Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

TERRENO RESOURCES CORP.

Contents

Independent Auditor's Report

To the Shareholders of
Terreno Resources Corp.

Opinion We have audited the financial statements of Terreno Resources Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and 2023, and the statements of comprehensive loss, statements of changes in shareholders' equity (deficiency) and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion We conducted our audits 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern We draw attention to Note 2 in the financial statements, which indicates that the Company has a history of operating losses and as of March 31, 2024 has an accumulated deficit. As stated in Note 2, these events, or conditions, along with other matters as set forth in Note 2, indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. In addition to the matter described in the section "Material Uncertainty Related to Going Concern", we consider that there are no key audit matters to be reported in our report.

Other Information Management is responsible for the other information. The other information included in 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.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 controls.

- 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 controls.

- 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 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 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 continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable by thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement executive on the audit resulting in this Independent Auditor's Report is Marco F. Simone.

July 26, 2024

Simone + Company.

TERRENO RESOURCES CORP.
Statements of Financial Position
As at March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes		March 31, 2024		March 31, 2023
Assets					
Current					
Cash		$	35,882	$	165,293
Prepaid and receivables	5		11,927		4,627
			47,809		169,920
Total Assets		$	47,809	$	169,920
Liabilities and Shareholders' equity (deficiency)					
Current liabilities					
Accounts payable and accrued liabilities	6, 10	$	714,783	$	540,795
			714,783		540,795
Shareholders' equity (deficiency)					
Share capital	7		12,511,084		12,511,084
Share option reserve	7		-		73,200
Deficit			(13,178,058)		(12,955,159)
			(666,974)		(370,875)
Total Liabilities and Shareholders' equity (deficiency)		$	47,809	$	169,920

Refer to Note 2 for the Significant Going Concern Uncertainty

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

Approved on behalf of the Board

Richard Williams
Director

Joseph Del Campo
Director

TERRENO RESOURCES CORP.
Statements of Comprehensive Loss
For the years ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes	March 31, 2024	March 31, 2023
Operating expenses			
General and administrative expenses	9	**$ 96,909**	$ 160,753
Exploration and evaluation expenditures	10	**198,748**	437,531
Loss from operations		**(295,657)**	(598,284)
Foreign exchange (loss) gain		**(442)**	1,362
Net loss for the year		**$ (296,099)**	$ (596,922)
Income tax recovery	12	**-**	36,729
Net loss after tax for the year		**$ (296,099)**	$ (560,193)
Total comprehensive loss for the year		**$ (296,099)**	$ (560,193)
Loss per share			
Basic and diluted		**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding			
Basic and diluted		**64,171,506**	62,334,246

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

TERRENO RESOURCES CORP.
Statements of Shareholders' Equity (Deficiency)
For the years ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Share capital	Warrant reserve	Share option reserve	Deficit	Total Shareholders' equity (deficiency)
Balance as at March 31, 2023	**$ 12,511,084**	**$ -**	**$ 73,200**	**$ (12,955,159)**	**$ (370,875)**
Net loss for the year	**-**	**-**	**-**	**(296,099)**	**(296,099)**
Total comprehensive loss for the year	**-**	**-**	**-**	**(296,099)**	**(296,099)**
Value of options expired	**-**	**-**	**(73,200)**	**73,200**	**-**
	-	**-**	**(73,200)**	**73,200**	**-**
Balance as at March 31, 2024	**$ 12,511,084**	**$ -**	**$ -**	**$ (13,178,058)**	**$ (666,974)**

	Share capital	Warrant reserve	Share option reserve	Deficit	Total Shareholders' equity (deficiency)
Balance as at March 31, 2022	$ 12,370,084	$ 119,900	$ 89,200	$ (12,524,866)	$ 54,318
Net loss for the year	-	-	-	(560,193)	(560,193)
Total comprehensive loss for the year	-	-	-	(560,193)	(560,193)
Shares issued for mineral properties	125,000	-	-	-	125,000
Issuance of common shares on exercise of options	16,000	-	(6,000)	-	10,000
Value of warrants expired	-	(119,900)	-	119,900	-
Value of options expired	-	-	(10,000)	10,000	-
	141,000	(119,900)	(16,000)	129,900	135,000
Balance as at March 31, 2023	$ 12,511,084	$ -	$ 73,200	$ (12,955,159)	$ (370,875)

