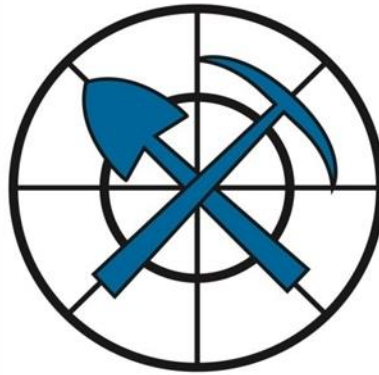


TERRENO RESOURCES CORP.

Management's Discussion and Analysis

For the nine months ended December 31, 2021



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the nine months ended December 31, 2021

Date of Report: February 25, 2022

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 nine months ended December 31, 2021 and 2020.

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 February 25, 2022 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 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 December 31, 2021 has an accumulated deficit, of \$15,313,182 (March 31, 2021 - \$15,059,537). 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:

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 and 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 in April 2018 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 and second anniversary shares issued in February 2020 at a value of \$100,000).

- Three million common shares on the third anniversary of the option agreement (issued in February 2021 at a value of \$120,000).

- 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. The fourth anniversary is January 22, 2022. The transfer of a 60% interest to Terreno is subject to the transfer of titles from Maverix Metals Inc. and its Mexican subsidiary to the Mexican subsidiary of the private Ontario corporation which optioned the property from Maverix Metals Inc.

- Cumulative exploration expenditures of C\$700,000 (completed) by October 31, 2021 which included \$200,000 by October 31, 2019 and \$450,000 by October 31, 2020.

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 September 2020, the Company completed a private placement of 9,200,000 units at a price of \$0.05 per unit. Each unit consisted of a common share and one share purchase warrant. The share purchase warrants were exercisable at \$0.07 and expired one year from the closing date of September 1, 2020. A senior officer and director of the Company subscribed for 1,500,000 units under the financing. The \$75,000 subscription price was netted against the payables due to the officer and director. An additional 324,039 units was subscribed by two directors of the Company and 480,000 units were subscribed by an officer. The Company issued 126,000 common shares and 126,000 non-transferable warrants as finders' fees at a combined value of \$6,300. These non-transferable warrants were exercisable at \$0.07 for a period of 12 months as finders' fees.

In December 2020, the Company granted 2,800,000 options to seven officers and directors of the Company. The options are exercisable at a price of \$0.05 for a period of three years expiring on December 31, 2023.

In March 2021, the Company completed a private placement of 800,000 units at a price of \$0.05 per unit. Each unit consisted of a common share and one share purchase warrant. The share purchase warrants are exercisable at \$0.07 and expire March 18, 2022, being one year from the closing date.

In March 2021, the Company signed an Amendment Agreement with the Ontario private company under which Terreno may acquire the remaining 40% interest in the Las Cucharas Gold and Silver Project in exchange for an additional 20,000,000 common shares of Terreno. The 20,000,000 shares are to be issued over four years commencing after the transfer of the property from Maverix Metals Inc. has been completed. Each issue of 5,000,000 common shares earns Terreno an additional 10% interest in the property. The issue of any of these shares is subject to regulatory approval. The NEX Exchange has advised Terreno that they will not review the approval of the Amendment Agreement until Terreno files to graduate to the TSX Venture Exchange. The Company considers the signed Amendment Agreement as binding upon the Ontario private company subject only to regulatory approval before any issue of shares. The first issue of shares is not due until twelve months after the transfer of titles from Maverix Metals Inc. to the Ontario private company.

In September 2021, the Company completed the first tranche of a private placement of 5,510,000 units at a price of \$0.05 per unit. Each unit consisted of a common share and one share purchase warrant. The share purchase warrants are exercisable at \$0.06 and expire one year from the closing date of September 20, 2021. A senior officer and director of the Company subscribed for 600,000 units under the first tranche. The \$30,000 subscription price was netted against the payables due to the officer and director. An additional 360,000 units were subscribed by an officer of the Company.

A second tranche of 1,900,000 units was closed in November 2021. A senior officer and director of the Company subscribed for 300,000 units under the financing. The \$15,000 subscription price was netted against the payables due to the officer and director.

