TERRENO™
RESOURCES CORP.

Condensed Consolidated Financial Statements

(Unaudited-prepared in Canadian Dollars)

December 31, 2014

Contents

TERRENO RESOURCES CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, if an auditor has not performed a review of an issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

Terreno Resources Corp. independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Ontario for a review of interim financial statements by an entity's auditor.

TERRENO RESOURCES CORP.

Condensed Consolidated Statements of Financial Position
As at December 31, 2014 and March 31, 2014
(Expressed in Canadian Dollars)

	Notes		December 31, 2014		March 31, 2014
Assets					
Current					
Cash and cash equivalents	5	$	**116,307**	$	203,702
Advances and receivables	6		**56,171**		56,044
Investments	7		**309**		2,624
			172,787		262,370
Non-current					
Property and equipment	8		**2,941**		3,768
Total Assets		$	**175,728**	$	266,138
Liabilities and Shareholders'deficiency					
Current liabilities					
Accounts payable and accrued liabilities	9	$	**348,306**	$	712,080
Shareholders' deficiency					
Share capital	11		**7,625,824**		7,376,146
Warrant reserve	12		**2,287,014**		2,287,014
Share option reserve	13		**2,845,026**		2,845,026
Accumulated other comprehensive loss			**(817,272)**		(820,733)
Deficit			**(12,113,170)**		(12,133,395)
			(172,578)		(445,942)
Total Liabilities and Shareholders' deficiency		$	**175,728**	$	266,138

1. Refer to Note 2 for the Significant going concern uncertainty

See accompanying notes to the interim condensed consolidated financial statements

TERRENO RESOURCES CORP.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three and nine months period ended December 31,
(Expressed in Canadian Dollars, except per share amounts)

		Three months ended		Nine months ended	
	Notes	**2014**	2013	**2014**	2013
Operating expenses					
General and administrative expenses	14	**$ 48,757**	$ 130,539	**$ 150,807**	$ 366,279
Loss from operations		**(48,757)**	(130,539)	**(150,807)**	(366,279)
Foreign exchange (loss) gain		**2,721**	(9,450)	**4,554**	(11,071)
Interest and other income		**130**	20	**441**	102
Write down of prepaid expenses and advances		**-**	-	**-**	(4,172)
Impairment of exploration and evaluation assets		**-**	(43,097)	**-**	(43,097)
Impairment of asset held for sale		**-**	(33,466)	**-**	(33,466)
Gain on debt settlement with creditors		**-**	-	**168,352**	-
Unrealized gain (loss) on investments		**(926)**	617	**(2,315)**	(3,088)
Net Income (loss) for the period		**$ (46,832)**	$ (215,915)	**$ 20,225**	$ (461,071)
Other comprehensive gain (loss)					
Exchange differences on translation of foreign operations		**1,911**	(3,756)	**3,461**	2,135
Total comprehensive income (loss) for the period		**$ (44,922)**	$ (219,671)	**$ 23,686**	$ (458,936)
Income (loss) per share					
Basic and diluted		**$ (0.01)**	$ (0.04)	**$ 0.00**	$ (0.08)
Weighted average number of common shares outstanding					
Basic and diluted		**6,984,580**	5,947,106	**6,939,184**	5,870,723

On December 5,2014, the Company consolidated its shares on a 1 for 10 basis. All references to common shares for all periods presented have been retroactively restated to reflect this consolidation,unless otherwise stated.

See accompanying notes to the interim condensed consolidated financial statements

TERRENO RESOURCES CORP.
Condensed Consolidated Statements of Cash Flows
For the nine months period ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Notes	2014	2013
Cash flows from operations			
Net Income (loss) for the period		**$ 20,225**	$ (461,071)
Items not affecting cash:			
Unrealized loss on investments		**2,315**	3,088
Gain on debt settlement with creditors		**(168,352)**	-
Stock-based compensation		**-**	36,046
Depreciation		**781**	1,768
Write down of prepaid expenses		**-**	4,172
Impairment of asset held for sale		**-**	33,466
Impairment of exploration and evaluation assets		**-**	43,097
Unrealized Foreign exchange losses		**2,435**	11,071
		(142,596)	(328,363)
Changes in non-cash working capital balances	18	**52,507**	281,529
		(90,089)	(46,834)
Cash flows from financing activities			
Issuance of shares to settle the debts with various creditors		**-**	159,251
		-	159,251
Cash flows from investing activities			
Expenditures on mineral properties and related deferred exploration		**-**	(10,305)
		-	(10,305)
Exchange differences on translation of foreign operations		**2,694**	4,395
Increase (decrease) in cash and cash equivalents		**(87,395)**	102,112
Cash and cash equivalents, beginning of period		**203,702**	37,968
Cash and cash equivalents, end of period		**$ 116,307**	$ 144,475
Supplementary cash flow information (note 19)			

See accompanying notes to the interim condensed consolidated financial statements.

