

TERRENO RESOURCES CORP.

Management's Discussion and Analysis

For the year ended March 31, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended March 31, 2025

Date of Report: July 29, 2025

This Management Discussion & Analysis ("MD&A") for Terreno Resources Corporation (the "Company" or "Terreno") should be read in conjunction with Terreno's audited financial statements and notes thereto for the years ended March 31, 2025 and 2024.

All monetary amounts herein are expressed in Canadian Dollars ("CAD") unless otherwise stated. See "Significant Accounting Policies" elsewhere in this MD&A.

Except as otherwise indicated all financial data in this MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee.

This Management Discussion and Analysis ("MD&A") is dated July 29, 2025 and discloses specified information as of that date.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, budget, plan, continue, estimate, expect, forecast, may, will, project, predict, potential, targeting, intend, could, might, should, believe and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's expectations regarding its exploration and development activities, including expectations regarding the timing, costs and results of seismic acquisition, drilling and other activities, and future production volumes and sales, receipt of regulatory and governmental approvals, the Company's future working capital requirements, including its ability to satisfy such requirements, the exposure of its financial instruments to various risks and its ability to manage those risks, the Company's ability to use tax resource pools and loss carry-forwards, fees to be incurred by foreign subsidiaries and changes in accounting policies.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to precious and base metal exploration activities generally, including the availability and cost of seismic, drilling, and other equipment; our ability to complete our capital programs; geological, technical, drilling and processing problems, including the availability of equipment and access to properties; our ability to secure adequate transportation for our products; potential losses which would stem from any disruptions in production, including work stoppages or other labor difficulties, or disruptions in the transportation network on which we are reliant; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; our ability and the ability of our partners to attract and retain the necessary labor required to explore and develop our projects; potential conflicting interests with our joint venture partners; our failure or the failure of the holder(s) of licenses or leases to meet specific requirements of such licenses or leases; the failure by counterparties to make payments or perform their operational or other obligations in compliance with the terms of contractual arrangements between us and such counterparties; adverse

claims made in respect of our properties or assets; operating hazards and other difficulties inherent in the exploration for minerals; political and economic conditions in the countries in which our property interests are located; obtaining the necessary financing for operations, our ability to generate taxable income from operations, fluctuations in the value of our portfolio investments due to market conditions and/or company-specific factors, fluctuations in prices of commodities underlying our interests and portfolio investments, and other risks included elsewhere in this MD&A under the heading Risks and in the Company's public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedarplus.ca.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Going Concern:

The financial statements prepared in conjunction with this MD&A 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, 2025 has an accumulated deficit of \$12,608,658 (March 31, 2024 - \$13,178,058). The Company is in the exploration stage and is subject to risks and challenges similar to other companies in a comparable stage of exploration.

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 complete the projects, political risk relating to maintaining property licences in good standing and continue as a going concern.

In the event that future financing arrangements are not successfully negotiated, the Company would not have sufficient cash and cash flow to meet its operating requirements. As a result, there is significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on securing additional required 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.

The 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 could be material.

Highlights:

After careful review and assessment, management has decided to change direction and pursue a new Tantalum project in Bolivia. Tantalum is classified as a critical mineral by both the governments of Canada and the United States.

On December 23, 2024, the Company gave written notice to terminate the property option agreement on the Las Cucharas Project in Mexico effective the date of the notice.

Nature of Operations:

Terreno is a listed issuer on the TSX Venture Exchange trading on the NEX board and was incorporated under the Alberta Business Corporations Act on April 18, 1995, and continued into the Province of British Columbia on November 21, 2007. The Company's primary business is the acquisition, exploration and development of mineral properties. In January 2025, the Company entered into an option agreement with Metal 46 S.R.L., a private Bolivian company, to earn a 60% interest in the Ascension Tantalum Project ("Tantalum Project") in Bolivia.

This MD&A was approved by the Board of Directors on July 29, 2025.

Overall Performance:

In January 2025, the Company embarked on a new project, the Metal 46 Tantalum Project. The project requires traditional, systematic, exploration work, and holds the possibility of being advanced to near term small scale production and for further expansion of size and scope from there.

As at March 31, 2025, the Corporation had working capital deficit of (\$97,574) compared to working capital deficit of (\$666,974) as at March 31, 2024. The Corporation had cash of \$33,219 as at March 31, 2025, compared to \$35,882 as at March 31, 2024.