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 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 and Silver Project in Mexico.

This MD&A was approved by the Board of Directors on February 25, 2022.

Overall Performance:

The Company intends 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 and Silver Project in Mexico.

In February 2021, the Company advised the Optionor, a private Ontario numbered company, that the \$700,000 of required earn in expenditures had been completed and requested the transfer of a 60% interest in the titles of the Las Cucharas concessions.

As at December 31, 2021, the Corporation had working capital of \$172,645 compared to working capital of \$55,790 as at March 31, 2021. The Corporation had cash of \$202,678 as at December 31, 2021, compared to \$153,370 as at March 31, 2021.

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:

	2021	2020	2019
Operating loss	\$ (611,911)	\$ (332,686)	\$ (580,261)
Total comprehensive loss	(611,911)	(368,646)	(580,836)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.02)
Shares outstanding (weighted average)	42,699,922	33,772,938	27,371,396
Total assets	173,886	19,557	28,416
Total liabilities	118,096	172,656	147,869
Shareholders' equity surplus (deficiency)	55,790	(153,099)	(119,453)

Summary of Quarterly Results

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

	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Operating loss	\$ (98,487)	\$ (71,573)	\$ (83,585)	\$ (299,180)
Net loss	(98,487)	(71,573)	(83,585)	(299,180)
Total comprehensive loss	(98,487)	(71,573)	(83,585)	(299,180)
Loss per share basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Operating loss	\$ (191,437)	\$ (91,008)	\$ (30,286)	\$ (168,467)
Net loss	(191,437)	(91,008)	(30,286)	(168,467)
Total comprehensive loss	(191,437)	(91,008)	(30,286)	(168,467)
Loss per share basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Results of operations for the three months ended December 31, 2021 compared with the three months ended December 31, 2020.

For the three months ended December 31, 2021, the Company recorded a net loss and total comprehensive loss of \$98,487 (\$0.00 per common share–basic and diluted) compared to a net loss and total comprehensive loss of \$191,437 (\$0.00 per common share–basic and diluted) for the three months ended December 31, 2020. Total operating costs decreased by \$93,119 during the period as the Company decreased exploration expenditures by \$20,140 after having met the spending requirements on the Las Cucharas Gold and Silver property option agreement. Stock based compensation was nil in 2021 (2020 - \$83,900) as the Company did not grant any options during the period.

Following is the breakdown of operating expenses for the three months ended December 31, 2021 and 2020.

	Three months ended December 31,	
	2021	2020
	\$	\$
Consulting fees	21,000	21,000
Exploration and evaluation expenditures	45,225	65,365
Office and general	22,674	15,147
Professional fees	5,000	3,500
Shareholder relations and communications	4,419	2,525
Stock based compensation	-	83,900
	98,318	191,437

Results of operations for the nine months ended December 31, 2021 compared with the nine months ended December 31, 2020.

For the nine months ended December 31, 2021, the Company recorded a net loss and total comprehensive loss of \$253,645 (\$0.00 per common share–basic and diluted) compared to a net loss and total comprehensive loss of \$312,731 (\$0.00 per common share–basic and diluted) for the nine months ended December 31, 2020. Total operating costs decreased by \$59,178 during the period due to a decrease of \$83,900 in stock based compensation as the Company did not grant any options during the period. Office and general expenses increased by \$20,185 as the Company entered into a marketing contract in September 2021.

Following is the breakdown of operating expenses for the nine months ended December 31, 2021 and 2020.

	Nine months ended December 31,	
	2021	2020
	\$	\$
Consulting fees	63,000	63,000
Exploration and evaluation expenditures	116,885	119,793
Office and general	46,425	26,240
Professional fees	13,000	10,445
Shareholder relations and communications	14,243	9,353
Stock based compensation	-	83,900
	253,553	312,731

Cash Flows:

Nine months ended December 31, 2021 as compared to the nine months ended December 31, 2020

During the nine months ended December 31, 2021, the Company used \$321,192 of cash for its operations compared to \$326,255 during the nine months ended December 31, 2020. Accounts payable and accrued liabilities decreased by \$11,340 during the period.

