one common share and one half common share purchase warrant. Each full warrant entitles his holder to acquire one common share at an exercise price of \$0.45 for a period of 24 months from the date of issuance and, at the discretion of the Company, may be subject to acceleration and called prior to the expiry date in the event that the closing price of the common shares is \$0.75 or more for twenty consecutive trading days. The Company incurred in \$288,158 of issue costs regarding this private placement. The proceeds of the flow-through financing will be used to incur Canadian Exploration Expenses qualified as "flow-through mining expenditures" under the Income Tax Act.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and 2019

11. CAPITAL STOCK (Continued)

On June 6, 2019, the Company closed concurrent non-brokered private placements. The first private placement consisted of the issuance of 8,894,254 units at a price of \$0.24 per unit for aggregate gross proceeds of \$2,134,621. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles his holder to acquire one common share at an exercise price of \$0.32 for a period of 48 months from the date of issuance. The second private placement consisted of the issuance of 5,486,000 flow-through units at a price of \$0.25 per flow-through unit for aggregate gross proceeds of \$1,371,500. Each flow-through unit consisted of one common share and one half common share purchase warrant. Each full warrant entitles his holder to acquire one common share at an exercise price of \$0.35 for a period of 24 months from the date of issuance and, at the discretion of the Company, may be subject to acceleration and called prior to the expiry date in the event that the closing price of the common shares is \$0.50 or more for twenty consecutive trading days. The Company incurred in \$234,062 of issue costs regarding these private placements. The proceeds of the flow-through financing will be used to incur Canadian Exploration Expenses qualified as "flow-through mining expenditures" under the Income Tax Act.

12. WARRANTS

In connection with the private placement of November 21, 2019 and additional subscription on November 26, 2019, the Company issued 4,903,900 and 175,438 warrants respectively, exercisable within 24 months at a price of \$0.45 per share and were assigned a fair value of \$139,381 using the Black-Scholes option pricing model with the following assumptions: share price \$0.45, dividend yield 0%, expected volatility, based on historical volatility 53.26%, a risk free interest rate of 1.58% and an expected life of 2 years. Also, the Company issued 588,468 and 21,052 compensation warrants exercisable within 24 months at a price of \$0.285 per share and were assigned a fair value of \$36,379 using the Black-Scholes option pricing model with the following assumptions: share price \$0.245, dividend yield 0%, expected volatility, based on historical volatility 53.26%, a risk free interest rate of 1.58% and an expected life of 2 years.

In connection with an arrangement with Extract for the compliance of certain covenants clauses of the debt agreement (Note 10), in August 2019, the Company issued in favour of Extract 600,000 warrants exercisable within 36 months at a price of \$0.40 per share. The warrants were assigned a fair value of \$80,265 using the Black-Scholes option pricing model with the following assumptions: share price \$0.36, dividend yield 0%, expected volatility, based on historical volatility 59.2%, a risk free interest rate of 1.27% and an expected life of 3 years.

In connection with the private placement on June 6, 2019, the Company issued 8,894,254 warrants exercisable within 48 months at a price of \$0.32 per share and were assigned a fair value of \$653,692 using the Black-Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility, based on historical volatility 66.71%, a risk free interest rate of 1.87% and an expected life of 4 years.

In connection with the private placement on June 6, 2019, the Company issued 2,743,000 warrants exercisable within 24 months at a price of \$0.35 per share and were assigned a fair value of \$104,822 using the Black-Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility, based on historical volatility 51.65%, a risk free interest rate of 1.45% and an expected life of 2 years.

In connection with the private placement on June 6, 2019, the Company issued 324,360 and 73,405 compensation warrants exercisable within 24 months at a price of \$0.35 and \$0.32, respectively, per share and were assigned a fair value of \$16,458 using the Black-Scholes option pricing model with the following assumptions: share price \$0.24, dividend yield 0%, expected volatility, based on historical volatility 51.65%, a risk free interest rate of 1.45% and an expected life of 2 years.