Selected Annual Information

A summary of selected annual information of the Company for the three most recently completed financial years as at and for the years ending March 31st is provided below:

	2025	2024	2023
Operating income (loss)	\$ 569,376	\$ (295,657)	\$ (598,284)
Total comprehensive income (loss)	569,400	(296,099)	(560,193)
Income (loss) per share – basic and diluted	0.01	(0.00)	(0.01)
Shares outstanding (weighted average)	64,171,506	64,171,506	62,334,246
Total assets	53,584	47,809	169,920
Total liabilities	151,158	714,783	540,795
Shareholders' equity (deficiency) surplus	(97,574)	(666,974)	(370,875)

Summary of Quarterly Results

A summary of selected financial information of the Company's for the eight most recently completed quarters is provided below:

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Operating income (loss)	\$ 515,107	\$ (15,835)	\$ 82,100	\$ (11,996)
Net income (loss)	515,110	(15,814)	82,095	(11,991)
Total comprehensive income (loss)	515,110	(15,814)	82,095	(11,991)
Income (loss) per share basic and diluted	\$ 0.01	\$ (0.00)	\$ 0.00	\$ (0.00)

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Operating loss	\$ (66,920)	\$ (67,450)	\$ (81,179)	\$ (80,108)
Net loss	(66,917)	(67,453)	(81,171)	(80,558)
Total comprehensive loss	(66,917)	(67,453)	(81,171)	(80,558)
Loss per share basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Results of operations for the three months ended March 31, 2025 compared with the three months ended March 31, 2024.

For the three months ended March 31, 2025, the Company recorded a net income and total comprehensive income of \$515,110 (\$0.01 per common share–basic and diluted) compared to a net loss and total comprehensive loss of \$66,917 (\$0.00 per common share–basic and diluted) for the three months ended March 31, 2024. Total operating costs decreased by \$582,027 during the period. Exploration expenditures decreased by \$588,566 due to a reversal of accrued concessions fees after the Company terminated the property option agreement on the Las Cucharas Project. Management fees decreased by \$15,000 as the CEO agreed to a reduced salary for the period.

The following is a breakdown of operating expenses for the three months ended March 31, 2025 and 2024.

	Three months ended March 31,	
	2025	2024
	\$	\$
Consulting fees	6,000	21,000
Exploration and evaluation expenditures	(531,602)	56,964
Office and general	1,877	(7,796)
Professional fees	4,000	(5,243)
Shareholder relations and communications	4,618	1,995
	(515,107)	66,920

Results of operations for the year ended March 31, 2025 compared with the year ended March 31, 2024.

For the year ended March 31, 2025, the Company recorded a net income and total comprehensive income of \$569,376 (\$0.01 per common share–basic and diluted) compared to a net loss and total comprehensive loss of \$295,657 (\$0.00 per common share–basic and diluted) for the year ended March 31, 2024. This net change in operating costs by \$865,033 was mainly due to a reversal of accrued concessions fees after the Company terminated the option agreement on the Las Cucharas Project. Management fees decreased by \$160,000 as the CEO and former CEO forgave \$100,000 in accrued management fees due to them at March 31, 2024 and agreed to forego any 2025 compensation. Other general operating costs remained relatively unchanged.

The following is a breakdown of operating expenses for the year ended March 31, 2025 and 2024.

	Year ended March 31,	
	2025	2024
	\$	\$
Consulting fees	(76,000)	84,000
Exploration and evaluation expenditures	(527,707)	198,748
Office and general	5,168	(3,841)
Professional fees	15,300	4,747
Shareholder relations and communications	13,863	12,003
	(569,376)	295,657

Cash Flows:

Year ended March 31, 2025 as compared to the year ended March 31, 2024

During the year ended March 31, 2025, the Company used \$47,969 of cash for its operations compared to \$129,411 during the year ended March 31, 2024. Accounts payable and accrued liabilities decreased by \$623,625 during the period. Of this decrease, \$534,987 resulted from the reversal of the provision for accrued Mexico concession fees payable with another \$100,000 of the decrease caused by the forgiveness of accrued management compensation payable.

For the year ended March 31, 2025, the Company had a net decrease in cash of \$2,663 (2024 – decrease of \$129,411). The Company reports a cash balance of \$33,219 as at March 31, 2025 (March 31, 2024 - \$35,882).

Liquidity and Capital Resources:

Balance Sheet Highlights	March 31, 2025	March 31, 2024
Current assets	\$ 53,584	\$ 47,809
Total assets	53,584	47,809
Current liabilities	151,158	714,783
Share capital, warrant and share option reserves	12,511,084	12,511,084
Deficit	(12,608,658)	(13,178,058)
Working Capital (Deficit)	(97,574)	(666,974)

As at March 31, 2025, cash was \$33,219 as compared to \$35,882 as at March 31, 2024.

As at March 31, 2025, the Company had working capital deficit of (\$97,574) compared to (\$666,974) as at March 31, 2024.

The Company's use of cash is currently, and is expected to continue to be, focused on funding of exploration programs and the funding of the Company's general and administrative expenditures.