TERRENO RESOURCES CORP.
Condensed Consolidated Statements of Changes in Deficiency
For the nine months period ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Share capital	Deficit	Accumulated Other comprehensive loss	Warrant reserve	Share option reserve	Total Shareholders' deficiency
Balance at March 31, 2014	**$ 7,376,146**	**$ (12,133,395)**	**$ (820,733)**	**$ 2,287,014**	**$ 2,845,026**	**$ (445,942)**
Net income for the period	**-**	**20,225**	**-**	**-**	**-**	**20,225**
Other comprehensive income	**-**	**-**	**3,461**	**-**	**-**	**3,461**
Total comprehensive income for the period	**-**	**20,225**	**3,461**	**-**	**-**	**23,686**
Transactions with owners:						
Issuance of common shares for settlement of debts with various creditors	**249,678**	**-**	**-**	**-**	**-**	**249,678**
Total transaction with owners	**249,678**	**-**	**-**	**-**	**-**	**249,678**
Balance at December 31, 2014	**$ 7,625,824**	**$ (12,113,170)**	**$ (817,272)**	**$ 2,287,014**	**$ 2,845,026**	**$ (172,578)**
Balance at March 31, 2013	$ 7,230,469	$ (11,579,833)	$ (829,327)	$ 2,273,441	$ 2,806,624	$ (98,626)
Net loss for the period	-	(461,071)	-	-	-	(461,071)
Other comprehensive income	-	-	2,135	-	-	2,135
Total comprehensive loss for the period	-	(461,071)	2,135	-	-	(458,936)
Transactions with owners						
Private Placement of common shares and warrants(net of share issuance cost)	145,677	-	-	13,573	-	159,250
Stock based compensation	-	-	-	-	36,046	36,046
Total transactions with owners	145,677	-	-	13,573	36,046	195,296
Balance at December 31, 2013	$ 7,376,146	$ (12,040,904)	$ (827,192)	$ 2,287,014	$ 2,842,670	$ (362,266)

See accompanying notes to the interim condensed consolidated financial statements

1. Description of Business and Nature of Operations:

Terreno Resource Corp. (the "Company" or "Terreno") is a Tier 2 listed issuer on the TSX Venture Exchange 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 registered office is located at Suite 2500, The Exchange Tower, 130 King Street West, Toronto, ON, Canada, M5X 2A2.

The Company's primary business is the acquisition, exploration and development of mineral properties. The Company is in the process of exploring precious and base metal mineral properties interests (described as exploration and evaluation assets in these financial statements). In prior fiscal year, with industry wide exploration cut-backs, the Company wrote off the value of its various interests in projects in Argentina and Slovakia.

The Company is currently focused on precious and base metal exploration in South America.

Terreno entered into an agreement with Unigold Inc. in January 2013 and has advanced $50,000 to acquire 100% of the El Carrizal concession in the Dominican Republic (Note 6).

These unaudited interim condensed consolidated financial statements ("interim consolidated statements") were approved by the Company's board of directors on February 26, 2015.

2. Significant going concern uncertainty:

These interim consolidated 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 December 31, 2014 has an accumulated deficit, of $12,113,170, shareholder equity deficiency of $172,578 and the Company's current liabilities exceed its current assets by $175,519. The Company requires additional financing to meet its current obligations and ongoing activities. In the event a financing arrangement is not successfully negotiated the Company would not have sufficient 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 the additional required financing or through issuing additional equity or debt instruments. Given the Company's current outstanding liabilities, the Company does not have sufficient cash flow to meet its operating requirements. While the Company believes in the viability of its strategy and, in its ability to raise additional funds and that the actions presently being taken provide the best opportunity for the Company to continue as a going concern, there can be no assurances to that effect.