TREASURY METALS INC.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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12. WARRANTS (Continued)

The following table reflects the continuity of warrants for the period ended March 31, 2020 and the year ended December 31, 2019:

	Number of Warrants 2020	Number of Warrants 2019	Weighted Average Exercise Price 2020	Weighted Average Exercise Price 2019
Balance, at beginning of period	31,528,639	26,247,789	\$ 0.46	\$ 0.69
Issued, on private placement units (Note 11)	-	2,743,000	-	0.35
Issued, on private placement units (Note 11)	-	8,894,254	-	0.32
Issued, on private placement units	-	4,903,900	-	0.45
Issued, on private placement units	-	175,438	-	0.45
Issued, Compensation warrants	-	324,360	-	0.35
Issued, Compensation warrants	-	73,405	-	0.32
Issued on debt agreement (Note 10)	-	600,000	-	0.40
Issued, Compensation warrants	-	588,468	-	0.29
Issued, Compensation warrants	-	21,052	-	0.29
Expired	-	(381,000)	-	0.67
Expired	-	(505,286)	-	0.55
Expired	-	(250,000)	-	0.94
Expired	-	(573,575)	-	0.65
Expired	-	(750,000)	-	0.35
Expired	-	(4,170,666)	-	0.70
Expired	-	(212,500)	-	0.45
Expired	-	(6,200,000)	-	0.95
Balance at end of period	31,528,639	31,528,639	\$ 0.46	\$ 0.46

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12. WARRANTS (Continued)

The issued and outstanding warrants are comprised as follows:

Expiry Date	Type	Warrants at March 31, 2020	Warrants at December 31, 2019	Exercise Price
June 7, 2020	Warrants	300,000	300,000	\$ 0.75
June 7, 2020	Warrants	400,000	400,000	\$ 0.80
June 6, 2021	Compensation warrants	324,360	324,360	\$ 0.35
June 6, 2021	Compensation warrants	73,405	73,405	\$ 0.32
June 6, 2021	Warrants	2,743,000	2,743,000	\$ 0.35
November 30, 2021	Financier warrants	600,000	600,000	\$ 0.40
August 14, 2022	Warrants	600,000	600,000	\$ 0.40
June 6, 2023	Warrants	8,894,254	8,894,254	\$ 0.32
June 25, 2023	Warrants	11,904,762	11,904,762	\$ 0.60
November 21, 2021	Warrants	4,903,900	4,903,900	\$ 0.45
November 21, 2021	Compensation warrants	588,468	588,468	\$ 0.29
November 26, 2021	Warrants	175,438	175,438	\$ 0.45
November 26, 2021	Compensation warrants	21,052	21,052	\$ 0.29
		31,528,639	31,528,639	

The weighted average life of the outstanding warrants at March 31, 2020 is 2.6 years (December 31, 2019 - 2.9 years).

13. STOCK-BASED COMPENSATION

On December 19, 2019, the Company granted a total of 4,500,000 options to directors, officers, employees and consultants to buy common shares at an exercise price of \$0.30 each and expire on December 19, 2022. The stock options vest 33.3% at the date of granting, 33.3% at June 19, 2020 and the remaining 33.34% vest on December 19, 2020. The fair value assigned was estimated using the Black-Scholes option pricing model with the following assumptions: share price \$0.285, dividend yield 0%, expected volatility 60.9% based on historical volatility, a risk free interest rate of 1.66%, and an expected life of 3 years. As a result, the fair value of the options was estimated at \$515,045 and will be recognized in the property cost and in the statement of operations over the periods the options vest.

Treasury Metals has a 10% rolling stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, employees and consultants. As at March 31, 2020, the Company has an additional 7,297,893 (December 31, 2019 – 7,297,893) options available for issuance under the plan.

During the period ended March 31, 2020, the stock-based compensation charged to mineral properties and related deferred costs amounted \$33,605 (2019 - \$22,757).

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

TREASURY METALS INC.

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13. STOCK-BASED COMPENSATION (Continued)

Continuity of the unexercised options to purchase common shares is as follows:

	Number of Stock Options 2020	Number of Stock Options 2019	Weighted Average Exercise Price 2020	Weighted Average Exercise Price 2019
Balance, at beginning of period	9,675,000	5,425,000	\$ 0.36	\$ 0.42
Options granted	-	4,500,000	-	0.30
Expired	-	(100,000)	-	0.40
Expired	-	(150,000)	-	0.40
Balance at end of period	9,675,000	9,675,000	\$ 0.36	\$ 0.36

The weighted average life of the outstanding options at March 31, 2020 is 1.3 years (December 31, 2019 - 1.6 years).

The outstanding options are comprised as follows:

Grant Date	Expiry Date	Number of Stock Options at March 31, 2020	Number of Stock Options at December 31, 2019	Exercise Price
June 29, 2017	June 29, 2020	450,000	450,000	0.62
September 18, 2018	September 18, 2020	4,725,000	4,725,000	0.40
December 19, 2019	December 19, 2022	4,500,000	4,500,000	0.30
		9,675,000	9,675,000	

At March 31, 2020, 6,675,500 of the outstanding options are fully vested and exercisable (December 31, 2019 - 4,632,500).

