

**Form 51-102F4  
Business Acquisition Report**

***Item 1 Identity of Company***

**1.1 Name and Address of the Company**

Treasury Metals Inc. (the “Company”)  
130 King Street West  
Suite 3680, Box 99  
Toronto, Ontario  
M5X 1B1

**1.2 Executive Officer**

The following executive officer of the Company is knowledgeable about the particulars described in this business acquisition report:

Greg Ferron  
Chief Executive Officer  
Tel: 416.214.4654  
Email: greg@treasurymetals.com

***Item 2 Details of Acquisition***

**2.1 Nature of the Business Acquired**

The Company acquired all of the issued and outstanding shares of Tamaka Gold Corporation (“**Tamaka**”), a wholly owned subsidiary of First Mining Gold Corp. (“**First Mining**”) that owns a 100% interest in the Goldlund Gold Project (the “**Goldlund Project**”), located adjacent to the Company’s Goliath Gold Project in Northwestern Ontario (the “**Acquisition**”). For additional information on the Goldlund Project, please see the Company’s management information circular, dated June 29, 2020 (the “**Acquisition Circular**”), under the heading “*Particulars of Matters to be Acted Upon – The Transaction – Information Concerning Tamaka – Information Regarding the Goldlund Property*” which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company’s SEDAR profile.

**2.2 Acquisition Date**

August 7, 2020

## 2.3

### Consideration

As consideration for the acquisition of Tamaka, First Mining received: (i) 130 million common shares (“**Common Shares**”) in the capital of the Company (the “**Share Consideration**”); (ii) 35 million Common Share purchase warrants of Company (the “**Warrants**”), with each Warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.50 for a period of 36 months (the “**Warrant Consideration**”); (iii) a 1.5% net smelter returns royalty covering all of the Goldlund Project claims (the “**Goldlund Royalty**”), with the option for the Company to buy-back 0.5% of the Goldlund Royalty for \$5.0 million; and (iv) the right to receive a milestone cash payment of \$5.0 million, with 50% payable upon receipt of a final and binding mining lease under the *Mining Act* (Ontario) to extract ore from an open pit mine at the Goldlund Project, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at the Goldlund Project.

As a result of the issuance of the Share Consideration and the Warrant Consideration to First Mining, First Mining became a “control person” of the Company as such term is defined in applicable Canadian securities laws by virtue of holding an ownership interest in the Company of approximately 43% of the Common Shares outstanding on a nondiluted basis based on the number of Common Shares issued and outstanding immediately following the completion of the Acquisition.

In connection with the Acquisition, the Company and First Mining also entered into an investor rights agreement (the “**Investor Rights Agreement**”) pursuant to which First Mining is entitled to nominate three persons for election to the Company’s board of directors for so long as it owns more than 19.9% of the issued and outstanding shares, two persons for so long as it owns between 10% and 19.9% and one director for so long as it owns at least 5% of the issued and outstanding shares.

In relation to the Acquisition, the Company completed a bought deal private placement (the “**Private Placement**”) of subscription receipts (“**Subscription Receipts**”) at a price of \$0.36 per Subscription Receipt for gross proceeds of \$11,520,000 that closed on July 7, 2020. The Subscription Receipts were converted into units (“**Units**”) of the Company on August 17, 2020 (the “**Automatic Conversion Date**”) comprised of 10,666,666 Common Shares and 5,333,333 Warrants with an exercise price of \$1.80 for 24 months following the Automatic Conversion Date, all in accordance with the terms of the subscription receipt agreement entered into by the Company, TSX Trust Company and Haywood Securities Inc., on behalf of the underwriters of the Private Placement (the “**Underwriters**”). The gross proceeds of the Private Placement (less 50% of the Underwriters’ cash

commission and all of the Underwriters' expenses) were released from escrow to the Company on August 13, 2020.

#### **2.4 Effect on Financial Position**

For information on the expected effect of the acquisition on the Company's financial position, see the unaudited *pro forma* consolidated financial statements of the Company attached as Schedule A.

The Company does not have any plans or proposals for material changes in its business affairs or the affairs of Tamaka. The Company continued to be in the business of exploration and evaluation of mineral properties.

Upon completion of the Acquisition, Tamaka became a wholly-owned subsidiary of the Company. The business and operations of Tamaka are being managed by the Company.

#### **2.5 Prior Valuations**

No valuation opinions were obtained in the last 12 months by the Company required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company in connection with the Acquisition.

#### **2.6 Parties to Transaction**

No informed person, associate or affiliate of the Company was a party to the acquisition.

#### **2.7 Date of Report**

October 1, 2020

#### **Item 3 Financial Statements**

As required by Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*, the following financial statements are included in this business acquisition report:

- the audited financial statements of Tamaka for the financial years ended December 31, 2019 and 2018 together with the reports of the auditors thereon which are included in the Transaction Circular which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the

Company's SEDAR profile, a copy of which is attached hereto as Schedule "A";

- the unaudited interim financial statements of Tamaka for the three and six months ended March 31, 2020 and 2019 which are included in the Transaction Circular which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's SEDAR profile, a copy of which is attached hereto as Schedule "A"; and
- the unaudited pro forma financial statements of the Company for the three months ended March 31, 2020 and for the year ended December 31 2019 after giving effect to the Acquisition which are included in the Transaction Circular which has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's SEDAR profile, a copy of which is attached hereto as Schedule "A".

The Company has not requested the consent of PricewaterhouseCoopers LLP to include their auditor's report in this business acquisition report, and therefore such consent has not been provided.

**SCHEDULE A**

*[see attached]*

# **Tamaka Gold Corporation**

**Consolidated Financial Statements**

**For the years ended December 31, 2019 and 2018**

**(Expressed in thousands of Canadian dollars unless otherwise noted)**



## *Independent auditor's report*

To the Shareholder of Tamaka Gold Corporation

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### *Our opinion*

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Tamaka Gold Corporation and its subsidiary (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### **What we have audited**

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of net loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *Material uncertainty related to going concern*

We draw attention to Note 1 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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*PricewaterhouseCoopers LLP*

*PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806*



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### *Other information*

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
June 25, 2020

**TAMAKA GOLD CORPORATION**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS DECEMBER 31, 2019 AND DECEMBER 31, 2018  
(Expressed in thousands of Canadian dollars unless otherwise noted)

	December 31, 2019	December 31, 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 45	\$ 76
Accounts and other receivables	84	6
Prepaid expenditures	-	4
Due from related party (Note 5)	-	221
<b>Total current assets</b>	<b>129</b>	<b>307</b>
<b>Non-current</b>		
Mineral property (Note 4)	53,255	96,606
Property and equipment	151	188
<b>Total non-current assets</b>	<b>53,406</b>	<b>96,794</b>
<b>TOTAL ASSETS</b>	<b>\$ 53,535</b>	<b>\$ 97,101</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 294	\$ 48
Due to related party (Note 5)	9,885	10,111
Flow-through share premium liability (Note 11)	45	-
<b>TOTAL LIABILITIES</b>	<b>10,224</b>	<b>10,159</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	84,987	83,562
Contributed surplus (Note 10)	3,900	3,690
Accumulated deficit	(45,576)	(310)
<b>Total shareholders' equity</b>	<b>43,311</b>	<b>86,942</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 53,535</b>	<b>\$ 97,101</b>

Going concern (Note 1)  
Subsequent events (Notes 4 and 10)

The consolidated financial statements were approved by the Board of Directors:

Signed: "Keith Neumeyer", Director

Signed: "Raymond Polman", Director

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

**TAMAKA GOLD CORPORATION**  
CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in thousands of Canadian dollars unless otherwise noted)