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

TERRENO RESOURCES CORP.
Statements of Cash Flows
For the years ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Notes		2024		2023
Cash flows from operations					
Net loss for the year		$	**(296,099)**	$	(560,193)
Items not affecting cash:					
Common shares issued for exploration expenditures	10		**-**		125,000
			(296,099)		(435,193)
Changes in non-cash working capital balances	15		**166,688**		407,013
Net cash used in operating activities			**(129,411)**		(28,180)
Decrease in cash			**(129,411)**		(28,180)
Cash, beginning of year			**165,293**		193,473
Cash, end of year		$	**35,882**	$	165,293

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

Description of Business and Nature of Operations:

Terreno Resources Corp. (the “Company” or “Terreno”) is a listed issuer on the TSX Venture Exchange trading on the NEX board. The Company is incorporated under the laws of the Province of British Columbia. The Company’s registered office is located at Suite 1102, 44 Victoria Street, Toronto, Ontario M5C 1Y2.

The Company’s principal business activities include the acquisition, exploration and development of mineral properties. Terreno’s current exploration focus is on the Las Cucharas Project, which is located in Mexico (see Note 10).

The financial statements as at and for the years ended March 31, 2024 and 2023 were approved by the Board of Directors on July 26, 2024.

1. Significant going concern uncertainty:

These audited financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. The Company has a history of operating losses and as at March 31, 2024 has an accumulated deficit of $13,178,058 (March 31, 2023 - $12,955,159).

These risks include, but are not limited to, dependence on key individuals, and the ability to secure adequate financing to meet the minimum capital required to successfully continue as a going concern.

In the event that future financings are not successfully completed, the Company may not have sufficient cash and cash flow to meet its operating requirements. The ability of the Company to continue as a going concern is dependent on securing additional financings through issuing additional equity or debt instruments. While the Company believes in the viability of its strategy and, in its ability to raise additional funds for the Company to continue as a going concern, there can be no assurances to that effect. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments, if required, could be material to the financial statements.

2. Basis of preparation:

(a) Statement of Compliance:

These annual financial statements, including comparative balances, have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and IFRS Interpretations Committee (IFRIC).

These financial statements have been prepared using the historical cost basis, except for certain financial instruments which have been measured at fair value. All monetary references expressed in these notes are references to Canadian dollar amounts (“$”) except as otherwise noted.

3. Basis of preparation (continued):

(b) Critical accounting judgments, estimates and assumptions:

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that may require material adjustments to the carrying amount of the asset or liability affected in future periods. Below is a list of the critical accounting judgements, estimates and assumptions (excluding going concern which is disclosed in Note 2):

i. Determination of functional currency:

The functional currency of the Company is measured using the currency of the Primary economic environment in which that entity operates, which is the Canadian dollar.

ii. Deferred tax assets:

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's future planned activities as supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Company operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Company does not recognize the deferred tax asset.

iii. Share-based payments:

The Company uses the Black-Scholes option pricing model to calculate both stock-based compensation expense and warrant values. The Black-Scholes model requires seven key inputs to determine the value for options and warrants, being the risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life, forfeiture rate and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

4. Summary of significant accounting policies:

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Foreign currency

(i) Functional currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

4. Summary of significant accounting policies (continued):

(ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive loss.

(b) Financial instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets
Terreno classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

Amortized cost: Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income ("FVTOCI"): Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. An election may be made to classify an equity investment that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss ("FVTPL"): Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

4. Summary of significant accounting policies (continued):

Financial liabilities
Under IFRS 9, financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or expires. The Company's accounting policy for each category is as follows:

FVTPL: This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an ‘accounting mismatch’ that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost: Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position, when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

<u>Subsequent measurement</u>

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

<u>Derecognition</u>

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. 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 profit or loss.