2. Significant going concern uncertainty (continued):

These interim consolidated 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.

3. Basis of preparation:

(a) Statement of Compliance:

These interim consolidated statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Except as described in Note 4 below, the same accounting policies and methods of computation were followed in the preparation of these interim consolidated statements as were followed in the preparation and described in Note 4 of the annual consolidated financial statements as at and for the year ended March 31, 2014. Accordingly, these interim consolidated statements for the nine month periods ended December 31, 2014 and 2013 should be read together with the annual consolidated financial statements as at and for the year ended March 31, 2014.

(b) Basis of presentation:

These interim consolidated 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) Basis of Consolidation

These interim consolidated statements comprise the financial statements of the Corporation as at December 31, 2014 and its consolidated subsidiaries Magura Holdings S.R.O., and Terreno Resources Corp. (Argentina). Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if, and only if, the Corporation has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets,

3. Basis of preparation (continued):

liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

(d) Critical accounting judgments, estimates and assumptions:

The preparation of these interim consolidated 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 interim consolidated 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.

The information about significant areas of estimation uncertainty and judgment considered by management in preparing the interim consolidated statements were the same as those in the preparation of the annual consolidated financial statements as at and for the year ended March 31, 2014.

4. Changes in accounting policies:

IFRIC 21 – Levies

The interpretation provided guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company's current accounting treatment for levies is consistent with the requirements of IFRIC 21, such that the adoption of IFRIC 21 has had no impact on the financial reporting.

New standards not yet adopted:

(a) Financial instruments

IFRS 9 introduces the new requirements for the classification, measurement and de recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39, Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. IFRS 9 has been deferred and will be effective no earlier than annual periods beginning on or after January 1, 2018 with no new required adoption date known. Earlier adoption is permitted. The Company is in the process of assessing the impact of IFRS 9 on its consolidated financial statements.

(EXPRESSED IN CANADIAN DOLLARS)

5. Cash and cash equivalents:

The Company's cash and cash equivalents consisted of the following components:

		December 31, 2014		March 31, 2014
Cash at bank	$	24,892	$	6,107
Short term deposit in bank		91,415		197,595
Cash and cash equivalents	$	116,307	$	203,702

6. Advances and receivables:

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

	December 31, 2014	March 31, 2014
Advances (i)	50,000	50,000
Prepaid expenses	5,175	3,686
Receivables	-	107
HST Receivable	996	2,251
Total	56,171	56,044

(i) Terreno entered into an agreement with Unigold Inc. in January 2013 and has advanced $50,000 non-refundable to acquire 100% of the El Carrizal concession in the Dominican Republic. The agreement to exercise option has been extended till July 31, 2015. If Terreno exercises the option then under the terms of agreement there is a requirement to issue 1,150,000 common shares and make a total payment of $950,000 in cash. The cash amount payable are; $250,000 within 12 months, $350,000 within 24 months and $350,000 within 36 months from the date of exercising the option.

(EXPRESSED IN CANADIAN DOLLARS)

7. Investments:

Investments at fair value consist of shares of Lions Gate Metals Inc whose shares are listed on Canadian Securities Exchange, over which the Company does not have control or significant influence. Investments at fair value are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss. As at December 31, 2014, the Company holds 30,875 (March 31, 2014- 30,875) shares of Lions Gate Metals Inc.

		December 31, 2014		March 31, 2014
Lion Gate Metals Inc-fair value	**$**	**309**	$	2,624
Lion Gate Metals Inc-cost	**$**	**125,107**	$	125,107

8. Property and equipment:

		December 31, 2014		March 31, 2014
Openinig balance at beginning of period	**$**	**3,768**	$	7,944
Depreciation		**(781)**		(2,232)
Foreign exchange differences		**(46)**		(1,944)
Closing balance at end of period	**$**	**2,941**	$	3,768

9. Accounts payable and accrued liabilities:

	December 31, 2014	March 31, 2014
Trade payables	**35,306**	551,080
Accrued liabilities (i)	**313,000**	161,000
	348,306	712,080

(i) Accrued liabilities includes $229,000 (2014-$100,000) payable to Chief Executive Officers and Chief Financial Officer of the Company for unpaid remuneration.

As at December 31, 2014 $ 306,338 of accounts payable and accrued liabilities has been outstanding for more than 90 days, which represents 88% of the Company's accounts payable and accrued liabilities.