	Year ended December 31, 2019	Year ended December 31, 2018
<b>EXPENDITURES</b>		
Administrative and office	\$ 12	\$ 37
Depreciation	44	49
Mineral property impairment (Note 4)	45,641	-
Loss from operational activities	45,697	86
<b>OTHER ITEMS</b>		
Interest and other expenses	-	1
Interest and other income	(1)	(4)
<b>Loss before income taxes</b>	<b>\$ 45,696</b>	<b>\$ 83</b>
Deferred income tax recovery (Notes 6 and 11)	(430)	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ 45,266</b>	<b>\$ 83</b>

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

**TAMAKA GOLD CORPORATION**

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of Canadian dollars unless otherwise noted)

	Year ended December 31, 2019	Year ended December 31, 2018
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (45,266)	\$ (83)
Adjustments for:		
Depreciation	44	49
Mineral property impairment (Note 4)	45,641	-
Deferred income tax recovery (Notes 6 and 11)	(430)	-
<b>Operating cash flows before movements in working capital</b>	<b>(11)</b>	<b>(34)</b>
Changes in non-cash working capital items:		
Decrease in prepaid expenditures	-	(5)
(Decrease) increase in accounts payables and accrued liabilities	(12)	12
<b>Total cash used in operating activities</b>	<b>(23)</b>	<b>(27)</b>
<b>Cash flows from investing activities</b>		
Property and equipment purchases	(8)	(29)
Mineral property expenditures (Note 4)	(1,200)	(1,863)
<b>Total cash used in investing activities</b>	<b>(1,208)</b>	<b>(1,892)</b>
<b>Cash flows from financing activities</b>		
Received from related party	1,200	1,800
Repaid to related party	-	(1)
<b>Total cash provided by financing activities</b>	<b>1,200</b>	<b>1,799</b>
<b>Change in cash and cash equivalents</b>	<b>(31)</b>	<b>(120)</b>
<b>Cash and cash equivalents, beginning</b>	<b>76</b>	<b>196</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 45</b>	<b>\$ 76</b>

Supplemental cash flow information (Note 7)

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

**TAMAKA GOLD CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of Canadian dollars unless otherwise noted)

	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Total
<b>Balance as at December 31, 2017</b>	<b>1 \$</b>	<b>83,562 \$</b>	<b>3,302 \$</b>	<b>(227) \$</b>	<b>86,637</b>
Loss for the year	-	-	-	(83)	(83)
Share-based compensation allocated from the Parent entity (Note 10)	-	-	388	-	388
<b>Balance as at December 31, 2018</b>	<b>1 \$</b>	<b>83,562 \$</b>	<b>3,690 \$</b>	<b>(310) \$</b>	<b>86,942</b>
<b>Balance as at December 31, 2018</b>	<b>1 \$</b>	<b>83,562 \$</b>	<b>3,690 \$</b>	<b>(310) \$</b>	<b>86,942</b>
Shares issued for the flow-through subscription agreement (Note 10)	1,899,471	1,900	-	-	1,900
Flow-through share premium liability (Note 11)	-	(475)	-	-	(475)
Loss for the year	-	-	-	(45,266)	(45,266)
Share-based compensation allocated from the Parent entity (Note 10)	-	-	210	-	210
<b>Balance as at December 31, 2019</b>	<b>1,899,472 \$</b>	<b>84,987 \$</b>	<b>3,900 \$</b>	<b>(45,576) \$</b>	<b>43,311</b>

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

## **TAMAKA GOLD CORPORATION**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of Canadian dollars unless otherwise noted)

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Tamaka Gold Corporation (the “Company” or “Tamaka”) was incorporated in Canada on August 23, 2005. Tamaka is a wholly-owned subsidiary of First Mining Gold Corp. (“First Mining”) and owns the Goldlund Gold Project (“Goldlund”) located in northwestern Ontario.

These financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern. The Company has incurred operating losses to date and does not generate cash from operations to support its activities. As at December 31, 2019, the Company had a working capital deficiency of \$10,095.

As the Company does not currently have any committed sources of financing, it is dependent on its ultimate parent company, First Mining, for the funding of its activities. There can be no assurance that such funding will be made available to the Company. These factors represent material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

These consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Any such adjustments may be material.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. As the Company does not have production activities, the ability to fund ongoing exploration is affected by the availability of financing. Due to market uncertainty the Company or First Mining may be restricted in its ability to raise additional funding. The impact of these factors on the Company over time is not determinable; however, they may have a material impact on the Company’s financial position, results of operations and cash flows in future periods. There may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.

These consolidated financial statements include the accounts of the Company and its 100% wholly-owned subsidiary, Goldlund Resources Inc.

The Company’s head office and principal address is located at Suite 2070 – 1188 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4A2.

#### **2. BASIS OF PRESENTATION**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, including IFRS 1 First Time Adoption of IFRS. The Company did not apply any optional elections on first time adoption. There was no opening balance sheet impact of adoption and, therefore, no opening balance sheet or reconciliation has been provided. The amounts presented in these financial statements are consistent with the carrying amounts that were included in First Mining’s consolidated financial statements.

These consolidated annual financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss which are stated at their fair value. The consolidated annual financial statements are presented in thousands of Canadian dollars, unless otherwise noted. The functional currency of the Company and its Canadian subsidiary is the Canadian dollar.

The accounts of the Company’s subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Inter-company transactions, balances and unrealized gains or losses on transactions are eliminated.

These consolidated annual financial statements were approved by the Board of Directors on June 24, 2020.

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

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### 3. ACCOUNTING POLICIES

These consolidated annual financial statements have been prepared using the following accounting policies:

#### a) Flow-through shares

The Company may, from time to time, issue flow-through common shares to finance a portion of its Canadian exploration programs. Pursuant to the terms of the flow-through share subscription agreements and the *Income Tax Act* (Canada) (the "ITA"), these equity instruments transfer the tax deductibility of qualifying resource expenditures to investors.

Upon the issuance of a flow-through share, the Company bifurcates the flow-through share into i) fair value of capital stock issued, and ii) the residual as a flow-through share premium, which is recognized as a liability.

Upon incurring qualifying expenses the Company derecognizes the flow-through share premium liability and recognizes a credit to deferred tax expense (recovery). Proceeds received from the issuance of flow-through shares are to be used for Canadian resource property exploration expenditures within a certain time period as prescribed by the Government of Canada's flow-through regulations, as contained in the ITA. The portion of the proceeds received but not yet expended at the end of the Company's relevant reporting period is disclosed separately in the notes to the financial statements as flow-through expenditure commitments (Note 11). The Company is also subject to Part XII.6 of the ITA, which imposes a tax on flow-through proceeds renounced under the "Look-back Rule", in accordance with the Government of Canada's flow-through regulations. When applicable, this tax is accrued until paid.

#### b) Financial Instruments

##### (i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, at the time of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

##### (ii) Measurement

###### Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

###### Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

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#### 3. ACCOUNTING POLICIES (Continued)

##### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net (loss) income in the period in which they arise. Where management elected to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

##### **(iii) Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### **(iv) Derecognition**

##### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

##### Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of net (loss) income.

#### **c) Cash and Cash Equivalents**

Cash and cash equivalents include cash and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The carrying amounts approximate fair value due to the short-term maturities of these instruments.

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

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#### 3. ACCOUNTING POLICIES (Continued)

##### d) Mineral Properties

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory costs, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred.

The Company may occasionally enter into option or royalty arrangements, whereby the Company will transfer part of its mineral properties, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

##### e) Impairment of Non-Financial Assets

Mineral properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. An impairment loss is charged to profit or loss.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). As a result, some assets may be tested individually for impairment and some are tested at a cash-generating unit level.