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

4. Summary of significant accounting policies (continued):

Financial Instrument	Classification
Cash	Level 1 Amortized cost
Accounts payables and accrued liabilities	Level 1 Amortized cost

(a) Stock based compensation plan

The Company has a stock-based compensation plan, which is described in note 7. The Company grants stock options to acquire common shares to directors, officers and consultants (“equity-settled transactions”). The board of directors determines the specific grant terms within the limits set by the Company’s stock option plan. The Company’s share-based payment plan does not feature an option for a cash settlement. Any consideration received on the exercise of stock options resulting in the sale of common shares is credited to share capital. The cost of equity–settled transactions is recognized, together with a corresponding increase in the share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee become fully entitled to the award (“the vesting date”). The cumulative expense recognized for equity–settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest.

Stock-based compensation for officers, directors, employees and consultants is measured at fair value at the date of grant and is expensed over the vesting period, with an offsetting credit to share option reserve. Stock options granted during the period are accounted for in accordance with the fair value method of accounting for stock-based compensation. The fair value for these options is estimated at the date of grant using the Black-Scholes option pricing model. Where the terms of an equity–settled award are modified, the minimum expense recognized in compensation expense is the expense as if the terms had not been modified.

An additional expense is recognized for any modification which increases the total fair value of the share–based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity–settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non–vesting conditions within the control of either the entity or the counterparty are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Where equity-settled transactions are entered into with non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments to non-employees are measured at the fair value of the goods or services received.

(d) Warrants:

The Company records the value of warrants classified as equity instruments based upon the relative fair value at the date the warrants were granted using the Black-Scholes option pricing model.

4. Summary of significant accounting policies (continued):

(e) Loss per share:

Basic loss per common share has been determined by dividing net loss attributable to shareholders by the weighted average number of common shares outstanding during the period, excluding shares securing employee share purchase loans and shares in escrow.

The Company follows the “treasury stock” method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants which are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the company at the average market price of the shares for the period. The treasury stock method is not used to calculate diluted loss per share because the result would be anti-dilutive in the case of a loss.

(f) Income taxes:

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the intention is to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences and deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of comprehensive loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to the same taxable entity and income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial position date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

4. Summary of significant accounting policies (continued):

(g) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if the Company can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

New Accounting Pronouncements Affecting the Current Reporting Periods Presented

The following is a listing of the amendments, revisions and new IFRS Accounting Standards, issued and effective with the Company's year end commencing April 1, 2023. Consequential amendments to other IFRS Accounting Standards are included with the amendment, revision or new IFRS Accounting Standard to which they relate.

IFRS 7 Financial Instruments: Disclosures
- ·Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

IFRS 10 Consolidated Financial Statements
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); incorporates Effective Date of Amendments to IFRS 10 and IAS 28

IFRS 16 Leases
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

IAS 1 Presentation of Financial Statements
- Appendix - Amendments to IAS 1 Issued in 2020 and 2022

IAS 7 Statement of Cash Flows
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

IAS 28 Investments in Associates and Joint Ventures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); incorporates Effective Date of Amendments to IFRS 10 and IAS 28

The Company reviewed these standards and concluded that they will have no material impact on its financial statements for the current or prior year.

(EXPRESSED IN CANADIAN DOLLARS)

4. Summary of significant accounting policies (continued):

New Accounting Pronouncements Affecting Future Reporting Periods

The following is a listing of the amendments, revisions and new IFRS Accounting Standards, issued but not effective until annual periods beginning after January 1, 2024. Consequential amendments to other IFRS Accounting Standards are included with the amendment, revision or new IFRS Accounting Standard to which they relate.

Unless otherwise indicated, earlier application is permitted. Generally, entities choosing to apply an amendment, a revision or a new IFRS Accounting Standard before its effective date are required to also apply the related consequential amendments at the same time.

IFRS 10 Consolidated Financial Statements
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); incorporates Effective Date of Amendments to IFRS 10 and IAS 28

IAS 21 The Effects of Changes in Foreign Exchange Rates
- Lack of Exchangeability (Amendments to IAS 21)

IAS 28 Investments in Associates and Joint Ventures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); incorporates Effective Date of Amendments to IFRS 10 and IAS 28

The Company reviewed these standards and concluded that they will have no material impact on its financial statements in future reporting periods.

5. Prepaids and receivables:

The Company's prepaid expenses and other receivables consisted of the following:

	March 31, 2024	March 31, 2023
	$	$
HST Receivable	**11,927**	4,327
Miscellaneous Receivable	**-**	300
Total	**11,927**	4,627

(EXPRESSED IN CANADIAN DOLLARS)

6. Related party transactions with key management personnel:

All transactions with key management personnel have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of key executives is determined by the board having regard to the performance of individuals and market trends.