For the nine months ended December 31, 2021, the Company had a net increase in cash of \$49,308 (2020 - \$133,745). The Company reports a cash and cash equivalents balance of \$202,678 as at December 31, 2021 (March 31, 2021 - \$153,370).

Liquidity and Capital Resources:

Balance Sheet Highlights	December 31, 2021	March 31, 2021
Current assets	\$ 279,401	\$ 173,886
Total assets	279,401	173,886
Current liabilities	106,756	118,096
Share capital, warrant and share option reserves	15,485,827	15,115,327
Deficit	(15,313,182)	(15,059,537)
Working Capital Surplus (Deficit)	172,645	55,790

As at December 31, 2021, cash was \$202,678 as compared to \$153,370 as at March 31, 2021.

As at December 31, 2021, the Company had working capital of \$172,645 compared to \$55,790 as at March 31, 2021.

The Company's use of cash is currently, and is expected to continue to be, focused on funding of the exploration programs at the Las Cucharas Gold and Silver Project in Mexico 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 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 explore the Las Cucharas Gold and 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 \$106,756 as at December 31, 2021 compared to \$118,096 as at March 31, 2021.

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 December 31, 2021.

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	\$ 106,756	\$ 106,756	-	-	-
	\$ 106,756	\$ 106,756	\$ Nil	\$ Nil	\$ Nil

Related party transactions with key management personnel:

During the nine months ended December 31, 2021, the Company entered into the following transactions with key management personnel:

Type of service	Nature of relationship	2021	2020
Consulting fees	Officers	\$ 87,390	\$ 76,710

At December 31, 2021, accounts payable and accrued liabilities included \$13,816 (March 31, 2021 - \$22,725) 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 March 2021, the Company signed an Amendment Agreement with the Ontario private company under which Terreno may acquire the remaining 40% interest in the Las Cucharas Gold and Silver Project in exchange for an additional 20,000,000 common shares of Terreno. The 20,000,000 shares are to be issued over four years commencing after the transfer of the property from Maverix Metals Inc. has been completed. Each issue of 5,000,000 common shares earns Terreno an additional 10% interest in the property. The issue of any of these shares is subject to regulatory approval. The NEX Exchange has advised Terreno that they will not review the approval of the Amendment Agreement until Terreno files to graduate to the TSX Venture Exchange. The Company considers the signed Amendment Agreement as binding upon the Ontario private company subject only to regulatory approval before any issue of shares. The first issue of shares is not due until twelve months after the transfer of titles from Maverix Metals Inc. to the Ontario private company.

Capital Management:

The Company includes the following in its capital:

	December 31, 2021	March 31, 2021
Share capital	\$ 9,654,857	\$ 9,444,057
Warrant reserve	2,835,127	2,675,427
Share option reserve	2,995,843	2,995,843
Deficit	(15,313,182)	(15,059,537)
	\$ 172,645	\$ 55,790

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 December 31, 2021 the Company has outstanding liabilities of \$106,756 and working capital of \$172,645. 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 \$202,678 as at December 31, 2021. 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 nine months ended December 31, 2021 and 2020. The carrying values of the Company's financial assets and liabilities approximate their fair values as at December 31, 2021.

Internal Controls Over Financial Reporting:

There was no change in the Company's internal controls over financial reporting ("ICFR") that occurred during the nine months ended December 31, 2021 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 February 25, 2022 are as follows:

Common shares	As at February 25, 2022
Outstanding	58,971,506
Issuable from option exercises	2,450,000
Issuable from warrant exercises	8,210,000
Total diluted common shares	69,631,506

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 adopted:**IFRS 3, Business Combinations ("IFRS 3")**

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

IAS 1, Presentation of Financial Statements ("IAS 1")

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

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.

The concession fees for 2021 have yet to be paid.

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.

COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. The Company would be adversely affected by the loss of services of key personnel and restrictions on cross border trade.

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 Board of the TSX Venture Exchange, under the symbol "TNO.H".