Impairment reviews for the Company's exploration and evaluation stage mineral properties are carried out on a property by property basis, with each property representing a single cash generating unit. An impairment review for an exploration and evaluation asset is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the area has expired or will expire in the near future with no expectation of renewal;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the area is neither planned nor budgeted;
- No commercially viable deposits have been discovered, and the decision had been made to discontinue exploration in the area; and
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

### **3. ACCOUNTING POLICIES (Continued)**

#### **f) Property and equipment**

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and, where applicable, the initial estimation of any asset retirement obligation. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation is recognized in profit or loss on a straight-line basis over the following estimated useful lives:

Buildings	10 years
Machinery and equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Computer equipment	3 years
Computer software	1 year

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **g) Income Taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### **h) Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **3. ACCOUNTING POLICIES (Continued)**

Consideration received from a private placement financing involving units consisting of common shares and warrants is allocated to the share capital and the warrant reserve accounts using the relative fair value method. As prescribed by this method, the consideration is allocated to the value of share capital and warrant reserve on a pro rata basis. The share capital is valued at the closing share price of the Company on the completion date of the private placement and the warrant reserve is valued using the Black-Scholes option pricing model.

#### **i) Accounting Policy Judgments and Estimation Uncertainty**

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The use of judgments, estimates and assumptions affects the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The following discusses the accounting policy judgment that may result in material changes in the carrying amount of assets or liabilities:

##### **(i) Accounting policy judgement**

###### **Impairment of Mineral Properties**

In accordance with the Company's accounting policy for its mineral properties, exploration and evaluation expenditures on mineral properties are capitalized. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. The Company applies judgment to determine whether indicators of impairment exist for these capitalized costs.

Management uses several criteria in making this assessment, including the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of mineral properties are budgeted, and evaluation of the results of exploration and evaluation activities up to the reporting date. Based on the proposed transaction involving the Company (Note 4) management identified an indicator of impairment as at December 31, 2019.

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial period:

##### **(ii) Estimation Uncertainty**

###### **Impairment Testing**

As at December 31, 2019, an impairment test was performed for Goldlund. A market approach was taken whereby a discounted cash flow model was used to determine the recoverable amount of Goldlund, based on the consideration outlined in the Agreement (defined in Note 4). Aspects of the model were prepared internally with assistance from third-party advisors. Both observable and unobservable inputs were used in the model. Note 4 outlines the significant inputs used when performing the mineral property impairment test. These inputs are based on management's best estimates of what an independent market participant would consider appropriate. Changes in these inputs may alter the results of impairment testing, the amount of the impairment charges or reversals recorded in the statement of comprehensive loss and the resulting carrying values of assets.

**TAMAKA GOLD CORPORATION**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

**4. MINERAL PROPERTY**

As at December 31, 2019 and December 31, 2018, the Company has capitalized the following acquisition, exploration and evaluation costs on its mineral property:

<b>Balance as at December 31, 2017</b>	<b>\$</b>	<b>93,807</b>
Concessions, taxes and royalties		2
Salaries and other compensation		928
Drilling, exploration, and technical consulting		1,045
Assaying, field supplies, and environmental		596
Travel and other expenditures		228
<b>Balance as at December 31, 2018</b>	<b>\$</b>	<b>96,606</b>

<b>Balance as at December 31, 2018</b>	<b>\$</b>	<b>96,606</b>
Concessions, taxes and royalties		3
Salaries and other compensation		726
Drilling, exploration, and technical consulting		1,085
Assaying, field supplies, and environmental		240
Travel and other expenditures		236
Mineral property impairment		(45,641)
<b>Balance as at December 31, 2019</b>	<b>\$</b>	<b>53,255</b>

The Company has various agreements and commitments with respect to Goldlund, which define annual or future payments in connection with royalty buy-backs or maintenance of property interests.

Royalties which affect the Goldlund Property are:

- 1%, 1.5% or 2% net smelter returns ("NSR") royalty payable to Alexander Glatz and Joseph Rives for 10 claims, where size of the NSR will be dependent on the mined resource grade;
- 1% NSR payable to Goldlund Mines Limited on any ore mined above 50 m below the existing shaft collar for 6 patented claims and 3 patented claims covered by the mining lease. The Company has a right of first refusal in the event the holder wishes to dispose of its interest in the NSR;
- 2.5% NSR payable to Rio Algom Limited for 19 patented claims and 1 license of occupation. The Company has the right to purchase the NSR in its entirety for \$2,500 and a right of first of refusal in the event that Rio Algom wishes to sell the NSR;
- 2% NSR payable to 1074127 Ontario Limited in accordance with industry practice on the sale of all minerals from the property for 15 mining claims. The Company has the right to purchase 100% of the NSR at any time for \$1,500 and a right of first refusal in the event that the holder wishes to sell the NSR.

On June 3, 2020, First Mining entered into a definitive share purchase agreement (the "Agreement") with Treasury Metals Inc. ("Treasury Metals") (TSX: TML), pursuant to which Treasury Metals may acquire all of the issued and outstanding shares of Tamaka. Under the terms of the Agreement, First Mining will receive total consideration comprised of (i) 130 million common shares of Treasury Metals ("TML Shares"); (ii) 35 million common share purchase warrants of Treasury Metals ("TML Warrants") with an exercise price of \$0.50 for a 3-year term; (iii) a 1.5% NSR royalty on Goldlund (0.5% of which can be bought back by Treasury Metals for \$5 million in cash); and (iv) milestone payments totalling \$5 million, payable in cash, on certain key advancements at Goldlund.

**TAMAKA GOLD CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of Canadian dollars unless otherwise noted)

**4. MINERAL PROPERTY (Continued)**

Details of the milestone payments are as follows:

- \$2.5 million payable upon receipt of a mining lease to extract material from an open pit mine at Goldlund; and
- \$2.5 million payable upon 300,000 tonnes of ore being extracted from a mine at Goldlund.

Entering into the Agreement was considered an indicator of impairment and evidence of conditions that existed at December 31, 2019. Therefore, during the year ended December 31, 2019, the Company completed an impairment test and recorded an impairment of the Goldlund project amounting to \$45,641 (2018 - \$nil), based on the recoverable amount (the fair value less costs to sell) indicated by the Agreement. In determining the recoverable amount, management estimated the fair value of the 130 million TML Shares based on quoted market prices, the fair value of the 35 million TML Warrants based on a Black-Scholes option valuation and the fair value of the 1.5% royalty and milestone payments totalling \$5 million based on a probability weighted discounted cash flow model. The recoverable amount estimate is sensitive to changes in the milestone payment probably assumptions and the discount rate applied to the associated cash flows of 6.50%. An impairment was determined in accordance with Level 3 of the fair value hierarchy.

As at December 31, 2019, the carrying value of Goldlund is \$53,255 (December 31, 2018 - \$96,606).

**5. RELATED PARTY TRANSACTIONS**

Included in due to related party as at December 31, 2019 is \$9,885 (2018 - \$10,111) due to First Mining, the ultimate parent of the Company. Included in due from related party as at December 31, 2019 is \$nil (2018 - \$221) due from a company with a common parent. Amounts due to and from related parties are non-interest bearing, unsecured, and due on demand.

**6. INCOME TAXES**

Taxation in the Company and its subsidiary's operational jurisdiction is calculated at the rate prevailing in the respective jurisdictions. The reconciliation of income taxes calculated at the applicable Canadian federal and provincial statutory rates to the actual income tax expense (recovery) is as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Net loss before income tax	\$ 45,696	\$ 83
Combined Canadian statutory income tax rate	27.00%	27.00%
Income tax recovery computed at statutory income tax rate	12,338	22
Tax effect of:		
Permanent differences	(57)	(1)
Initial recognition exemption reversal	(9,533)	-
Difference in tax rates in Canadian jurisdictions	(228)	-
Changes in estimate and others	(423)	-
Flow-through share premium liability	430	-
Changes in unrecognized deferred tax assets	(2,097)	(21)
<b>Income tax recovery</b>	<b>\$ 430</b>	<b>\$ -</b>

**TAMAKA GOLD CORPORATION****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of Canadian dollars unless otherwise noted)

**6. INCOME TAXES (Continued)**

Deferred tax assets and liabilities are offset if they relate to the same taxable entity and same taxation authority. No deferred tax asset has been recognized in respect to the losses and temporary differences below, as it is not considered probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019		December 31, 2018	
Non-capital loss carryforwards	\$	2,713	\$	2,707
Investment tax credits		119		119
Property and equipment		52		40
Mineral property		1,625		-
<b>Total</b>	<b>\$</b>	<b>4,509</b>	<b>\$</b>	<b>2,866</b>

As at December 31, 2019, the Company and its subsidiary had unrecognized Canadian non-capital loss carryforwards of approximately \$10,050 (2018 - \$10,030) which expire between the years 2027 and 2039, and unrecognized Canadian investment tax credits of approximately \$163 (2018 - \$163) which expire in 2028.