During the years ended March 31, 2024, and 2023 the Company entered into the following transactions with key management personnel:

Type of service	Nature of relationship	2024	2023
		$	$
Consulting fees	Officers	**84,000**	111,360

For the years ended March 31, 2024, $84,000 (2023 - $84,000) of the cost relating to the consulting fees are included in general and administration expenses and $nil (2023 - $27,360) is included in exploration and evaluation expenditures.

At March 31, 2024, accounts payable and accrued liabilities included $129,520 (March 31, 2023 - $107,000) due to key management personnel for unpaid remuneration.

7. Share capital:

Authorized:

The Company is authorized to issue an unlimited number of voting common shares without par value.

Issued:

	Shares	Amount
	#	$
Balance at March 31, 2022	58,971,506	12,370,084
Property acquisition	5,000,000	125,000
Exercise of options	200,000	16,000
Balance at March 31, 2023 and 2024	**64,171,506**	**12,511,084**

(i) In August 2022, the Company issued 5,000,000 shares (at a fair value of $125,000) due on the fourth anniversary of the property option agreement for the Las Cucharas Gold & Silver Project. See Note 9.

(ii) In December 2022, an officer exercised 200,000 options at $0.05 per common share. The $10,000 exercise price was netted against the payables due to the officer. The share options were previously estimated using the Black-Scholes option pricing model to have a fair value of $6,000.

(EXPRESSED IN CANADIAN DOLLARS)

7. Share capital (continued):

Stock Option plan:

The Company grants incentive stock options to eligible directors, officers, and consultants as permitted pursuant to the Company's Stock Option Plan approved by the shareholders. The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date. Each of the stock options granted vest immediately on the date of grant and have a term of five years. If the option holder ceases to be qualified to receive options from the Company those options expire in 90 days.

a) Stock options:

A summary of the status of the Company's stock options outstanding as at March 31, 2024 and 2023, and changes during the periods then ended is presented below:

	Number of options	Weighted average exercise price
		$
Balance at March 31, 2022	2,450,000	0.05
Exercised	(200,000)	0.05
Expired	(250,000)	0.05
Balance at March 31, 2023	2,000,000	0.05
Expired	(2,000,000)	0.05
Balance at March 31, 2024	**-**	**-**

During the years ended March 31, 2024 and 2023, no stock options were granted.

In April 2023, 400,000 options exercisable at $0.05 issued to the former VP of Exploration expired unexercised.

In December 2023, the remaining 1,600,000 stock options exercisable at $0.05 expired unexercised.

8. Warrant reserve:

A summary of the status of the Company's warrants as at March 31, 2024 and 2023, and the changes during the periods then ended is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance at March 31, 2022	6,510,000	0.06
Expired	(6,510,000)	(0.06)
Balance at March 31, 2023 and 2024	**-**	**-**

(EXPRESSED IN CANADIAN DOLLARS)

9. General and Administrative expenses:

	Year ended March 31,	
	2024	2023
	$	$
Consulting fees	**84,000**	84,000
Office and general	**(3,841)**	46,358
Professional fees	**4,747**	19,925
Shareholder relations and communications	**12,003**	10,470
	96,909	160,753

10. Exploration and evaluation expenditures:

In January 2018, Terreno signed a definitive Mineral Property Option Agreement with an Ontario private company under which Terreno may earn a sixty percent (60%) interest in the Las Cucharas Gold & Silver Project in Mexico.

