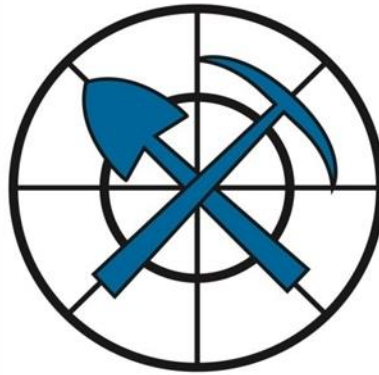


TERRENO RESOURCES CORP.

Management's Discussion and Analysis

For the three months ended June 30, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended June 30, 2019

Date of Report: August 28, 2019

This Management Discussion & Analysis ("MD&A") for Terreno Resources Corporation (the "Company" or "Terreno") should be read in conjunction with Terreno's unaudited interim financial statements and notes thereto for the three months ended June 30, 2019 and 2018.

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 August 28, 2019 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.sedar.com.

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 interim 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 June 30, 2019 has an accumulated deficit, of \$14,126,862 (March 31, 2019 - \$14,078,980). 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 interim 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:

On January 22, 2018, Terreno signed a definitive 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 at a value of \$100,000).
- Two and a half million common shares on each of the first and second anniversary of the option agreement (first anniversary shares issued in February 2019 at a value of \$100,000).

- Three million common shares on the third anniversary of the option agreement.
- 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.
- Cumulative exploration expenditures of C\$700,000 by October 31, 2021 including \$200,000 by October 31, 2019 (completed) and \$450,000 by October 31, 2020 (completed).

The property option, once earned and exercised, will make the Las Cucharas Project subject to a three percent (3%) net smelter return (NSR) royalty payable to Maverix Metals Inc. (TSX-V: MMX).

In April 2018, Terreno issued 2,000,000 common shares at a deemed value of \$100,000 to an Ontario private company upon approval from the TSX Venture Exchange pursuant to an option agreement under which Terreno may earn a sixty percent (60%) interest in the Las Cucharas Gold & Silver Project in Mexico.

In June 2018, the Chief Executive Officer exercised 500,000 stock options and 400,000 warrants at a price of \$0.05 per common share resulting in a working capital increase of \$45,000.

In February 2019, Terreno issued 2,500,000 common shares at a deemed value of \$100,000 to an Ontario private company due on the first anniversary pursuant to the property option agreement under which Terreno may earn a sixty percent (60%) interest in the Las Cucharas Gold & Silver Project in Mexico.

In June 2019, Terreno closed a \$230,000 private placement and issued 4,600,000 common shares and 4,600,000 warrants exercisable at \$0.05 with an expiry date of twelve months from the financing closing date.

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 prior fiscal years, with industry wide exploration cut-backs, the Company has written off the value of its various interests in projects in Argentina and Slovakia. In January 2018, the Company signed a definitive 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.

This MD&A was approved by the Board of Directors on August 28, 2019.

Overall Performance:

The Company expects to continue to work on its 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.

As at June 30, 2019, the Corporation had working capital surplus of \$62,665 compared to a working capital deficit of \$119,453 as at June 30, 2019. The Corporation had cash of \$98,188 as at June 30, 2019, compared to \$17,838 as at March 31, 2019. The increase in cash is due to the private placement closed in June 6, 2019.

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:

	2019	2018	2017
Operating loss	\$ (580,261)	\$ (349,700)	\$ (202,191)
Total comprehensive income (loss)	(580,836)	(331,900)	(201,465)
Loss per share – basic and diluted	(0.02)	(0.02)	(0.09)
Shares outstanding (weighted average)	27,371,396	17,056,218	11,638,246
Total assets	28,416	424,809	34,434
Total liabilities	147,869	108,426	58,932
Shareholder's equity surplus (deficiency)	(119,453)	316,383	(24,498)

Summary of Quarterly Results

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

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Operating loss	\$ (48,651)	\$ (291,146)	\$ (89,509)	\$ (115,553)
Net loss	(47,882)	(291,816)	(89,486)	(115,413)
Total comprehensive loss	(47,882)	(291,816)	(89,486)	(115,413)
Loss per share basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Operating loss	\$ (84,053)	\$ (231,280)	\$ (38,545)	\$ (30,438)
Net loss	(84,121)	(212,897)	(39,152)	(31,067)
Total comprehensive loss	(84,121)	(212,897)	(39,152)	(31,067)
Loss per share basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.00)	\$ (0.00)

Results of operations for the three months ended June 30, 2019 compared with the three months ended June 30, 2018.

For the three months ended June 30, 2019, the Company recorded a net loss and total comprehensive loss of \$47,882 (\$0.00 per common share–basic and diluted) compared to a net loss and total comprehensive loss of 84,121 (\$0.00 per common share–basic and diluted) for the three months ended June 30, 2018. Total operating losses decreased to \$48,651 in 2019 compared to \$84,053 in 2018. The net loss resulted primarily from exploration and evaluation expenditures of \$20,805 (2018 - \$57,682), and consulting and management fees of \$21,000 (2018 - \$19,500).

Following is the breakdown of operating expenses for the three months ended June 30, 2019 and 2018. Details of the significant changes follow the table.

