TREASURY METALS

INCORPORATED

INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim consolidated financial statements of Treasury Metals Inc. were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the December 31, 2009 audited consolidated financial statements. Only changes in accounting policies have been disclosed in these unaudited interim consolidated financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim consolidated 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 unaudited interim consolidated 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 unaudited interim consolidated 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 unaudited interim consolidated 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 June 30, 2010.

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 June 30, 2010.

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 interim consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim 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 consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

TREASURY METALS INC.
INTERIM BALANCE SHEETS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current Assets		
Cash and cash equivalents	**$ 76,746**	$ 1,278,652
Accounts receivable	**177,570**	130,702
	254,316	1,409,354
Investments (Note 5)	**1,548,794**	1,750,105
Mineral properties and related deferred costs (Note 6)	**38,259,248**	36,461,765
	$ 40,062,358	$ 39,621,224
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	**$ 455,599**	$ 634,301
Due to Laramide Resources Ltd. (Note 10)	**76,815**	3,958
	532,414	638,259
Future tax liability	**1,200,000**	950,000
	1,732,414	1,588,259
Shareholders' Equity		
Capital stock (Note 7)	**42,686,856**	41,826,205
Contributed Surplus	**1,291,464**	1,596,841
Deficit	**(3,887,085)**	(3,830,100)
Accumulated other comprehensive loss	**(1,761,291)**	(1,559,981)
	38,329,944	38,032,965
	$ 40,062,358	$ 39,621,224

Commitments and Contractual obligation (Note 11)

SIGNED ON BEHALF OF THE BOARD

(Signed) *"Doug Bache"* Director

(Signed) *"Marc Henderson"* Director

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

TREASURY METALS INC.
INTERIM STATEMENTS OF OPERATIONS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Revenues				
Royalty income, net	**$ 197,299**	$ 104,595	**$ 359,435**	$ 217,944
	197,299	104,595	**359,435**	217,944
Expenses				
Administrative, office and shareholders services	**$ 169,494**	$ 161,606	**$ 279,053**	$ 289,451
Professional fees	**61,265**	49,136	**105,058**	161,081
Salary and benefits	**8,590**	36,505	**20,309**	62,594
Stock-based compensation	**6,000**	312,912	**12,000**	312,912
	245,349	560,159	**416,420**	826,038
Loss before income taxes	**(48,050)**	(455,564)	**(56,985)**	(608,094)
Future income tax recovery	**-**	-	**-**	82,232
Net Loss for the period	**$ (48,050)**	$ (455,564)	**$ (56,985)**	$ (525,862)
Loss per share - basic and diluted	**$ -**	$ (0.01)	**$ (0.01)**	$ (0.02)

INTERIM STATEMENTS OF DEFICIT
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	Three months ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Deficit, beginning of period	**$ (3,839,035)**	$(3,193,915)	**$ (3,830,100)**	$ (3,123,617)
Net loss for the period	**(48,050)**	(455,564)	**(56,985)**	(525,862)
Deficit, end of period	**(3,887,085)**	(3,649,479)	**(3,887,085)**	(3,649,479)

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

TREASURY METALS INC.

INTERIM STATEMENTS OF TOTAL OTHER COMPREHENSIVE INCOME
(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Net loss for the period	**$ (48,050)**	$ (455,564)	**$ (56,985)**	$ (525,862)
Other comprehensive income (loss), net of taxes				
Unrealised gain (loss) on available for sale investments	**(428,177)**	47,831	**(201,310)**	348,466
	(428,177)	47,831	**(201,310)**	348,466
Comprehensive income	**$ (476,227)**	$ (407,733)	**$ (258,295)**	$ (177,396)

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

TREASURY METALS INC.

INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited)

	Common Shares	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Loss)	Total
Balance, December 31, 2008	**26,788,715**	**$ 41,637,509**	**$ 543,888**	**$ (3,123,617)**	**$ (3,342,997)**	**$ 35,714,783**
Private placement-May	4,267,500	853,500	-	-	-	853,500
Follow through private placement- December	2,222,222	999,999	-	-	-	999,999
Warrants exercised	125,000	37,500	-	-	-	37,500
Issued with respect to property allocations	995,155	258,650	-	-	-	258,650
Commission on private placement non-cash	200,000	34,000	-	-	-	34,000
Share issue costs net of future income tax benefits	-	(73,000)	-	-	-	(73,000)
Future tax liability pursuant to flow through shares renunciation	-	(1,603,000)	-	-	-	(1,603,000)
Fair value assigned to agent warrants issued	-	(45,000)	45,000	-	-	-
Fair value assigned to warrants issued	-	(291,000)	291,000	-	-	-
Fair value of issued options	-	-	734,000	-	-	734,000
Fair value transferred on exercised warrants	-	17,047	(17,047)	-	-	-
Net loss for the year	-	-	-	(706,483)	-	(706,483)
Other comprehensive income	-	-	-	-	1,783,016	1,783,016
Balance, December 31, 2009	**34,598,592**	**41,826,205**	**1,596,841**	**(3,830,100)**	**(1,559,981)**	**38,032,965**
Proceeds from the exercise of warrants	2,038,750	620,624	-	-	-	620,624
Proceeds from the exercise of options	117,500	35,250	-	-	-	35,250
Future tax liability pursuant to flow through shares renunciation	-	(250,000)	-	-	-	(250,000)
Fair value of contributed surplus transferred on exercise of warrants and options	-	317,377	(317,377)	-	-	-
Issued for non-cash consideration with respect to property allocations	205,065	137,400	-	-	-	137,400
Vesting of fair value of issued options	-	-	12,000	-	-	12,000
Net loss for the period	-	-	-	(56,985)	-	(56,985)
Other comprehensive income	-	-	-	-	(201,310)	(201,310)
Balance, June 30, 2010	**36,959,907**	**$ 42,686,856**	**$ 1,291,464**	**$ (3,887,085)**	**$ (1,761,291)**	**$ 38,329,944**

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

TREASURY METALS INC.
INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Cash and cash equivalents (used in) provided by:				
Operating Activities				
Net income (loss) for the period	**$ (48,050)**	$ (455,564)	**$ (56,985)**	$ (525,862)
Adjustments for:				
Future income tax recovery	**-**	-	**-**	(82,232)
Stock based compensation	**6,000**	312,912	**12,000**	312,912
Amortization	**-**	(4,091)	**-**	(4,091)
	(42,050)	(146,743)	**(44,985)**	(299,273)
Net change in non cash working capital items:				
Accounts receivable	**(56,787)**	(55,717)	**(46,869)**	198,897
Accounts payable and accrued liabilities	**124,609**	(311,162)	**(178,700)**	(290,043)
	25,772	(513,622)	**(270,554)**	(390,419)
Financing Activities				
Private placement	**-**	835,500	**-**	835,500
Warrants and options exercised	**445,499**	-	**655,875**	-
Due to Laramide Resources Ltd.	**72,856**	15,004	**72,856**	39,890
	518,355	850,504	**728,731**	875,390
Investing Activities				
Acquisition of mineral properties and related deferred costs	**(1,124,051)**	(139,920)	**(1,660,083)**	(203,179)
	(1,124,051)	(139,920)	**(1,660,083)**	(203,179)
Change in cash and cash equivalents	**(579,924)**	196,962	**(1,201,906)**	281,792
Cash and cash equivalents, beginning of period	**656,670**	250,678	**1,278,652**	165,848
Cash and cash equivalents, end of period	**$ 76,746**	$ 447,640	**$ 76,746**	$ 447,640

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

TREASURY METALS INC.
INTERIM STATEMENTS OF CASH FLOWS (Continued)
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	**2010**	2009
Supplementary cash flow information				
Changes in non cash investing activities:				
Shares issued for purchases of mineral properties	**$ 137,400**	$ 124,966	**$ 137,400**	$ 124,966
Shares issued for commission on private placement	**$ -**	$ 40,000	**$ -**	$ 40,000

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

1. NATURE OF OPERATIONS

Treasury Metals Inc. (the "Company" or "Treasury Metals") is incorporated under the laws of Ontario. The mineral properties of Treasury Metals are all 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 in 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future Accounting Pronouncements

Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS is currently being evaluated.