**7. SUPPLEMENTAL CASH FLOW INFORMATION**

During the year ended December 31, 2019, the significant non-cash investing and financing transactions were as follows:

- Balance due from PC Gold Inc., another subsidiary of First Mining, of \$221 as December 31, 2018 was assigned to First Mining during the 2019 year and recorded net against the Due to First Mining.

Additional cash flow disclosures are as follows:

- Paid or accrued \$nil for income taxes.

**8. FINANCIAL AND CAPITAL RISK MANAGEMENT**

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, price risk, foreign currency risk, interest rate risk, credit risk, liquidity risk, and capital risk. Where material, these risks are reviewed and monitored by the Board of Directors.

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

**a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes equity price risk, foreign currency risk and interest rate risk.

## **8. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

### ***Equity Price Risk***

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is not exposed to equity price risk.

### ***Foreign Currency Risk***

The Company's functional currency is the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at December 31, 2019 and 2018, the Company had no financial instruments denominated in currency other than Canadian dollars.

### ***Interest Rate Risk***

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings that are subject to fluctuations in market interest rate. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. The Company considers this risk to be immaterial.

### **b) Credit Risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The Company is primarily exposed to credit risk on its cash. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions. The carrying value of this financial assets represents the maximum exposure to credit risk.

### **c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company endeavours to ensure that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash (Note 1). All of the Company's liabilities are due in the next year.

The Company manages its liquidity risk by preparing annual estimates of exploration and administrative expenditures and monitoring actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The following table summarizes the maturities of the Company's financial liabilities as at December 31, 2019 based on the undiscounted contractual cash flows:

	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Less than 1 year</b>	<b>1 – 3 years</b>	<b>4 – 5 years</b>	<b>After 5 years</b>
Accounts payable and accrued liabilities	\$ 294	\$ 294	\$ 294	\$ -	\$ -	\$ -
Due to related party	9,885	9,885	9,885	-	-	-

As at December 31, 2019, the Company held cash and cash equivalents of \$45 (December 31, 2018 - \$76).

## **8. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

### **d) Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and retention of its mineral properties. The Company has historically demonstrated the ability to raise new capital through equity issuances and/or through surplus cash as part of its acquisitions. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations.

The Company does not expect its capital resources as of December 31, 2019 to be sufficient to cover its administrative expenditures and carry out exploration activities for the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

## **9. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair values.

Level 1 – quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).

Level 3 – inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

The carrying values of cash, due from related party, accounts payable and accrued liabilities and due to related party approximate fair value due to their short terms to maturity.

## **10. SHARE CAPITAL**

### **a) Authorized**

Unlimited number of common shares with no par value.

### **b) Issued and Fully Paid**

Common shares: 1,899,472 (December 31, 2018 – 1).

On May 29, 2019, the Company entered into a flow-through share subscription agreement with First Mining, raising aggregate gross proceeds of \$1,000 (the "May Offering"). Pursuant to the May Offering, the Company issued 1,000,000 common shares of the Company (the "Flow-Through Shares") that qualify as flow-through shares for purposes of the ITA, at a price of \$1.00 per Flow-Through Share. An amount of \$750 was recorded in share capital, and the remaining \$250, representing the implied premium, was recorded as a flow-through share premium liability (Note 11).

**10. SHARE CAPITAL (Continued)**

On October 2, 2019, the Company entered into a flow-through share subscription agreement with First Mining, raising aggregate gross proceeds of \$900 (the "October Offering"). Pursuant to the October Offering, the Company issued 899,471 Flow-Through Shares at a price of \$1.00 per Flow-Through Share. An amount of \$675 was recorded in share capital, and the remaining \$225, representing the implied premium, was recorded as a flow-through share premium liability (Note 11).

Subsequent to year-end, on January 20, 2020, the Company entered into a flow-through share subscription agreement with First Mining, raising aggregate gross proceeds of \$1,000 (the "January Offering"). Pursuant to the January Offering, the Company issued 1,000,000 Flow-Through Shares at a price of \$1.00 per Flow-Through Share.

**c) Share-based Compensation**

Share-based compensation amounting to \$210 (year ended December 31, 2018 - \$388) was allocated from the Parent entity and capitalized to the mineral property.

**11. FLOW-THROUGH SHARE PREMIUM LIABILITY**

The following is a continuity schedule of the liability portion of the Company's flow-through share issuances:

	May 29, 2019	October 2, 2019	Total
<b>Balance, December 31, 2018</b>	\$ -	\$ -	\$ -
Liability incurred on flow-through shares issued May 29, 2019	250	-	250
Settlement of flow-through share premium liability upon incurring eligible expenditures	(250)	(180)	(430)
Liability incurred on flow-through shares issued October 2, 2019	-	225	225
<b>Balance, December 31, 2019</b>	<b>\$ -</b>	<b>\$ 45</b>	<b>\$ 45</b>

As at December 31, 2019, the Company had \$179 (December 31, 2018 - \$nil) of flow-through expenditure commitments to fulfill the flow-through requirements. The Company reversed the associated flow-through share premium liability and recognized a deferred income tax recovery of \$430 in the Company's consolidated financial statements for the year ended December 31, 2019.

# **Tamaka Gold Corporation**

**Condensed Interim Consolidated Financial Statements**  
**For the three months ended March 31, 2020 and 2019**  
**(Expressed in thousands of Canadian dollars unless otherwise noted)**  
**(Unaudited)**

**TAMAKA GOLD CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020 AND DECEMBER 31, 2019**  
(Expressed in thousands of Canadian dollars unless otherwise noted)  
(Unaudited)

	March 31, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 167	\$ 45
Accounts and other receivables	86	84
<b>Total current assets</b>	<b>253</b>	<b>129</b>
<b>Non-current</b>		
Mineral property (Note 3)	53,348	53,255
Property and equipment	164	151
<b>Total non-current assets</b>	<b>53,512</b>	<b>53,406</b>
<b>TOTAL ASSETS</b>	<b>\$ 53,765</b>	<b>\$ 53,535</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 397	\$ 294
Due to related party (Note 4)	9,843	9,885
Flow-through share premium liability (Note 9)	26	45
<b>TOTAL LIABILITIES</b>	<b>10,266</b>	<b>10,224</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	85,839	84,987
Contributed surplus (Note 8)	3,998	3,900
Accumulated deficit	(46,338)	(45,576)
<b>Total shareholders' equity</b>	<b>43,499</b>	<b>43,311</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 53,765</b>	<b>\$ 53,535</b>

Going concern (Note 1)  
Subsequent event (Note 3)

The consolidated financial statements were approved by the Board of Directors:

Signed: "Keith Neumeyer", Director

Signed: "Raymond Polman", Director

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

**TAMAKA GOLD CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(Expressed in thousands of Canadian dollars unless otherwise noted)  
(Unaudited)

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<b>EXPENDITURES</b>		
Administrative and office	\$ 2	\$ 5
Depreciation	13	11
Mineral property impairment (Note 3)	914	-
<b>Loss before income taxes</b>	<b>\$ 929</b>	<b>\$ 16</b>
Deferred income tax recovery	(167)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ 762</b>	<b>\$ 16</b>