14. RELATED PARTY DISCLOSURES

Certain corporate entities that are related to the Company's officers and directors provide services to Treasury Metals. At March 31, 2020, there is \$20,029 of accounts payable to Laramide Resources Ltd., (December 31, 2019 - \$1,933), a company that has a director and an officer in common with Treasury Metals. During the period, Laramide charged \$42,443 (2019 - \$51,472) for office space rent, and other expenditures paid by Laramide on behalf of the Company and the Company charged \$2,795 of shared expenditures paid on behalf of Laramide (2019 - \$4,561).

At March 31, 2020, there is \$123 of accounts receivable from Cypherpunk Holdings Inc. (December 31, 2019 - \$61), a company that has an officer and director and an officer in common with Treasury Metals. During the period, the Company charged \$109 of shared expenditures paid on behalf of Cypherpunk Holdings Inc.

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

TREASURY METALS INC.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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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	2020	2019
Salaries	\$ 93,750	\$ 86,250
Director fees	28,750	32,000
	\$ 122,500	\$ 118,250

16. COMMITMENTS AND CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

1) The Company is committed to spend \$4,266,723 by December 31, 2020 on Canadian exploration expenses ("CEE") as part of its flow-through funding agreements dated on June 6, 2019 and November 21, 2019. At March 31, 2020, the Company has spent \$1,033,677. All flow-through spending commitments from previous flow-through financings have been fulfilled.

2) Following an audit commenced by the Canada Revenue Agency (the "CRA") in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013, on March 7, 2018 the Company was advised by the CRA that out of the total of \$12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately \$1.8 million of CEE to operating expenses and a further approximately \$2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE.

The Company disputes the CRA's proposed re-characterizations of expenses from CEE to either CDE or operating expenses and has filed a Notice of Objection with the CRA. Due to the uncertainty of the final outcome, no liability has been recorded in the interim condensed consolidated financial statements.

17. FINANCIAL RISK FACTORS**Capital Management**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order 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, 2020, the Company has a working capital deficiency of \$1,343,016 excluding the non-cash unrenounced flow-through share premium liability and non-cash derivative liability (December 31, 2019 - working capital of \$520,057); Capital stock and contributed surplus total \$108,902,061 (December 31, 2019 - \$108,749,116).

TREASURY METALS INC.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**

Three Months Ended March 31, 2020 and 2019

17. FINANCIAL RISK FACTORS (Continued)

To effectively manage the Company's capital requirements, the management has 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, taking into account its anticipated cash flow from operations and its holding of cash and cash equivalents and marketable securities.

At March 31, 2020, 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. At March 31, 2020, there were certain externally imposed capital requirements related to the long term debt, to which the Company is subject and with which the Company was not in compliance. A waiver was obtained to confirm that the Company was not in default on the long-term debt.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order 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, 2020.

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 \$863,726 (December 31, 2019 - \$1,636,845) and accounts receivable of \$159,751 (December 31, 2019 - \$123,772). 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 non-cash derivative liability. Among other variables, the fair value of the non-cash derivative liability is affected by changes in the market price of the Company shares.

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17. FINANCIAL RISK FACTORS (Continued)

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 U.S. dollar, the balance of net monetary liabilities in such currency as of March 31, 2020 is \$5,305,181 (December 31, 2019 - \$4,534,000).

Liquidity Risk

The Company is exposed to liquidity risk primarily as a result 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, 2020, the Company had a cash and cash equivalents balance of \$863,726 (December 31, 2019 - \$1,636,845) to settle current liabilities of \$2,498,754 (December 31, 2019 - \$1,376,069), excluding the non-cash unrenounced flow-through share premium liability. All of the Company's trade accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms. The Company relies on external financing to generate sufficient operating capital and the management believes it will be able to raise any required funds in the short-term.

Sensitivity Analysis

As at March 31, 2020 and 2018, 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 \$62,423.
- 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 \$530,518.
- 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, 2020 fair market value positions, the comprehensive loss would have varied by \$4,151.

Fair Value Hierarchy

The Company has designated its investments in shares 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 interim condensed 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.

TREASURY METALS INC.**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)****Three Months Ended March 31, 2020 and 2019**

17. FINANCIAL RISK FACTORS (Continued)

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 judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. The carrying value of cash and cash equivalents and investments approximate their fair value.

March 31, 2020:	Level One	Level Two	Level Three
Investments	\$ 41,511	\$ -	\$ -
Non-cash derivative liability	-	(895,712)	-
	\$ 41,511	\$ (895,712)	\$ -
December 31, 2019:	Level One	Level Two	Level Three
Investments	\$ 40,220	\$ -	\$ -
Non-cash derivative liability	-	(1,939,648)	-
	\$ 40,220	\$ (1,939,648)	\$ -

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