The Las Cucharas Project consists of seventeen (17) concessions covering slightly over four thousand four hundred forty-five (4,445) hectares. Terreno may earn a sixty percent interest by incurring exploration expenditures and by issuing Terreno common shares as follows:

- Two million common shares within 10 days of TSX Venture Exchange acceptance of the property acquisition (issued).
- Two and a half million common shares on each of the first and second anniversary of the option agreement (issued).
- Three million common shares on the third anniversary of the option agreement (issued).
- Five million shares on the fourth anniversary of the option agreement within five (5) days of the transfer of a sixty percent (60%) interest in the concession titles (issued). Written notice has been provided to both the private Ontario company and Triple Flag Precious Metals Corp. (formerly Maverix Metals Inc.) that the $700,000 of cumulative exploration expenditures have been completed and requesting the transfer of the concessions from the Mexican subsidiary of Triple Flag Precious Metals Corp. to the Mexican subsidiary of the Ontario private company. Triple Flag Precious Metals Corp., through its Mexican subsidiary, are the owners of the concessions who have optioned them to the private Ontario company.
- Cumulative exploration expenditures of $700,000 by October 31, 2021, including $200,000 by October 31, 2019 and $450,000 by October 31, 2020 have all been completed.
- The property option, once exercised, will make the Las Cucharas Project subject to a three percent (3%) net smelter return (NSR) royalty payable to Triple Flag Precious Metals Corp. (TSE:TFPM).

Under the terms of the option agreement the Company is also required to pay all fees, taxes, assessments and other charges levied by government authorities. As of March 31, 2024 the Company accrued $552,521 (Mexican pesos 6,938,900) (2023 - $397,790 (Mexican pesos 5,041,300)) in unpaid concessions fees owing to the Mexican government.

(EXPRESSED IN CANADIAN DOLLARS)

10. Exploration and evaluation expenditures (continued):

In March 2021, the Company signed a Mineral Property Option Amendment Agreement with the Ontario private company under which the Company has the option to earn the remaining 40% interest in the Las Cucharas Project in exchange for 20,000,000 additional common shares subject to regulatory approval. The Company may earn an additional 10% interest for each of four payments of 5,000,000 shares. These shares are to be issued in four equal tranches of 5,000,000 common shares on the first, second, third and fourth anniversaries of the transfer of titles under the original property option.

In April 2023, a new Mexico Mining Law was enacted by the Mexican Government under which authorities have the right to cancel concessions for either non-payment of concessions fees for two years, or after two years, if no work is completed on the concessions. The concessions fee accrual of $552,521 represents three years of concessions fee owing, being for fiscal 2022, 2023 and 2024. As such, under the new Mexico Mining Law, the Company is exposed to its concessions being cancelled for non-payment of fees. In March 2024, Mexico's Supreme Court granted a temporary suspension of the new Mexico Mining Law to protect the rights of companies with active concessions. In July 2024, the Mexico Supreme Court announced that it postponed its resolution of the temporary ban, as such the temporary ban continues in place. Mexican counsel has advised management that negotiation of a partial payment of the arrears with the authorities, in order to avoid cancellation, is possible. Management is undertaking efforts to obtain funding in this regard.

In August 2023, transfer of title to the Las Cucharas Project concessions took place under public deed and was notarized in Mexico City. The three percent (3%) Net Royalty Agreement was also signed and notarized. The 5,000,000 common shares issued in August 2022 that were due upon title transfer were released to the private Ontario company. The private Ontario company has directed the lawyer representing Exploracion Las Cucharas S.A. de C.V. to transfer a 60% ownership in this Mexican company to Terreno.

11. Capital management:

The Company includes the following in its capital:

	March 31, 2024	March 31, 2023
	$	$
Share capital	**12,511,084**	12,511,084
Share option reserve	**-**	73,200
Deficit	**(13,178,058)**	(12,955,159)
	(666,974)	(370,875)

The Company's objectives when managing capital are:

(a) To maximize any income it may receive from available cash without significantly increasing the principal at risk by making investments in high credit quality issuers; and

(b) To maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

(EXPRESSED IN CANADIAN DOLLARS)

11. Capital management: (continued):

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Company maintains or adjusts its capital level to enable it to meet its objectives by:

- realizing proceeds from the disposition of its investments;
- raising capital through equity financings;

The Company is not subject to any capital requirements imposed by a regulator. To date, the Company has not declared any cash dividends to its shareholders. The Company's management is responsible for the management of capital and reviews its capital management approach on an ongoing basis through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, changes in property holdings and related obligations and exploration activities and believes that this approach, given the relative size of the Company, is reasonable.