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the issuing of debt, the sale of its equity securities and by way of private placements and the subsequent exercise of any share purchase warrants in connection with such private placements and the exercise of any stock options. However, the exercise of warrants or stock options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants or stock options (over which the Company has no control) and therefore there can be no certainty that any future warrants or stock options will be exercised.

The Company expects that it will operate at a loss for the foreseeable future, therefore it requires additional financing to explore the Metal 46 Tantalum Project in Bolivia and acquire additional mineral properties (if applicable) and to continue its operations (including general and administrative expenses). There is significant uncertainty as to whether the Company will be able to continue to secure additional financing in the short term in the equity markets – see “Risk Factors”. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

Accounts payable and accrued liabilities decreased to \$91,158 as at March 31, 2025 compared to \$714,783 as at March 31, 2024.

There is significant risk about our ability to continue as a going concern as the continuation of our business is dependent upon obtaining further long-term financing, successful exploration of any mineral property interests, the identification of reserves sufficient enough to warrant development, successful development of our mineral property interests, and achieving a profitable level of operations in the future.

The Company has material commitments and obligations for cash resources set out below. Failure to meet exploration obligations could lead to termination/dilution of the Company’s underlying interests. The Company has material commitments for cash resources set out below as at March 31, 2025.

Liabilities and obligations	Obligations by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Accounts payable and accrued liabilities	\$ 91,158	\$ 91,158	-	-	-
Loan payable	60,000	60,000	-	-	-
	\$ 151,158	\$ 151,158	\$ Nil	\$ Nil	\$ Nil

In July 2025, the Company entered into an unsecured Loan Agreement for \$10,000 with a private company. The loan proceeds are to be utilized to fund general and administrative. The annual interest of 10% and principal sum is payable on the maturity date, July 22, 2026. During the term of the loan, it is convertible into common shares of Terreno at the same time and same terms as a common share offering by Terreno. Terreno is to use its best efforts to complete the equity financing within sixty days of Metal 46 S.L.R. obtaining title and exploration permits to the Metal 46 Project.

Related party transactions with key management personnel:

During the year ended March 31, 2025, the Company entered into the following transactions with key management personnel:

Type of service	Nature of relationship	2024	2023
Consulting fees	Officers	\$ 24,000	\$ 84,000

As the Company has had little activity, both the current CEO and former CEO agreed to forego 100% of their compensation for fiscal 2025. These individuals also agreed to forgive \$100,000 of the \$125,000 in accrued management compensation that was owing to them as of March 31, 2024. The forgiveness of \$100,000 in accrued management compensation resulted in both accounts payable and accrued liabilities and general and administrative expenses being reduced by the \$100,000 forgiveness.

At March 31, 2025, accounts payable and accrued liabilities included \$41,000 (March 31, 2024 - \$129,520) due to key management personnel for unpaid remuneration.

Off-Balance Sheet Arrangements:

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Proposed Transactions:

In January 2025, the Company entered into a Project Option Agreement with Metal 46 S.R.L. ("Metal 46"), a private Bolivian company, to earn a 60% interest in the Ascension Tantalum Project ("Tantalum Project").

To acquire a 60% interest in the Tantalum Project, the Company is required to fund at least \$300,000 of expenditures in the Tantalum Project (the "Project Option Price") by providing \$50,000 for securing both title and permits to explore and exploit the Tantalum Project, sampling, trenching and possible geochemical and geophysical studies. After receipt of both title and exploration/exploitation permits, the Company is required to spend the remaining \$250,000 of the Project Option Price on a drilling program leading to a National Instrument 43-101 compliant report by the second anniversary of receipt of title and permits. Upon Terreno incurring the Project Option Price the 60% option shall be deemed to be exercised with the Company acquiring its 60% interest in the Tantalum Project. Within ninety days of Terreno acquiring its 60% option in the Tantalum Project, the Company shall acquire Metal 46's modular gravity separation system (the "Equipment") that is in storage in San Ramon, Bolivia. At the option of Metal 46, Terreno shall pay the Equipment purchase price with either US\$200,000 cash or US\$250,000 in Terreno common shares.

Terreno has an option to acquire the remaining 40% interest in the Tantalum Project from Metal 46 for 20.0 million Terreno common shares, adjusted for any consolidation of Terreno's shares. This option price is payable in three equal annual instalments from the exercise notice date.

If Terreno does not acquire control of Metal 46 then the Company will grant Metal 46 a 2% Net Smelter Return ("NSR") on any lands acquired by Terreno within five Kilometers outside of the Tantalum Project area. This NSR may be acquired by Terreno for \$500,000.