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

**TAMAKA GOLD CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(Expressed in thousands of Canadian dollars unless otherwise noted)  
(Unaudited)

	Three months ended March 31,	
	2020	2019
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (762)	\$ (16)
Adjustments for:		
Depreciation	13	11
Mineral property impairment (Note 3)	914	-
Deferred income tax recovery	(167)	-
<b>Operating cash flows before movements in working capital</b>	<b>(2)</b>	<b>(5)</b>
Changes in non-cash working capital items:		
Decrease in prepaid expenditures	-	4
Increase (decrease) in accounts payables and accrued liabilities	1	(11)
<b>Total cash used in operating activities</b>	<b>(1)</b>	<b>(12)</b>
<b>Cash flows from investing activities</b>		
Property and equipment purchases	(25)	-
Mineral property expenditures (Note 3)	(617)	(39)
<b>Total cash used in investing activities</b>	<b>(642)</b>	<b>(39)</b>
<b>Cash flows from financing activity</b>		
Received from related party	765	20
<b>Total cash provided by financing activity</b>	<b>765</b>	<b>20</b>
<b>Change in cash and cash equivalents</b>	<b>122</b>	<b>(31)</b>
<b>Cash and cash equivalents, beginning</b>	<b>45</b>	<b>76</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 167</b>	<b>\$ 45</b>

Supplemental cash flow information (Note 5)

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

**TAMAKA GOLD CORPORATION**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**  
(Expressed in thousands of Canadian dollars unless otherwise noted)  
(Unaudited)

	Number of common shares	Share capital	Contributed surplus	Accumulated deficit	Total
<b>Balance as at December 31, 2018</b>	<b>1 \$</b>	<b>83,562 \$</b>	<b>3,690 \$</b>	<b>(310) \$</b>	<b>86,942</b>
Loss for the period	-	-	-	(16)	(16)
Share-based compensation allocated from the Parent entity (Note 8)	-	-	58	-	58
<b>Balance as at March 31, 2019</b>	<b>1 \$</b>	<b>83,562 \$</b>	<b>3,748 \$</b>	<b>(326) \$</b>	<b>86,984</b>
<b>Balance as at December 31, 2019</b>	<b>1,899,472 \$</b>	<b>84,987 \$</b>	<b>3,900 \$</b>	<b>(45,576) \$</b>	<b>43,311</b>
Shares issued for the flow-through subscription agreement (Note 8)	1,000,000	1,000	-	-	1,000
Flow-through share premium liability (Notes 8 and 9)	-	(148)	-	-	(148)
Loss for the period	-	-	-	(762)	(762)
Share-based compensation allocated from the Parent entity (Note 8)	-	-	98	-	98
<b>Balance as at March 31, 2020</b>	<b>2,899,472 \$</b>	<b>85,839 \$</b>	<b>3,998 \$</b>	<b>(46,338) \$</b>	<b>43,499</b>

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

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

(Unaudited)

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#### 1. NATURE OF OPERATIONS AND GOING CONCERN

Tamaka Gold Corporation (the "Company" or "Tamaka") was incorporated in Canada on August 23, 2005. Tamaka is a wholly-owned subsidiary of First Mining Gold Corp. ("First Mining") and owns the Goldlund Gold Project ("Goldlund") located in northwestern Ontario.

These financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern. The Company has incurred operating losses to date and does not generate cash from operations to support its activities. As at March 31, 2020, the Company had a working capital deficiency of \$10,013.

As the Company does not currently have any committed sources of financing, it is dependent on its ultimate parent company, First Mining, for the funding of its activities. There can be no assurance that such funding will be made available to the Company. These factors represent material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

These condensed interim consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Any such adjustments may be material.

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. As the Company does not have production activities, the ability to fund ongoing exploration is affected by the availability of financing. Due to market uncertainty the Company or First Mining may be restricted in its ability to raise additional funding. The impact of these factors on the Company over time is not determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. There may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.

These condensed consolidated financial statements include the accounts of the Company and its 100% wholly-owned subsidiary, Goldlund Resources Inc.

The Company's head office and principal address is located at Suite 2070 – 1188 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4A2.

#### 2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* using policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2019, as some disclosures from the annual consolidated financial statements have been condensed or omitted. There are no IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss or fair value through other comprehensive income (loss), which are stated at their fair value. The condensed interim consolidated financial statements are presented in thousands of Canadian dollars, unless otherwise noted.

**TAMAKA GOLD CORPORATION****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of Canadian dollars unless otherwise noted)

(Unaudited)

**2. BASIS OF PRESENTATION (Continued)**

The functional currency of the Company and its Canadian subsidiary is the Canadian dollar. The use of judgments, estimates and assumptions affects the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the audited annual consolidated financial statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on June 24, 2020.

**3. MINERAL PROPERTY**

As at March 31, 2020 and December 31, 2019, the Company has capitalized the following acquisition, exploration and evaluation costs on its mineral property:

<b>Balance as at December 31, 2018</b>	<b>\$</b>	<b>96,606</b>
Concessions, taxes and royalties		3
Salaries and other compensation		726
Drilling, exploration, and technical consulting		1,085
Assaying, field supplies, and environmental		240
Travel and other expenditures		236
Mineral property impairment		(45,641)
<b>Balance as at December 31, 2019</b>	<b>\$</b>	<b>53,255</b>
<b>Balance as at December 31, 2019</b>	<b>\$</b>	<b>53,255</b>
Concessions, taxes and royalties		2
Salaries and other compensation		221
Drilling, exploration, and technical consulting		525
Assaying, field supplies, and environmental		176
Travel and other expenditures		83
Mineral property impairment		(914)
<b>Balance as at March 31, 2020</b>	<b>\$</b>	<b>53,348</b>

The Company has various agreements and commitments with respect to Goldlund, which define annual or future payments in connection with royalty buy-backs or maintenance of property interests.

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

(Unaudited)

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#### 3. MINERAL PROPERTY (Continued)

Royalties which affect the Goldlund Property are:

- 1%, 1.5% or 2% net smelter returns (“NSR”) royalty payable to Alexander Glatz and Joseph Rives for 10 claims, where size of the NSR will be dependent on the mined resource grade;
- 1% NSR payable to Goldlund Mines Limited on any ore mined above 50 m below the existing shaft collar for 6 patented claims and 3 patented claims covered by the mining lease. The Company has a right of first refusal in the event the holder wishes to dispose of its interest in the NSR;
- 2.5% NSR payable to Rio Algom Limited for 19 patented claims and 1 license of occupation. The Company has the right to purchase the NSR in its entirety for \$2,500 and a right of first of refusal in the event that Rio Algom wishes to sell the NSR;
- 2% NSR payable to 1074127 Ontario Limited in accordance with industry practice on the sale of all minerals from the property for 15 mining claims. The Company has the right to purchase 100% of the NSR at any time for \$1,500 and a right of first refusal in the event that the holder wishes to sell the NSR.

On June 3, 2020, First Mining entered into a definitive share purchase agreement (the “Agreement”) with Treasury Metals Inc. (“Treasury Metals”) (TSX: TML), pursuant to which Treasury Metals may acquire all of the issued and outstanding shares of Tamaka. Under the terms of the Agreement, First Mining will receive total consideration comprised of (i) 130 million common shares of Treasury Metals (“TML Shares”); (ii) 35 million common share purchase warrants of Treasury Metals (“TML Warrants”) with an exercise price of \$0.50 for a 3-year term; (iii) a 1.5% NSR royalty on Goldlund (0.5% of which can be bought back by Treasury Metals for \$5 million in cash); and (iv) milestone payments totalling \$5 million, payable in cash, on certain key advancements at Goldlund.