Business Combinations, Consolidated Financial Statements and Non Controlling Interests

In October 2008, the CICA issued Sections 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". Section 1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601 carries forward the existing Canadian guidance on aspects of the preparation of financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company in the first quarter of fiscal 2011 with earlier adoption permitted. The Company does not expect that the adoption of these new Sections will have a material impact on its financial statements.

3. 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 defines capital to include its shareholders' equity. 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 three month period ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, contributed surplus, accumulated other comprehensive loss and deficit, which as at June 30, 2010 totaled $38,329,944 (December 31, 2009 - $38,032,965).

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions

4. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in other assets consist of receivables from unrelated companies. Management believes that the credit risk concentration with respect to financial instruments included in other assets is remote.

The Company has cash and non interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions.

4. FINANCIAL RISK FACTORS (Continued)

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2010, the Company had current assets of $ 254,316 (December 31, 2009 - $1,409,354) and current liabilities of $ 532,414 (December 31, 2009 - $638,259). All of the Company's financial liabilities and receivables have contractual maturities of less than one year and are subject to normal trade terms. Current working capital of the Company as of June 30, 2010, is negative $ 278,098 (December 31, 2009 - $771,095).

Business Risk

There are numerous business risks involved in the mineral exploration industry, some of which are outlined below. The Company's 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 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 judgment, 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 and its operations and financial performance.

Market Risk

(a) Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on its investments. The Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company has no material currency exposure at June 30, 2010.

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

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

i) The Company transacts business using the Canadian dollar, and the US dollar and maintains bank accounts in both currencies. As a result, fluctuations in the US dollar against the Canadian dollar could result in unanticipated fluctuations in the financial results of the Company. As at June 30, 2010, if foreign exchange rates had fluctuated by 10% with all other variables held constant, the loss for the six month period ended June 30, 2010 would be changed by $1,600, as a result of a change in foreign exchange gain/loss from cash and cash equivalents.

ii) The Company's investments are subject to fair value fluctuations. As at June 30, 2010, if the fair value of investments had fluctuated by 10% with all other variables held constant, comprehensive income for six month period ended June 30, 2010 would have changed by $155,000.

(EXPRESSED IN CANADIAN DOLLARS)

4. FINANCIAL RISK FACTORS (Continued)

Fair Value Hierarchy and Liquidity Risk Disclosure

The Company has designated its cash and cash equivalents as held-for-trading and investments as available for sale, which are measured at fair value. Fair value of investments are determined based on transaction value and is categorized as Level 1 measurement. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities and amounts due to Laramide Resources Ltd. are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. Fair values of accounts receivable, accounts payable and accrued liabilities and amounts due to Laramide are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements.

As at June 30, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent

5. INVESTMENTS

The Company's investments are carried at market value are comprised of the following:

	Number of Shares	**June 30, 2010**	Number of Shares	December 31, 2009
Tiomin Resources Inc. (i)	**-**	**$ -**	2,242,990	$ 56,075
Vaaldiam Mining Inc. (i)	**224,298**	**62,803**	-	-
Goldgroup Mining Inc. (Formerly Sierra Minerals Inc.) (ii)	**2,286,140**	**1,485,991**	6,515,000	1,694,030
		$ 1,548,794		$ 1,750,105

(i) During the period Tiomin Resources Inc. shares were exchanged into shares of Vaaldiam Mining Inc. at a rate of one Vaaldiam share for every ten shares outstanding of Tiomin.

(ii) During the period, Sierra Minerals Inc. rolled back its shares on a 1 for 2.85 bases and changed its name to Goldgroup Mining Inc.

6. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

As of June 30, 2010, accumulated costs with respect to the Company's interest in mineral properties, consisted of the following:

	Opening Balance December 31, 2009	Net Additions	**Ending Balance June 30, 2010**
Goliath Gold Project	$ 32,365,797	1,773,922	**$ 34,139,719**
Lara Project - BC	4,095,968	3,091	**4,099,059**
Goldcliff Property	-	20,470	**20,470**
	$ 36,461,765	$ 1,797,483	**$ 38,259,248**

6. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Goliath Gold Project

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

The Goliath Gold Project consists of 134 contiguous unpatented mining claims (234 units) and 17 patented land parcels. The total area of the Project is approximately 5,328 hectares (~45 km^2) covering portions of Hartman and Zealand townships. The Project comprises two historic properties which are now consolidated: the larger Thunder Lake Property, purchased from Teck Resources ("Teck") and Corona Gold Corporation ("Corona") and the Laramide Property, transferred to the Company from Laramide. 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 15 of the 17 patented land parcels totaling about $128,000 per year.

The Goliath Gold Project comprises three underlying properties: the Laramide Property, Thunder Lake Property and the Brisson Property.

Laramide Property, Ontario

In 2007, the Company acquired from Laramide a 100% interest in certain parcels of land, including surface and mineral rights totalling 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% NSR retained by the owners.

Thunder Lake Property, Ontario

In 2007, the Company and Laramide 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 is to make option payments totaling $100,000 and issue common shares of the Company equal to $100,000 based on the market price of the date issue. These payments are required as follows $25,000 and $25,000 worth of common shares on or before December 11, 2009; $20,000 and $25,000 worth of common shares on or before December 11, 2010; $20,000 and $25,000 worth of common shares on or before December 11, 2011; and, $35,000 and $25,000 worth of common shares on or before December 11, 2012. As at June 30, 2010 and December 31, 2009, the Company had paid $25,000 and issued 59,524 common shares of the Company with a market value of $25,000.

Lara Polymetallic Project, British Columbia

In 2007, the Company acquired from Laramide a 100% interest in and to the Lara Property located in the Victoria Mining Division, near Chemainus on southern Vancouver Island, British Columbia. The Lara Polymetallic Project, of which a portion was formerly owned by Laramide, comprises 47 mineral claims covering approximately 8,648 hectares (~87 km^2).

The Company is committed to a 1.0% smelter return royalty, 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.

6. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (Continued)

Goldcliff Property

In June 2010, the Company acquired the right to earn a 100% interest in certain unpatented mining claims in the District of Kenora (Sherridon-Barkauskas mineral property agreement). Under the terms of the agreement, the Company is to make option payments totalling $90,500 and issue 80,000 common shares of the Company over a three year period. These payments are required as follows: $8,500 (paid) and 20,000 common shares on signing of the agreement, $12,000 and 20,000 common shares on or before June 23, 2011, $20,000 and 20,000 common shares on or before June 23, 2012 and $50,000 and 20,000 common shares on or before June 23, 2013. The four unpatented mining claims totalling 12 units and 192 hectares are subject to a 2% NSR of which 1% can be purchased by the Company for $750,000.

In addition to the property acquired through a property option agreement, the Company acquired through staking, 100% ownership in 24 unpatented mining claims. Some of the staked claims are subject to the one kilometre area of interest relating to each of the four optioned claims. All claims that fall within the one kilometre area of interest are subject to a 1% NSR which can be purchased 100% by the Company for $750,000.

Cerro Colorado Gold Mine, Mexico

In 2007, the Company acquired from Laramide a sliding production royalty based on gold prices and the aggregate production from a mine, less direct selling costs. On the first 100,000 ounces produced, Treasury Metals will receive a 2.0% sliding production royalty (“NSR”) if gold prices are below US$350 per ounce and a 2.5% sliding production royalty if prices are above US$350 per ounce. Once cumulative production exceeds 100,000 ounces gold, the royalty rate is 2.5% and escalates to 3.0% if the gold price is above US$350 per ounce.