(EXPRESSED IN CANADIAN DOLLARS)

10. 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 nine months ended December 31, 2014, the Company entered into the following transactions with key management personnel:

Type of service	Nature of relationship	2014	2013
Consulting fees	Officers	**$ 90,000**	$ 102,000
Stock based compensation	Directors and officers	**-**	16,125

At December 31, 2014, accounts payable and accrued liabilities included $229,000 (December 31, 2013 - $184,000) due to key management personnel for unpaid remuneration.

11. Share Capital:

a) **Authorized**:

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

Issued:

Share capital:

	Number of shares	Amount
Balance at March 31, 2013	5,832,323	$ 7,230,469
Private placement during the year (net of share issuance cost) (i)	320,000	145,677
Balance at March 31, 2014	6,152,323	7,376,146
Issuance of shares to settle debts with various creditors (ii)	832,257	249,678
Balance at December 31, 2014	**6,984,580**	**7,625,824**

11. Share Capital (continued):

On December 5, 2014, the Company consolidated its shares on a 1 for 10 basis. All references to common shares for all periods presented have been retroactively restated to reflect this consolidation, unless otherwise stated.

(i) On November 28, 2013 Terreno completed a non-brokered private placement of 320,000 units at a price of $0.50 per unit resulting in gross proceeds of $160,000 (net proceed of 159,250 after share issuance cost). The share price on November 28, 2013 was $0.015. Each unit was comprised of one common share and one half share purchase warrant. Each full purchase warrant (a "Warrant") entitles the holder to acquire one additional common share for a period of three years at a price of $1.00. The securities issued under the private placement are subject to a four month hold period expiring on March 29, 2014. Each half warrant was valued at $0.04 with the remaining $0.46 per unit being allocated to share capital. As a result of the offering $146,427 was allocated to share capital and $13,573 was allocated to warrants (see note 14).

(ii) On April 16, 2014 Terreno completed the shares-for-debt transaction with certain creditors and has issued an aggregate of 832,257 common shares to settle outstanding debts of $416,129 for $249,678 to various creditors. The common shares were subject to a four month hold.

Stock Options plans:

The Company grants incentive stock options to eligible directors, officers, employees 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. 20% of options vest upon grant and 20% vest each six months thereafter. If the option holder ceases to be qualified to receive options from the Company those options expire in 90 days.

b) Stock options:

As of December 31, 2014, the Company had 321,000 stock options outstanding of which a total of 321,000 options had vested. The options have a weighted average remaining life of 1.41 years.

For the nine months period ended December 31, 2014, included in general and administrative expenses is stock-based compensation of $Nil (2013 - $36,046) relating to stock option granted to directors, officers, and consultants. All outstanding options are anti-dilutive to the Company's earnings per share.

(EXPRESSED IN CANADIAN DOLLARS)

11.Share Capital (continued):

A summary of the status of the Company's stock options outstanding as at December 31, 2014 and March 31, 2014 and changes during the periods then ended is presented below:

	December 31, 2014		March 31, 2014	
	# of Options	**Weighted average exercise price**	# of Options	Weighted average exercise price
Outstanding, at beginning of period	400,000	$ 2.90	524,000	$ 3.10
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	(8,000)	(6.00)	(6,000)	(28.5)
Forfeited	(71,000)	(3.40)	(118,000)	(2.70)
Outstanding, at end of period	321,000	2.70	400,000	2.90
Exercisable, at end of period	321,000	$ 2.70	400,000	2.90

Details of outstanding options:

Outstanding Options	Exercise Price	Number of Vested Options	Expiry Date
186,000	3.50	186,000	November 10, 2015
135,000	1.50	135,000	March 9, 2017
321,000		321,000	

12. Warrant reserve :

A summary of the status of the Company's warrants as at December 31, 2014 and March 31, 2014 and changes during the periods then ended is presented below:

	Number of Warrants	**Weighted average exercise price**	**Warrant value**
Balance at March 31, 2013	3,250,937	$ 2.10	$ 2,273,441
Warrant expired (i)	(913,249)	(2.50)	-
Broker warrant expired (i)	(125,988)	(1.50)	-
Warrants expired during period (ii)	(2,211,700)	(2.00)	-
Warrant issued pursuant to private placement during period (iii)	160,000	1.00	13,573
Balance at March 31, and December 31, 2014	**160,000**	**$ 1.00**	**$ 2,287,014**

(EXPRESSED IN CANADIAN DOLLARS)

12. Warrant reserve (continued):

On December 5, 2014, the Company consolidated its issued and outstanding common shares on a 1 for 10 basis. All references herein to common shares, per share amounts, warrants, and options for all periods presented have been retroactively restated to reflect this consolidation unless otherwise stated.