Details of the milestone payments are as follows:

- \$2.5 million payable upon receipt of a mining lease to extract material from an open pit mine at Goldlund; and
- \$2.5 million payable upon 300,000 tonnes of ore being extracted from a mine at Goldlund.

Entering into the Agreement was considered an indicator of impairment and evidence of conditions that existed at March 31, 2020 and December 31, 2019. During the three months ended March 31, 2020 and year ended December 31, 2019, the Company completed an impairment test and recorded an impairment of the Goldlund project amounting to \$914 and \$45,641, respectively, based on the recoverable amount (the fair value less costs to sell) indicated by the Agreement. In determining the recoverable amount, management estimated the fair value of the 130 million TML Shares based on quoted market prices, the fair value of the 35 million TML Warrants based on a Black-Scholes option valuation and the fair value of the 1.5% royalty and milestone payments totalling \$5 million based on a probability weighted discounted cash flow model. The recoverable amount estimate is sensitive to changes in the milestone payment probably assumptions and the discount rate applied to the associated cash flows of 6.50%. An impairment was determined in accordance with Level 3 of the fair value hierarchy.

As at March 31, 2020, the carrying value of Goldlund is \$53,348 (December 31, 2019 - \$53,255). The change in the carrying value is the result of the time value of money’s impact on the cash flows in the impairment models at the respective dates.

#### 4. RELATED PARTY TRANSACTIONS

Included in due to related party as at March 31, 2020 is \$9,843 (December 31, 2019 - \$9,885) due to First Mining, the ultimate parent of the Company. The amount owing is non-interest bearing, unsecured, and due on demand.

## TAMAKA GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of Canadian dollars unless otherwise noted)

(Unaudited)

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#### 5. SUPPLEMENTAL CASH FLOW INFORMATION

During the three months ended March 31, 2020, the significant non-cash investing and financing transactions were as follows:

- First Mining issued 24,220 common shares to a third party for prior Goldlund mineral property acquisition costs. \$4 was capitalized to mineral property in these financial statements.

Additional cash flow disclosures are as follows:

- Paid or accrued \$nil for income taxes.

#### 6. FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

a) Credit risk:

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial assets. The Company is primarily exposed to credit risk on its cash. Credit risk exposure is limited through maintaining its cash with high-credit quality financial institutions. The carrying value of this financial asset represents the maximum exposure to credit risk.

b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company endeavours to ensure that there is sufficient capital in order to meet short term business requirements after taking into account the Company's holdings of cash (Note 1). All of the Company's liabilities are due in the next year.

c) Foreign currency risk:

The Company's functional currency is the Canadian dollar. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. As at March 31, 2020 and December 31, 2019, the Company had no financial instruments denominated in currency other than Canadian dollars.

#### 7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels in which to classify the inputs of valuation techniques used to measure fair values.

Level 1 – quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices).

Level 3 – inputs are unobservable (supported by little or no market activity) such as non-corroborative indicative prices for a particular instrument provided by a third party.

**TAMAKA GOLD CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in thousands of Canadian dollars unless otherwise noted)  
(Unaudited)

**7. FAIR VALUE MEASUREMENTS (Continued)**

The carrying values of cash, accounts payable and accrued liabilities and due to related party approximate fair value due to their short terms to maturity.

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited number of common shares with no par value.

**b) Issued and Fully Paid**

Common shares: 2,899,472 (December 31, 2019 – 1,899,472).

On January 20, 2020, the Company entered into a flow-through share subscription agreement with First Mining, raising aggregate gross proceeds of \$1,000 (the "January Offering"). Pursuant to the January Offering, the Company issued 1,000,000 common shares of the Company (the "Flow-Through Shares") that qualify as flow-through shares for purposes of the *Income Tax Act* (Canada), at a price of \$1.00 per Flow-Through Share.

An amount of \$852 was recorded in share capital, and the remaining \$148, representing the implied premium, was recorded as a flow-through share premium liability (Note 9).

**c) Share-based Compensation**

Share-based compensation amounting to \$98 (three months ended March 31, 2019 - \$58) was allocated from the Parent entity and capitalized to the mineral property.

**9. FLOW-THROUGH SHARE PREMIUM LIABILITY**

The following is a continuity schedule of the liability portion of the Company's flow-through share issuances:

	January 20, 2020	May 29, 2019	October 2, 2019	Total
<b>Balance, December 31, 2018</b>	\$ -	\$ -	\$ -	\$ -
Liability incurred for flow-through shares issued May 29, 2019	-	250	-	250
Settlement of flow-through share premium liability upon incurring eligible expenditures		(250)	(180)	(430)
Liability incurred for flow-through shares issued October 2, 2019	-	-	225	225
<b>Balance, December 31, 2019</b>	\$ -	\$ -	\$ 45	\$ 45
Liability incurred for flow-through shares issued January 20, 2020	148	-	-	148
Settlement of flow-through share premium liability upon incurring eligible expenditures	(122)	-	(45)	(167)
<b>Balance, March 31, 2020</b>	\$ 26	\$ -	\$ -	\$ 26

**TAMAKA GOLD CORPORATION**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of Canadian dollars unless otherwise noted)

(Unaudited)

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**9. FLOW-THROUGH SHARE PREMIUM LIABILITY (Continued)**

As at March 31, 2020, the Company had \$174 (December 31, 2019 - \$179) of unspent flow-through expenditure commitments.



**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND FOR  
THE YEAR ENDED DECEMBER 31, 2019**

**(EXPRESSED IN THOUSANDS OF CANADIAN  
DOLLARS)**

**TREASURY METALS INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2020**  
**(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)**

	Treasury Metals Inc.	Tamaka Gold Corporation	Pro Forma Adjustments	Notes	Pro Forma Consolidated Treasury Metals Inc.
<b>Expenses</b>					
Administrative, office and shareholder services	\$ 317	\$ 2	\$ -		\$ 319
Mineral Property impairment	-	914	-		914
Professional fees	43	-	-		43
Salary and benefits	139	-	-		139
Stock-based compensation	119	-	-		119
Accretion and amortization of long- term debt transaction costs	43	-	-		43
Interest and financing costs	176	-	-		176
Foreign exchange loss (gain)	410	-	-		410
Fair value loss (gain) in non-cash derivative liability	(1,044)	-	-		(1,044)
Depreciation	-	13	-		13
<b>Loss before income taxes</b>	(203)	(929)	-		(1,132)
Deferred income tax (expense) recovery	259	167	-		426
<b>Net income (loss) for the period</b>	\$ 56	\$ (762)	\$ -		\$ (706)
<b>Other comprehensive loss</b>					
Unrealized loss on equity investments, net of taxes	(5)	-	-		(5)
Realized loss on sale of FVTOCI investments	(1)	-	-		(1)
<b>Other comprehensive loss</b>	(6)	-	-		(6)
<b>Total comprehensive loss for the period</b>	\$ 50	\$ (762)	\$ 0		\$ (712)

*The accompanying notes are an integral part of these pro forma consolidated financial statements.*