(EXPRESSED IN CANADIAN DOLLARS)

7. CAPITAL STOCK

a) AUTHORIZED

Unlimited common share

b) ISSUED

	Number of Shares	Stated Value
COMMON SHARES		
Balance, December 31, 2008	**26,788,715**	**$ 41,637,509**
Shares issued for cash on private placement	4,267,500	853,500
Flow through private placement-December	2,222,222	999,999
Warrants exercised	125,000	37,500
Issued with respect to property allocation	995,155	258,650
Commission on private placement-non-cash	200,000	34,000
Share issue costs net of future income tax benefits	-	(73,000)
Future tax liability pursuant to flow through shares renunciation	-	(1,603,000)
Fair value assigned to agent warrants issued	-	(45,000)
Fair value assigned to warrants issued	-	(291,000)
Fair value of contributed surplus transferred on exercise of warrants	-	17,047
Balance, December 31, 2009	**34,598,592**	**$ 41,826,205**
Proceeds from the exercise of warrants	2,038,750	620,624
Proceeds from the exercise of options	117,500	35,250
Future tax liability pursuant to flow through shares renunciation	-	(250,000)
Fair value of contributed surplus transferred on exercise of warrants	-	317,377
Issued with respect to property allocation	205,065	137,400
Balance, June 30, 2010	**36,959,907**	**$ 42,686,856**

Private Placement – 2009

On May 22, 2009, the Company completed a non-brokered private placement financing by issuing 4,267,500 units at a price of $0.20 per unit for aggregate proceeds of $853,500. Each unit consists of one common share and one-half of one common share purchase warrant of the Company expiring in an eighteen month period. Each whole warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.30. In addition, the Company paid a cash finders fee of $3,000 and 200,000 common shares valued at $34,000.

A fair value of $291,000 was allocated to the warrants under the Black-Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 234.40%; a risk free rate of 1.15% and an expected life of eighteen months.

(EXPRESSED IN CANADIAN DOLLARS)

7. CAPITAL STOCK (Continued)

On December 21, 2009, the Company completed a non-brokered private placement financing by issuing 2,222,222 flow-through common shares at a price of $0.45 per flow-through common share for aggregate proceeds of $999,999. In addition, the agent was paid a cash commission equal to 6% of the gross proceeds and was granted 133,333 finders warrants. Each finders warrant entitles the holder thereof to purchase one common share of the Company at a price of $0.45 for two years.

A fair value of $45,000 was allocated to the broker options under the Black-Scholes option pricing model using the following assumptions: dividend yield 0%; expected volatility 192.66%; a risk free rate of 1.36% and an expected life of two years.

Shares Issued with Respect to Property Allocations

Under the terms of the agreement to acquire the Thunder Lake Property, the Company is required to issue common shares of the Company to Corona and Teck to ensure that they maintain their ownership interests in the Company at 10% and 2.27% respectively, until such time that the Company has received $7.5 million in private placement financings. During the period ended June 30, 2010, the Company issued 205,065 (December 31, 2009 – 935,631) shares with a fair value of $137,400 (December 31, 2009 – $233,650) under this agreement on private placement financings of $1,853,500 (December 31, 2009 – $1,853,500). As at June 30, 2010, in the event that the Company completes a private placement financing, the Company is obligated under this agreement to issue shares to Corona and Teck to ensure that they maintain their ownership interests in the Company at 10% and 2.27% respectively, on the next $494,504 (December 31, 2009 - $494,504) of private placement financing by the Company. In addition, under the terms of the Brisson property agreement (see note 6) the Company issued Nil (December 31, 2009 - 59,524) common shares of the Company with a market value of $Nil (December 31, 2009 - $25,000).

