TERRENO RESOURCES CORP.

Financial Statements

(Expressed in Canadian Dollars)

For the six months ended September 30, 2023 and 2022

Contents

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Terreno Resources Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditor.

TERRENO RESOURCES CORP.
Statements of Financial Position
As at September 30, 2023 and March 31, 2023
(Expressed in Canadian Dollars)

	Notes		September 30, 2023 (Unaudited)		March 31, 2023 (Audited)
Assets					
Current					
Cash		**$**	**46,704**	$	165,293
Prepaid and receivables	5		**13,557**		4,627
			60,261		169,920
Total Assets		**$**	**60,261**	$	169,920
Liabilities and Shareholders' equity (deficiency)					
Current liabilities					
Accounts payable and accrued liabilities	6	**$**	**592,865**	$	540,795
			592,865		540,795
Shareholders' equity (deficiency)					
Share capital	7		**12,511,084**		12,511,084
Share option reserve	7		**58,200**		73,200
Deficit			**(13,101,888)**		(12,955,159)
			(532,604)		(370,875)
Total Liabilities and Shareholders' equity (deficiency)		**$**	**60,261**	$	169,920

Refer to Note 2 for the Significant Going Concern Uncertainty
The accompanying notes are an integral part of these condensed interim financial statements.

Approved on behalf of the Board

Richard Williams
Director

Joseph Del Campo
Director

TERRENO RESOURCES CORP.
Condensed Statements of Comprehensive Loss
For the six months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

			Three months ended September 30,		Six months ended September 30,	
	Notes		2023	2022	2023	2022
Operating expenses						
General and administrative expenses	8	$	**32,863**	53,840	**59,703**	106,729
Exploration and evaluation expenditures	9		**48,315**	167,542	**101,584**	179,821
Loss from operations			**(81,178)**	(221,382)	**(161,287)**	(286,550)
Foreign exchange gain			**7**	623	**(442)**	988
Income tax recovery			**-**	36,729		36,729
Net loss for the period		$	**(81,171)**	(184,030)	**(161,729)**	(248,833)
Total comprehensive loss for the period		$	**(81,171)**	(184,030)	**(161,729)**	(248,833)
Loss per share						
Basic and diluted			**(0.00)**	(0.00)	**(0.00)**	(0.00)
Weighted average number of common shares outstanding						
Basic and diluted			**64,171,506**	62,178,028	**64,171,506**	60,583,528

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

TERRENO RESOURCES CORP.
Statements of Shareholders' Equity (Deficiency)
For the six months ended September 30, 2023 and 2022
(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 period	**-**	**-**	**-**	**(161,729)**	**(161,729)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(161,729)**	**(161,729)**
Value of options expired	**-**	**-**	**(15,000)**	**15,000**	**-**
	-	**-**	**(15,000)**	**15,000**	**-**
Balance as at September 30, 2023	**$ 12,511,084**	**$ -**	**$ 58,200**	**$ (13,101,888)**	**$ (532,604)**
Balance as at March 31, 2022	$ 12,370,084	$ 119,900	$ 89,200	$ (12,524,866)	$ 54,318
Net loss for the period	-	-	-	(248,833)	(248,833)
Total comprehensive loss for the peroid	-	-	-	(248,833)	(248,833)
Shares issued for mineral properties	125,000	-	-	-	125,000
Value of warrants expired	-	(90,400)	-	90,400	-
Value of options expired	-	-	(10,000)	10,000	-
	125,000	(90,400)	(10,000)	100,400	125,000
Balance as at September 30, 2022	$ 12,495,084	$ 29,500	$ 79,200	$ (12,673,299)	$ (69,515)

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

TERRENO RESOURCES CORP.
Statements of Cash Flows
For the six months ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

		Six months ended September 30,	
	Notes	**2023**	2022
Cash flows from operations			
Net loss for the period		**$ (161,729)**	$ (248,833)
Items not affecting cash:			
Common shares issued for exploration expenditures	10	**-**	125,000
		(161,729)	(123,833)
Changes in non-cash working capital balances	12	**43,140**	109,311
Net cash used in operating activities		**(118,589)**	(14,522)
Decrease in cash		**(118,589)**	(14,522)
Cash, beginning of period		**165,293**	193,473
Cash, end of period		**$ 46,704**	$ 178,951

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

1. 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 9).