12. Income Taxes:

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates to the amount reported:

	March 31, 2024	March 31, 2023
Canadian statutory income tax rate	**26.5%**	26.5%
Income tax recovery at statutory rate	**$ (78,500)**	$ (148,500)
Exploration costs expensed for accounting purposes	**52,700**	115,900
Reversal of prior year liability	**-**	(36,729)
Valuation allowance	**25,800**	32,600
Income tax (recovery) expense	**$ -**	$ (36,729)

The tax effects of temporary differences that give rise to deferred tax assets are as follows:

	March 31, 2024	March 31, 2023
Non-capital losses	**$ 1,545,000**	$ 1,519,000
Capital losses	**1,306,000**	980,000
Foreign resource expense	**169,000**	116,000
Valuation allowance	**(3,020,000)**	(2,615,000)
	$ -	$ -

In Canada, the Company has $5,830,300 (2023 - $5,733,000) in non-capital losses carried forward, which can be applied to reduce taxable income. These losses expire as follows:

Years of Expiry	
2036 to 2040	$ 4,589,700
2041 to 2044	1,240,600
	$ 5,830,300

On March 31, 2022, the Company had an income tax liability of $36,729, which was netted with the HST receivable that was included with prepaid and receivables. The income tax liability was netted with the HST receivable as the Canada Revenue Agency acted on its legal right to withhold HST refunds and offset them with the income tax liability. In fiscal 2023 the Company amended the income

12. Income Taxes: (continued):

tax return to which this liability relates. The filing of the amended return resulted in the Canada Revenue Agency reassessing the return and reversing the income taxes owing plus 100% of the associated penalties and interest. This reassessment also resulted in the Canada Revenue Agency refunding all HST refunds that were previously offset against the income taxes owing. As such, the Company reversed the previously recorded income tax liability resulting in the March 31, 2023, income tax recovery of $36,729.

13. Financial instruments:

These assets represent a small portion of the Company's overall business. However, the use of financial instruments can expose the Company to several risks. A discussion of the Company's use of financial instruments and their associated risks is provided below:

(a) Liquidity risk: Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. As at March 31, 2024, the Company has outstanding liabilities of $714,783 (March 31, 2023 - $540,795) and working capital deficit of ($666,974) (March 31, 2023 – ($370,875)). The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of downturn in stock market conditions generally or related to matters specific to the Company.

The Company generates cash flow primarily from its financing activities. The Company has cash of $35,882 (March 31, 2023 - $165,293). The Company will need to obtain additional financing. There is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Company, or that any future offering of securities will be successful. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Company's outstanding common stock. The Company could suffer adverse consequences if it is unable to obtain additional capital which would cast substantial doubt on its ability to continue its operations and growth. See Note 2.

(b) Currency risk: Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency fluctuations as a substantial portion of its exploration and evaluation expenditures and their related liabilities are denominated in Mexican pesos. The Company has not entered into any foreign currency contracts to hedge this exposure. The risk is not significant for the current financial reporting period. If the value of the Mexican peso changes by 1% then the Mexican peso based liabilities will change by $5,700.

(c) Credit risk: Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is minimal as it has its cash deposited with highly rated Canadian financial institutions.

14. Segment information:

The Company's operations are segmented on a regional basis and are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments has been defined as the Chief Executive Officer.

The Company's significant segments are now divided into two distinct geographic areas. The Canadian operations are managed from the Company's head office in Toronto and the Company incurs exploration expenditures in Mexico.

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14. Segment information (continued):

The following is segmented information as at and for the years ended March 31, 2024 and March 31, 2023:

	Year ended March 31, 2024	As at March 31, 2024		
Country	Net loss	Cash	Other assets	Total assets
Canada	$ 97,351	$ 35,882	$ 11,927	$ 47,809
Mexico	198,748	-	-	-
Total	$ 296,099	$ 35,882	$ 11,927	$ 47,809

	Year ended March 31, 2023	As at March 31, 2023		
Country	Net loss	Cash	Other assets	Total assets
Canada	$ 122,662	$ 165,293	$ 4,627	$ 169,920
Mexico	437,531	-	-	-
Total	$ 560,193	$ 165,293	$ 4,627	$ 169,920

15. Changes in non-working capital:

	March 31, 2024	March 31, 2023
	$	$
Prepaid and receivables	**(7,300)**	50,133
Accounts payable and accrued liabilities	**173,988**	356,880
Total	**166,688**	407,013