(i). During the year ended March 31, 2014, 913,249 warrants and 125,988 broker warrant expired unexercised on August 11, 2013.

(ii). During the year ended March 31, 2014, 2,211,700 warrants expired unexercised. Out of 2,211,700 486,334 warrants expired on October 14, 2013 and 1,725,366 warrants expired on November 1, 2013.

During the year ended March 31, 2013, 486,334 warrants expiring October 14, 2012 were extended to October 14, 2013 and 1,725,366 warrants expiring November 1 ,2012 were extended to November 1, 2013. The warrants were issued as part of a two-tranche private placement of units of the Company which closed on October 14, 2010 and November 1, 2010 respectively with each warrant entitling the holder thereof to purchase one common share of the Company at a price of $2.00 for a period of two years. The exercise price of the pre-modification warrants remains unchanged.The incremental fair value of the warrants resulting from this modification of $110,870 was credited to warrants and charged to the deficit account. The incremental increase in fair value of these warrants immediately after the modification were $25,145 and $85,725 respectively using the Black-Scholes option pricing model with the following assumptions: average expected volatility of 71.15%; dividend yield of 0%; risk-free interest rate of 0.83%; and an expected life of 1.13 year.

(iii). On November 28, 2013 Terreno completed a non-brokered private placement of 320,000 units at a price of $0.50 per unit. Each unit was comprised of one common share and one half share purchase warrant. Each full purchase warrant entitles the holder to acquire one additional common share for a period of three years at a price of $1.00. Each half warrant was fair valued at $0.04.

The fair value of the share purchase warrants were estimated using the black scholes option pricing model with the following assumptions: average expected volatility of 147.73%; dividend yield of 0%; risk-free interest rate of 1.19%; and an expected life of 3 year.

13. Share option reserve:

The Company's share option reserve is comprised of the following:

	Nine months ended December 31, 2014	Year ended March 31, 2014
Balance, beginning of period	**$ 2,845,026**	$ 2,806,624
Stock-based compensation (Note 11(b))	**-**	38,402
Balance, end of period	**$ 2,845,026**	$ 2,845,026

(EXPRESSED IN CANADIAN DOLLARS)

14. General and administrative expenses:

	Three Months ended December 31		Nine Months ended December 31	
	2014	2013	**2014**	2013
Professional fees	**$ 7,328**	$ 22,038	**$ 28,682**	$ 55,662
Consulting fees	**33,000**	-	**99,000**	81,000
Shareholder relations and communications	**5,122**	2,365	**8,741**	8,190
Office and general	**3,161**	103,466	**13,603**	183,613
Amortization	**146**	552	**781**	1,768
Stock based compensation	**-**	2,118	**-**	36,046
	$ 48,757	$ 130,539	**$ 150,807**	$ 366,279

15. 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. The Argentina operations are managed from an office in San Juan. The Slovakian operations located in Central Slovakia are closed.

The following is segmented information as at and for the period ended December 31, 2014:

	Three months ended December 31, 2014	Nine months ended December 31, 2014	As at December 31, 2014			
Country	**Net Loss**	**Net income**	**Capital assets**	**Cash and cash equivalent**	**Other assets**	**Total assets**
Canada	**$ (43,644)**	**(113,357)**	**$ -**	**$ 115,816**	**$ 56,480**	**$ 172,296**
Argentina	**(3,188)**	**133,830**	**2,941**	**491**	**-**	**3,432**
Slovakia	**-**	**(248)**	**-**	**-**	**-**	**-**
Total	**$ (46,832)**	**20,225**	**$ 2,941**	**$ 116,307**	**$ 56,480**	**$ 175,728**

(EXPRESSED IN CANADIAN DOLLARS)

15.Segment information (continued):

The following is segmented information for the three and nine month's period ended December 31, 2013 and as at March 31, 2014:

	Three months ended December 31, 2013	Nine months ended December 31, 2013	As at March 31, 2014			
Country	**Net Loss**	**Net loss**	**Capital assets**	**Cash and cash equivalent**	**Other assets**	**Total assets**
Canada	**$ (70,690)**	**(246,420)**	**$ -**	**$ 202,387**	**$ 58,668**	**$ 261,055**
Argentina	**(139,316)**	**(206,375)**	**3,768**	**1,067**	**-**	**4,835**
Slovakia	**(5,909)**	**(8,276)**	**-**	**248**	**-**	**248**
Total	**$ (215,915)**	**(461,071)**	**$ 3,768**	**$ 203,702**	**$ 58,668**	**$ 266,138**

The Company has no inter-segment revenues.

16. Capital management:

The Company includes the following in its capital:

	December 31, 2014	March 31, 2014
Share capital	**$ 7,625,824**	$ 7,376,146
Warrants	**2,287,014**	2,287,014
Share option reserve	**2,845,026**	2,845,026
Deficit	**(12,113,170)**	(12,133,395)
Accumulated other comprehensive loss	**(817,272)**	(820,733)
	$ (172,578)	$ (445,942)

The Company's objectives when managing capital are:

(a) To maintain the necessary capital to complete exploration and development of its properties;

(b) To realize proceeds from sales of one or more of its properties;

(c) To maximize the income it receives from cash & cash equivalents without significantly increasing the principal at risk by making investments in high credit quality issuers; and

(d) 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;

16. Capital management (continued):

- reviewing and reducing capital spending on mineral properties when necessary.

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.

17. 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, 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 have sufficient cash resources to meet its financial obligations as they come due. As at December 31, 2014 the Company has outstanding liabilities of $348,306 and working capital deficiency of $175,519. 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, or if the value of the Company's investment declines, resulting in lesser proceeds of disposition and losses upon disposition. The Company generates cash flow primarily from its financing activities and proceeds from disposition of its Investments, in addition to interest income earned on its investment. The Company has cash and cash equivalents of approximately $116,307. The Company needs 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 us, 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) Market risk: Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices. In the normal course of business, the Company is exposed to market risks as a result of its investments in publicly-traded companies. The Company's sensitivity analysis suggests that a 10% change in market prices would change the value of the investment by approximately $27.

(c) Interest rate risk: Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's sensitivity analysis suggests that a 1% change in interest rate would change the value of the investment by approximately $504.

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17. Financial instruments (continued):

(d) 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 it significant amount of its costs and liabilities are denominated in Argentina peso and other currencies. The Company has not entered into any foreign currency contracts to hedge this exposure.

The following table shows the estimated sensitivity of the Company's net after-tax income (loss) for the period ended December 31, 2014 from a change in all foreign currencies (Argentina peso and U.S. dollars with all other variables held constant as at December 31, 2014:

Percentage of Change in Foreign Currencies	Change in Net After-tax Income (Loss) From % Increase in Foreign Currencies	Change in Net After -Tax Income (Loss) From a Decrease in % in Foreign Currencies
2%	$ 1,007	$ (1,007)
4%	2,014	(2,014)
6%	3,021	(3,021)
8%	4,028	(4,028)
10%	5,034	(5,034)

(e) Credit risk: Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company has its cash and cash equivalents deposited with highly rated financial institutions. Other credit risk is limited to trade receivables in the ordinary course of business. The balance of trade receivables owed to the company in ordinary course of business is not significant.

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 and accrued 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;

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17. Financial instruments (continued):

Level 2 fair value measurements are those derived from inputs other that 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 period ended December 31, 2014 and December 31, 2013. The carrying values of the Company's financial assets and liabilities approximate their fair values as at December 31, 2014.

18. Changes in non-cash working capital:

	December 31, 2014	December 31, 2013
	$	$
Accounts receivables	**1,362**	**1,288**
Prepaid expenses	**(1,489)**	**15,802**
Accounts payable and accrued liabilities	**52,634**	**264,439**
	52,507	**281,529**

19. Supplementary cash flow information:

i. Settlement of liabilities:

On April 16, 2014 Terreno completed the shares-for-debt transaction with certain creditors and has issued an aggregate of 832,257 common shares to settle outstanding accounts payable of $416,129 for $249,678 to various creditors.

ii. Interest and taxes:

During the nine months period ended December 31, 2014 and 2013 the Company did not paid any interest and taxes in cash.