	Three months ended June 30,	
	2019	2018
	\$	\$
Professional fees	4,000	3,000
Consulting fees	21,000	19,500
Shareholder relations and communications	2,744	2,448
Office and general	102	1,423
Exploration and evaluation expenditures	20,805	57,682
	48,651	84,053

Exploration and evaluation expenditures for the three months ended June 30, 2019 were \$20,805 compared to \$57,682 during the three months ended June 30, 2018. The expenses resulted from exploration activities on the Las Cucharas Gold & Silver Project in Mexico.

Cash Flows:

Three months ended June 30, 2019 as compared to three months ended June 30, 2018

During the three months ended June 30, 2019, the Company used \$149,650 of cash for its operations compared to \$154,520 during the three months ended June 30, 2018. Accounts payable and accrued liabilities decreased by \$101,027 during the period as two officers of the Company subscribed for 1,680,000 units of the June 2019 private placement and the subscription price of \$84,000 was netted against the payables due to the officers.

For the three months ended June 30, 2019, the Company had a net increase in cash of \$80,350 (2018 - decrease in cash of \$109,520). The Company reports a cash and cash equivalents balance of \$98,188 as at June 30, 2019 (March 31, 2019 - \$17,838).

Liquidity and Capital Resources:

Balance Sheet Highlights	June 30, 2019	March 31, 2019
Current assets	\$ 108,738	\$ 28,416
Total assets	108,738	28,416
Current liabilities	46,073	147,869
Share capital, warrant and share option reserves	14,189,527	13,959,527
Deficit	(14,126,862)	(14,078,980)
Working Capital Surplus (Deficit)	62,665	(119,453)

As at June 30, 2019, cash was \$98,188 as compared to \$17,838 as at March 31, 2019.

As at June 30, 2019, the Company had a working capital surplus of \$62,665 compared a deficit of \$119,453 as at March 31, 2019. The working capital surplus in 2019 resulted from the completion of a private placement totalling 4,600,000 units at a price of \$0.05 per unit.

The Company's use of cash is currently, and is expected to continue to be, focused on two principal areas; the funding of its earn in of a sixty percent (60%) interest in the Las Cucharas Gold & Silver Project in Mexico and the funding of its 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 sale of its equity securities and by way of private placements and the subsequent exercise of share purchase warrants and stock option in connection with such private placements. However, the exercise of warrants/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/options (over which the Company has no control) and therefore there can be no certainty that any existing warrants/options will be exercised.

The Company expects that it will operate at a loss for the foreseeable future, and it requires additional financing to earn a sixty percent (60%) interest in the Las Cucharas Gold & Silver Project in Mexico and acquire additional mineral properties (if applicable) and to continue its operations (including general and administrative expenses). There is significant uncertainty that 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 \$46,073 as at June 30, 2019 compared to \$147,869 as at March 31, 2019, with a reduction in payables.

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 June 30, 2019.

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	\$ 46,073	\$ 46,073	-	-	-
Obligations on exploration expenditures	\$ 241,653	-	\$ 241,653	-	-
	\$ 287,726	\$ 46,073	\$ 241,653	\$ Nil	\$ Nil

Related party transactions with key management personnel:

During the year three months ended June 30, 2019, the Company entered into the following transactions with key management personnel:

Type of service	Nature of relationship	2019	2018
Consulting fees	Officers	\$ 31,140	\$ 43,500
Stock based compensation	Directors and officers	Nil	Nil

At June 30, 2019, accounts payable and accrued liabilities included \$11,384 (March 31, 2019 - \$77,331) 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:

There were no proposed transactions as of the date of this MD&A.

Capital Management:

The Company includes the following in its capital:

	June 30, 2019	March 31, 2019
Share capital	\$ 8,789,536	\$ 8,629,036
Warrant reserve	2,483,348	2,413,848
Share option reserve	2,916,643	2,916,643
Deficit	(14,126,862)	(14,078,980)
	<u>\$ 62,665</u>	<u>\$ (119,453)</u>

The Company's objectives when managing capital are:

- (a) 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
- (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 June 30, 2019 the Company has outstanding liabilities of \$46,073 and a working capital of \$62,665. 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 \$98,188 as at June 30, 2019. 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 some of its liabilities are denominated in U.S. dollars and Mexican Pesos. The Company has not entered into any foreign currency contracts to hedge this exposure. The risk is not considered significant.
- (c) Credit risk: Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company has its cash 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 considered 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 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 three months ended June 30, 2019 and 2018. The carrying values of the Company's financial assets and liabilities approximate their fair values as at June 30, 2019.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the three months ended June 30, 2019 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 August 28, 2019 are as follows:

Common shares	As at August 28, 2019
Outstanding	34,235,506
Issuable from option exercises	1,000,000
Issuable from warrant exercises	4,600,000
Total diluted common shares	39,835,506

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 not yet adopted:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements that are likely to have an impact on the Company are listed below. This listing is of standards and interpretations issued that the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the Right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied. The Company does not expect adoption to have any material impact.

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 it presently holds funds in Canadian Dollars and a significant amount of its costs and liabilities will be incurred in US Dollars and Mexican Pesos. The Company has not entered into any foreign currency contracts

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 Mexico 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.sedar.com. The Company trades on the NEX, under the symbol "TNO.H".