The financial statements as at and for the six months ended September 30, 2023 and 2022 were approved by the Board of Directors on November 29, 2023.

2. Significant going concern uncertainty:

These interim 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 September 30, 2023 has an accumulated deficit of $13,101,888 (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.

In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company’s operations and ability to finance its operations. The Company would be adversely affected by the loss of services of key personnel and restrictions on cross border trade.

3. Basis of preparation:

(a) Statement of Compliance:

These interim 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).

3. Basis of preparation (continued):

(b) Basis of Presentation:

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.

(c) 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 could require a material adjustment 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.

IFRS 3, Business Combinations ("IFRS 3")
Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")
Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's financial statements.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets (“IAS 37”) was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on or after January 1, 2022.

New Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

(EXPRESSED IN CANADIAN DOLLARS)

4. Summary of significant accounting policies (continued):

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on or after January 1, 2023.

5. Prepaids and receivables:

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

	September 30, 2023	March 31, 2023
	$	$
HST Receivable	**13,257**	4,327
Miscellaneous Receivable	**300**	300
Total	**13,557**	4,627

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 six months ended September 30, 2023, and 2022 the Company entered into the following transactions with key management personnel:

Type of service	**Nature of relationship**	**2023**	2022
		$	$
Consulting fees	Officers	**42,000**	59,100

For the six months ended September 30, 2023, $42,000 (2022 - $42,000) of the cost relating to the consulting fees are included in general and administration expenses and $nil (2022 - $17,100) is included in exploration and evaluation expenditures.

At September 30, 2023, accounts payable and accrued liabilities included $95,000 (March 31, 2023 - $107,000) due to key management personnel for unpaid remuneration.

(EXPRESSED IN CANADIAN DOLLARS)

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 September 30, 2023	**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.

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 September 30, 2023 and 2022, 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	(400,000)	0.05
Balance at September 30, 2023	**1,600,000**	**0.05**

(EXPRESSED IN CANADIAN DOLLARS)

7. Share capital (continued):

During the six months ended September 30, 2023 and 2022, no stock options were granted.

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

As at September 30, 2023, the Company has 1,600,000 stock options vested and outstanding. The options have a weighted average remaining life of 0.25 years.

Details of outstanding options:

Outstanding options	Exercise price	Number of vested options	Expiry date
1,600,000	$0.05	1,600,000	December 31, 2023
1,600,000		**1,600,000**	

These stock options are expensed over the options' vesting periods in the statements of comprehensive loss and credited to share option reserve.

8. General and Administrative expenses:

	Three months ended September 30,		Six months ended September 30,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Consulting fees	**21,000**	21,000	**42,000**	42,000
Office and general	**3,759**	21,005	**3,854**	46,142
Professional fees	**2,990**	6,926	**6,990**	11,925
Shareholder relations and communications	**5,114**	4,909	**6,859**	6,662
	32,863	53,840	**59,703**	106,729

9. 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).

(EXPRESSED IN CANADIAN DOLLARS)

9. Exploration and evaluation expenditures (continued):

- 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).

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 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.

10. Capital management:

The Company includes the following in its capital:

	September 30, 2023	March 31, 2023
	$	$
Share capital	**12,511,084**	12,511,084
Share option reserve	**58,200**	73,200
Deficit	**(13,101,888)**	(12,955,159)
	(532,604)	(370,875)

10. Capital management (continued):

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.

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.

11. 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 September 30, 2023, the Company has outstanding liabilities of $592,865 (March 31, 2023 - $540,795) and working capital deficit of ($532,604) (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 $46,704 (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.

11. Financial instruments (continued):

(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 some amounts of its liabilities are denominated in U.S. dollars. 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.

(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.

12. Changes in non-working capital:

	For the six months ended	
	September 30, 2023	September 30, 2022
	$	$
Prepaid and receivables	**(8,930)**	49,092
Accounts payable and accrued liabilities	**52,070**	60,219
Total	**43,140**	109,311