8. WARRANTS

The following table reflects the continuity of warrants:

	Number of Warrants	Weighted Average Exercise Price
Balance, at beginning of the year	3,215,910	$ 0.48
Exercised	(30,000)	$ 0.60
Exercised	(2,008,750)	$ 0.30
Balance, June 30	**1,177,160**	**$ 0.77**

The outstanding issued warrants at June 30, 2010, is comprised as follows:

Expiry Date	Type	Number of Warrants	Exercise Price
July 2, 2010 (i)	Finders Warrants	161,077	$2.00
July 2, 2010 (i)	Warrants	882,750	$0.60
December 21, 2011	Finders Warrants	133,333	$0.45
		1,177,160	**$ 0.77**

(i) Subsequent to June 30, 2010, these warrants fully expired on the indicated date.

(EXPRESSED IN CANADIAN DOLLARS)

9. STOCK OPTIONS

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 June 30, 2010, the Company has 885,991 (December 31, 2009 – 395,484) options available for issuance under the plan.

Continuity of the unexercised options to purchase common shares at June 30, 2010 and December 31, 2009 is as follows:

	2010-Number of Stock Options	Weighted Average Exercise Price	2009-Number of Stock Options	Weighted Average Exercise Price
Balance, at beginning	**3,157,000**	**$ 0.30**	-	$ -
Granted	**-**	**$ -**	3,157,000	$ 0.30
Exercised	**(117,500)**	**$ 0.30**	-	$ -
Expired / Forfeited	**(235,000)**	**$ 0.30**	-	$ -
Balance, at end of period	**2,804,500**	**$ 0.30**	3,157,000	$ 0.30

The outstanding options at June 30, 2010, is comprised as follows:

Grant Date	Expiry Date	Number of Stock Options	Exercise Price
June 23, 2009	June 23, 2014	2,564,500	$0.30
August 10, 2009	August 10, 2014	150,000	$0.30
September 17, 2009	September 17, 2014	90,000	$0.30
		2,804,500	**$ 0.30**

Of the total of 2,804,500 options, 2,784,500 are fully vested and exercisable at June 30, 2010.

150,000 options granted on September 17, 2009 vest 10% on grant date and 10% per month until fully vested. All other options issued in the year vested immediately. During the period, the vesting of options was $12,000, entirely charged to the statement of operations.

10. 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.

i) Treasury Metals was charged $312,505 for the six month period ended June 30, 2010 (2009 - $27,7180) by a company in which an officer and director has an 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, 2010, there is an amount of $118,942 (December 31, 2009- $40,599) with respect to these services.

ii) At June 30, 2010, $76,815 was due to Laramide Resources Ltd., a company having a director in common with Treasury Metals, (December 31, 2009 – $3,958). The amounts due to Laramide are the result of expenses paid in the period by Laramide on behalf of Treasury Metals and the purchase by Laramide of $54,009 of receivables previously owed to Aquiline Resources Inc. by Treasury Metals. Laramide charged $32,806 for the six month period ended June 30, 2010 (2009 - $Nil) for offices space and services. Aquiline Resources Inc. charged $ 38,246 for offices space and services for the comparative period in 2009.

iii) During the six month period ended June 30, 2010, $30,768 (2009 - $52,031) was charged by a law firm where an officer of Treasury Metals is an employee and other officers charged $31,500 (2009 - $30,000) in professional fees. Of these amounts $41,268 (December 31, 2009 – $76,585) is in accounts payable at the end of the period.

Transactions in (i), (ii), and (iii) were conducted in the normal course of operations and are measured at the exchange amounts.

11. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

As of June 30, 2010 the Company is committed to spending $nil (December 31, 2009 - $915,000) on Canadian exploration costs by December 31, 2010 as part of its 2009 flow through funding agreements.

12. SUBSEQUENT EVENTS

1) On August 12, 2010 the Company issued 210,000 stock options having an exercise price of $0.30 and a maturity of five years. The options vest 50% after 6 months and the remaining 50% twelve months after the date of issuance.

2) On July 31, 2010 the Company announced the results of a National Instrument 43-101 compliant Preliminary Economic Assessment ("PEA") on its wholly owned Goliath Gold Project which validates the Project and the Company's exploration to date. This initial analysis indicates its economic potential and provides the Company with the parameters necessary to develop the Project and increases its economic profile.