**TREASURY METALS INC.**  
**PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)**

	Treasury Metals Inc.	Tamaka Gold Corporation	Pro Forma Adjustments	Notes	Pro Forma Consolidated Treasury Metals Inc.
Interest income	\$ 1	\$ 1	\$ -		\$ 2
	<u>1</u>	<u>1</u>	<u>-</u>		<u>2</u>
<b>Expenses</b>					
Administrative, office and shareholder services	\$ 1,182	\$ 12	\$ -		\$ 1,194
Mineral Property impairment	-	45,641	-		45,641
Professional fees	170	-	-		170
Arbitration costs award	107	-	-		107
Salary and benefits	603	-	-		603
Stock-based compensation	334	-	-		334
Accretion and amortization of long- term debt transaction costs	463	-	-		463
Interest and financing costs	539	-	-		539
Foreign exchange loss (gain)	(220)	-	-		(220)
Loss (gain) on debt extinguishment	1,344	-	-		1,344
Fair value loss (gain) in non-cash derivative liability	(975)	-	-		(975)
Depreciation	-	44	-		44
	<u>3,547</u>	<u>45,697</u>	<u>-</u>		<u>49,244</u>
<b>Loss before income taxes</b>	(3,546)	(45,696)	-		(49,242)
Deferred income tax (expense) recovery	(1,297)	430	-		(867)
<b>Net loss for the period</b>	\$ (4,843)	\$ (45,266)	\$ -		\$ (50,109)
<b>Other comprehensive loss</b>					
Unrealized loss on equity investments, net of taxes	(10)	-	-		(10)
Realized loss on sale of FVTOCI investments	(20)	-	-		(20)
<b>Other comprehensive loss</b>	<u>(30)</u>	<u>-</u>	<u>-</u>		<u>(30)</u>
<b>Total comprehensive loss for the period</b>	\$ <u>(4,873)</u>	\$ <u>(45,266)</u>	\$ <u>0</u>		\$ <u>(50,139)</u>

*The accompanying notes are an integral part of these pro forma consolidated financial statements.*

**TREASURY METALS INC.**  
**PRO FORMA CONSOLIDATED BALANCE SHEET**  
**AS AT MARCH 31, 2020**  
**(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)**

	Treasury Metals Inc.	Tamaka Gold Corporation	Pro Forma Adjustments	Notes	Pro Forma Consolidated Treasury Metals Inc.
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 864	\$ 167	\$ 10,745	Note 4 a)	\$ 11,776
Accounts receivable and prepaid expenses	292	86	-		378
	<b>1,156</b>	<b>253</b>	<b>10,745</b>		<b>12,154</b>
Investments	42	-	-		42
Property and equipment	2,414	164	-		2,578
Mineral properties and related deferred costs	81,349	53,348	19,354	Note 4 d), f)	154,051
	<b>\$ 84,961</b>	<b>\$ 53,765</b>	<b>\$ 30,099</b>		<b>\$ 168,825</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued liabilities	\$ 1,731	\$ 397	\$ 1,400	Note 4 f)	\$ 3,528
Due to related party	-	9,843	(9,843)	Note 4 e)	-
Short-term debt and current portion of long-term debt	768	-	-		768
Non-cash derivative liability	896	-	-		896
Unrenounced flow-through share premium	-	26	-		26
	<b>3,395</b>	<b>10,266</b>	<b>(8,443)</b>		<b>5,218</b>
Long-term debt	5,307	-	9,300	Note 4 h), i)	14,607
Deferred tax liability	3,166	-	-		3,166
	<b>11,868</b>	<b>10,266</b>	<b>857</b>		<b>22,991</b>
<b>Shareholders' Equity</b>					
Capital stock	97,641	85,839	(19,617)	Note 4 a), b), e), g)	163,863
Contributed surplus	11,261	3,998	2,521	Note 4 c), e), g)	17,780
Deficit	(35,530)	(46,338)	46,338	Note 4 e)	(35,530)
Accumulated other comprehensive loss	(279)	-	-		(279)
	<b>73,093</b>	<b>43,499</b>	<b>29,242</b>		<b>145,834</b>
	<b>\$ 84,961</b>	<b>\$ 53,765</b>	<b>\$ 30,099</b>		<b>\$ 168,825</b>

*The accompanying notes are an integral part of these pro forma consolidated financial statements.*

**TREASURY METALS INC.**

**PRO FORMA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**Three Months Ended March 31, 2020 and Year Ended December 31, 2019**

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**1. THE TRANSACTION**

The unaudited pro forma consolidated financial statements (the “Pro Forma Statements”) have been prepared in connection with the proposed acquisition (the “Transaction”) whereby Treasury Metals Inc. (“Treasury” or the “Company”) will acquire all of the issued and outstanding shares of Tamaka Gold Corporation (“Tamaka”) from First Mining Gold Corp. (“First Mining”). The details of the Transaction are set below.

On June 3, 2020, the Company entered into a definitive share purchase agreement (the “Agreement”) with First Mining pursuant to which Treasury will acquire all of the issued and outstanding shares of Tamaka a wholly-owned subsidiary of First Mining that owns a 100% interest in the Goldlund Gold Project (“Goldlund”), located adjacent to Treasury’s Goliath Gold Project.

Under the terms of the Agreement, the Company will acquire all of the issued and outstanding shares of Tamaka from First Mining for consideration consisting of: (i) 130 million common shares of the Company (ii) 35 million Common Share purchase warrants of the Company (the “Warrants”), with each Warrant entitling the holder thereof to purchase one Common Share at an exercise price of \$0.50 for a period of 36 months following the closing of the Transaction; (iii) a 1.5% net smelter returns royalty covering all of the Goldlund claims (the “Goldlund Royalty”), with the option for the Company to buy-back 0.5% of the Goldlund Royalty for \$5.0 million; and (iv) a milestone cash payment of \$5.0 million, with 50% payable upon receipt of a final and binding mining lease under the Mining Act (Ontario) to extract ore from an open pit mine at Goldlund, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at Goldlund.

Upon closing of the Transaction, it is anticipated that the Company will consolidate its Common Shares on a 3 for 1 basis, subject to the receipt of all necessary approvals.

Full details of the Transaction are included in the management information circular to which these pro forma statements are an attachment. Closing of the Transaction remains subject to shareholder and other customary regulatory approvals, and is expected to occur in mid-August.

In connection with the above described transaction, on June 15, 2020, the Company announced that it entered into an agreement with a syndicate of underwriters led by Haywood Securities Inc. (the “Underwriters”) in connection with a “bought deal” private placement financing of an aggregate of 27,800,000 Subscription Receipts for gross proceeds of \$10,008,000.

On June 16, 2020, the Company announced that the Underwriters had agreed to increase the size of the previously announced Offering to an aggregate of 32,000,000 Subscription Receipts for aggregate gross proceeds of \$11,520,000.

The Subscription Receipts will be issued pursuant to a Subscription Receipt Agreement to be entered into by the Company, the Underwriters, and a licensed Canadian trust company as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less 50% of the Underwriters’ cash commission and all of the Underwriters’ expenses) will be held in escrow pending satisfaction of all closing conditions.

**2. BASIS OF PRESENTATION**

The unaudited Pro Forma Statements have been prepared in connection with the Transaction for illustrative purposes only and give effect to the Transaction pursuant to the assumptions described in Note 4.

**TREASURY METALS INC.**

**PRO FORMA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)**

**Three Months Ended March 31, 2020 and Year Ended December 31, 2019**

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**2. BASIS OF PRESENTATION (Continued)**

The unaudited Pro Forma Consolidated Balance Sheet as at March 31, 2020, reflects the Transaction as described in Note 1 as if it was completed on March 31, 2020. The unaudited Pro Forma Statements of Loss and Other Comprehensive Loss for the three months ended March 31, 2020 and for the year ended December 31, 2019 have been prepared as if the Transaction described in Note 1 had occurred on January 1, 2019. The preparation of these unaudited Pro Forma Statements is based on the historical audited consolidated financial statements of Treasury and Tamaka for the year ended December 31, 2019, and the historical unaudited condensed consolidated financial statements of Treasury and Tamaka for the period ended March 31, 2020. Certain elements of the Tamaka historical financial statements have been reclassified in preparation of the unaudited Pro Forma Statements to conform to the financial statement presentation currently adopted by Treasury.

The unaudited Pro Forma Consolidated Balance Sheet of the Company as at March 31, 2020 and unaudited Pro Forma Consolidated Statement of Loss and Other Comprehensive Loss for the year ended December 31, 2019 and for the three-month period ended March 31, 2020 have been prepared from the annual financial statements of Tamaka and Treasury which are in accordance with International Financial Reporting Standards ("IFRS") and interim financial statements of Tamaka and Treasury prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). As it is detailed in the Pro Forma Consolidated Statement of Loss and Other Comprehensive Loss, there is no effect on the results of Treasury or Tamaka as a consequence of the Transaction.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited Pro Forma Statements have been prepared using the significant accounting policies as set out in the audited consolidated financial statements of Treasury as at and for the year ended December 31, 2019.