In relation to this option agreement, the Company entered into an unsecured Loan Agreement with Petra Capital Corp., a privately owned British Columbia based company. Under the terms of the Loan Agreement, Petra is to lend the Company up to \$100,000 of which \$60,000 was received by Terreno as of March 31, 2025. This loan is at a fixed interest rate per annum of 10%. Funds from this loan will be used to meet general and administrative obligations and fund title and permitting costs for the Tantalum Project.

Capital Management:

The Company includes the following in its capital:

	March 31, 2025	March 31, 2024
	\$	\$
Share capital	12,511,084	12,511,084
Deficit	(12,608,658)	(13,178,058)
	(97,574)	(666,974)

The Company's objectives when managing capital are:

- (a) To maximize the income received from cash & cash equivalents 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 on-going basis through the preparation of annual expenditure budgets, which are updated regularly to take into account factors such as successful financings to fund activities, and related obligations and exploration activities and believes that this approach, given the relative size of the Company, is reasonable.

Financial instruments:

The use of financial instruments can expose the Company to several risks, including interest rate, foreign exchange, and market 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 not have sufficient cash resources to meet its financial obligations as they come due. As at March 31, 2025 the Company has outstanding liabilities of \$151,158 and working capital deficit of \$97,574. 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 working capital primarily from its financing activities. The Company had cash of \$33,219 as at March 31, 2025. The Company will need to continue to obtain additional financing in the future. 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.

- (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 Bolivian Boliviano and US 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 fulfil its payment obligations. The Company's credit risk is minimal as it has its cash deposited with highly rated Canadian financial institutions.

Fair value:

The Company has determined the fair value of its financial instruments as follows:

- (i) The carrying values of cash and cash equivalents, other receivables, accounts payable accrued liabilities, and short-term loan liabilities approximate their fair values due to the short-term nature of these instruments.
- (ii) Investments at fair value are carried at fair value based on quoted market price.

Fair Value Analysis

The Company uses the following hierarchy for determining fair value measurements:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Company's financial assets measured at fair value through profit or loss have used Level 1 valuation techniques during the year ended March 31, 2025 and 2024. The carrying values of the Company's financial assets and liabilities approximate their fair values as at March 31, 2025.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the year ended March 31, 2025 and which materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Outstanding Share Data:

The number of common shares of the Company outstanding and the number of common shares issuable pursuant to other outstanding securities of the Company as at July 29, 2025 are as follows:

Common shares	As at July 29, 2025
Outstanding	64,171,506
Total diluted common shares	64,171,506

The shareholders approved a potential share consolidation of one (1) new share for up to ten (10) old shares at the November 29, 2024 meeting of shareholders. The approval of the potential share consolidation is at the discretion of the directors. No share consolidation decision has yet been made.

Critical Accounting Estimates:

The preparation of the Company's financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

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 provides for a valuation allowance against the deferred tax asset.

Contingencies:

Contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Share-based payments:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense. The Black-Scholes model requires seven key inputs to determine a value for an option: 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.

Going concern:

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements as discussed in "Going Concern" above.

New standards adopted:

The following is a listing of the amendments, revisions and new IFRS Accounting Standards, issued and effective with the Company's fiscal year 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 have no material impact on its financial statements for the current or prior year.

Risks:

Exploration and Development Risks:

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Furthermore, resources and reserves are estimates based upon drilling results, past experience with mining properties, experience of the person making the resource/reserve estimates and many other factors. Resource/reserve estimation is an interpretative process based upon available data. The actual quality and characteristics of ore deposits and metallurgical recovery rates cannot be known until mining takes place and will almost certainly differ from the assumptions used to develop reserves. Further, reserves are valued based on current costs and current prices and consequently may be reduced with declines in, or sustained low, metal prices.

Financing Risks:

The Company has limited financial resources, no operating cash flow and no assurance that sufficient funding will be available for further exploration and development of its projects or to fulfil its contractual obligations. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. This risk is heightened by global economic and political uncertainty and significant declines in both the Company's stock price (along with those of other junior exploration companies) and overall commodity prices. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

Currency Risks:

The Company is exposed to currency fluctuations as a substantial portion of its exploration and evaluation expenditures and their related liabilities are denominated in Bolivian Boliviano and US 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.

Risks Relating to Foreign Operations:

The Company is exposed to risks of political instability and changes in government policies, laws and regulations in every country in which the Company operates. The Company holds properties interests in Bolivia that may be affected in varying degrees by political stability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of these countries. Any changes in regulations or shifts in political conditions are beyond the Company's control

and may adversely affect the Company's business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. There is no assurance that permits can be obtained, or that delays will not occur in obtaining all necessary permits or renewals of such permits for existing properties or additional permits required in connection with future exploration and development programs. In the event of a dispute arising at the Company's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity.

Additional Information:

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedarplus.ca. The Company trades on the NEX Board of the TSX Venture Exchange, under the symbol "TNO.H".