In preparing the unaudited Pro Forma Statements, a review was undertaken to identify accounting policy differences with Tamaka where the impact was potentially material and could be reasonably estimated. Further accounting policy differences may be identified after consummation and integration of the proposed Transaction. The significant accounting policies of Treasury are believed to conform in all material respects to those of Tamaka.

**4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited Pro Forma Statements reflect the following assumptions and adjustments to give effect to the asset acquisition and the subsequent related financing, as if both had occurred on March 31, 2020 for the unaudited Consolidated Balance Sheet and January 1, 2019 for the unaudited Consolidated Statements of Loss and Other Comprehensive Loss.

- a) Adjustment to reflect the issuance of 32,000,000 units for aggregate gross proceeds of \$11,520,000; the net proceeds of \$10,745,000 reflects the \$775,000 deduction for the estimated closing costs in connection with a private placement financing estimated to be closed on July 7, 2020. As a part of the Transaction, Treasury was required on a best effort basis to complete a \$10 million financing.
- b) Adjustment to reflect the issuance of 130,000,000 Treasury shares to First Mining at \$0.435 each which is the recent closing price before the issuance of this information circular.
- c) Adjustment to reflect the \$5,446,000 fair value of the 35,000,000 warrants issued to First Mining as partial consideration for the Transaction (Note 7 b)).
- d) Adjustment that reflects the \$17,954,000 difference between the total consideration paid over the net identifiable assets acquired.

TREASURY METALS INC.

PRO FORMA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and Year Ended December 31, 2019

4. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS (Continued)

- e) Elimination of the Tamaka shareholders' equity accounts for a total of \$43,499,000 and \$9,843,000 Tamaka related party debt payable to First Mining not to be assumed by Treasury.
- f) Estimated closing costs of the Transaction whereby the Company acquires the issued and outstanding shares of Tamaka, consisting of \$1,400,000 commission payable to brokers.
- g) Adjustment to reflect the \$1,073,194 fair value of the 16,000,000 warrants issued in the private placement financing estimated to be closed on July 7, 2020 (Note 7 a)).
- h) Adjustment to recognize the estimated present value of the 1.5% net smelter Goldlund Royalty payable to First Mining described in Note 6.
- i) Adjustment to recognize the estimated present value of the milestone cash payment to First Mining described in Note 6.

5. PURCHASE PRICE

A summary of the preliminary purchase price for the acquired assets and liabilities assumed is as follows:

Estimated fair value of the 130,000,000 common shares issued to First Mining	\$	56,550
Estimated fair value of the 35,000,000 warrants issued to First mining		5,446
Estimated present value of the payable 1.5% royalty on Goldlund		5,500
Estimated present value of milestone payments		3,800
<b>Purchase price</b>	<b>\$</b>	<b>71,296</b>

The purchase price has been allocated to the following identifiable assets and liabilities based on their estimated fair value at March 31, 2020:

Cash and cash equivalents	\$	167
Accounts receivable and prepaid expenses		86
Property and equipment		164
Mineral properties and related deferred costs		71,302
Accounts payable and other accrued liabilities		(397)
Unrenounced flow-through share premium		(26)
<b>Purchase price allocation</b>	<b>\$</b>	<b>71,296</b>

For the purpose of these Pro Forma Statements, there is a \$17,954,000 difference between the total consideration paid over the net identifiable assets to be acquired which has been included within the estimated fair value of mineral properties. The estimate of the fair value of mineral properties and related deferred costs is preliminary, however, and subject to change. The final purchase price and the fair value of the net assets to be acquired will ultimately be determined after the closing of the Transaction. Therefore, it is likely that the purchase price, including share consideration, and the fair values of assets acquired and liabilities assumed will vary from the values shown above. The actual fair value of the assets and liabilities may differ from the amounts disclosed above in the assumed pro forma purchase price allocation due to changes in fair values, as further analysis is completed. In addition, there is \$1,400,000 of compensation payable to the Company advisors as estimated closing costs of the Transaction which is not included in the purchase price calculation but is added to the mineral properties and related deferred costs account.

TREASURY METALS INC.

PRO FORMA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and Year Ended December 31, 2019

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6. LONG-TERM DEBT

As per the terms of the Agreement described in the Note 1, there are two contingent liabilities consisting of:

- a) A payable 1.5% net smelter Goldlund Royalty, with the option for the Company to buy-back 0.5% of it for \$5.0 million. The Company estimates the present value of that liability is \$5.5 million.
- b) A milestone cash payment of \$5.0 million, with 50% payable upon receipt of a final and binding mining lease under the Mining Act (Ontario) to extract ore from an open pit mine at Goldlund, and the remaining 50% payable upon the extraction of 300,000 tonnes of ore from a mine at Goldlund. The Company estimates the present value of that liability is \$3.8 million.

7. PRO FORMA SHARE CAPITAL AND WARRANTS

The balances at March 31, 2020 are as follows:

Share Capital	Number of Shares	Amount
Issued and outstanding, March 31, 2020	169,728,932	\$ 97,641
Shares issued in private placement, net of fair value of warrants and costs of issuance	32,000,000	9,672
Shares issued to First Mining as a partial consideration	130,000,000	56,550
<b>Pro forma balance of share capital issued and outstanding</b>	<b>331,728,932</b>	<b>\$ 163,863</b>

Warrants	Number of Warrants
Issued and outstanding, March 31, 2020	31,528,639
Warrants issued in private placement a)	16,000,000
Warrants issued to First Mining as partial consideration b)	35,000,000
<b>Pro forma balance of warrants issued and outstanding</b>	<b>82,528,639</b>

a) In connection with the private placement described in Note 1, the Company issued 16,000,000 warrants exercisable within 24 months at a price of \$0.60 per share and were assigned a fair value of \$1,073,194 using the Black-Scholes option pricing model with the following assumptions: share price \$0.36, dividend yield 0%, expected volatility, based on historical volatility 65.1%, a risk free interest rate of 0.30% and an expected life of 2 years.

b) As described in Note 1, the Company issued 35,000,000 warrants to First Mining as partial consideration for the Transaction. The warrants are exercisable within 36 months at a price of \$0.50 per share and were assigned a fair value of \$5,446,000 using the Black-Scholes option pricing model with the following assumptions: share price \$0.435, dividend yield 0%, expected volatility, based on historical volatility 60%, a risk free interest rate of 0.32% and an expected life of 3 years.

TREASURY METALS INC.

PRO FORMA NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)

Three Months Ended March 31, 2020 and Year Ended December 31, 2019

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**8. PRO FORMA LOSS AND COMPREHENSIVE LOSS PER SHARE**

Pro Forma basic loss and diluted loss per share for the three months ended March 31, 2020 and the year ended December 31, 2019 has been calculated based on actual weighted average number of Treasury common shares outstanding for the respective periods; as well as the number of shares issued in connection with the Transaction and the private placement detailed in Note 1, as if such shares had been outstanding since January 1, 2019:

	Three Months Ended March 31, 2020	Year Ended December 31, 2019
Actual weighted average number of Treasury common shares outstanding	169,728,932	154,536,095
Number of Treasury common shares issued to First Mining	130,000,000	130,000,000
Number of Treasury common shares issued on offering	<u>32,000,000</u>	<u>32,000,000</u>
Pro forma weighted average number of Treasury common shares outstanding	<u>331,728,932</u>	<u>316,536,095</u>
Pro forma net loss	\$ (712)	\$ (50,139)
Pro forma net loss and diluted loss per share - In CAD\$	\$ 0.00	\$ (0.16)