

Terreno Resources Corp. (TSXV:TNO.H) Drilling New Life into Las Cucharas Gold and Silver Project in Mexico

COMPANY DESCRIPTION:

Terreno Resources Corp. ("Terreno" or "the Company") is a Canadian-based gold & silver exploration and development company that is currently focusing on Las Cucharas Gold and Silver Project in Nayarit, Mexico. It is a district-scale exploration project covering over 4,445 hectares and exploration work has identified precious and base metal mineralized zones over an area that is six kilometres long.

INVESTMENT THESIS AND UPCOMING CATALYSTS:

- **District-scale Exploration Potential:** The project holds 17 mining concessions covering over 4,445 hectares, with 17 gold-silver and gold-silver-copper-lead-zinc mineralized zones over an area that is 6km long.
- **Solid Geological Conditions:** The project sits at the southern side of the Sierra Madre Occidental (SMO) metallogenic province, a large mid-tertiary volcanic field that is one of the world's largest epithermal precious metal terranes and hosts several world-class, multi-million-ounce gold & silver mines and deposits.
- **Historical Production Highlights Future Potential:** The area has documented historical gold & silver production through several small mines that highlight the potential for large-scale exploration and commercial exploitation.
- **Funding for 2022:** In November 2021, Terreno reported that it closed the second tranche of an up to \$1.0M financing. Once fully closed, the Company will be fully financed to execute on its 2022 exploration plan.
- **Upcoming Catalysts:**
 - **Exploration Results:** Exploration results from upcoming field work programs and proposed diamond drilling plan.
 - **Graduating to the TSX Venture Exchange:** Terreno is currently in the process of graduating to the TSX Venture Exchange from the NEX board and believes the transfer will be complete in the first quarter of 2022.

FINANCIAL ANALYSIS & VALUATION:

- We valued **Terreno** using a comparable company analysis to other companies with exploration projects in Mexico.
- From this calculation, we estimated **Terreno's** Enterprise Value to be \$16.8 million and its One-Year Forward Target Price would be \$0.14.
- **We are Initiating Coverage with a Speculative Buy rating and one-year Price Target of \$0.14.**

REVISIONS	Rev.	Prior
Rating	Spec. Buy	-
Target Price	\$0.14	-
Revenue F2020E (M)	\$0.0	-
Revenue F2021E (M)	\$0.0	-

MARKET DATA

Date:	Jan 31, 2022
Current Price (C\$):	\$0.04
52-Week Range:	\$0.03 / \$0.07
Shares O/S (M):	59.0
Mkt Cap (\$M);	\$2.1
EV (\$M):	\$1.9
Avg. Weekly Vol. (M)	0.06

Website: www.terrenoresources.ca

FINANCIALS

Fiscal Year End: March 31

	F2020A	F2021E	F2022E
Revenue (\$M)	\$0.0	\$0.0	\$0.0
	F2021A	F2022-Q2A	
Cash (\$M)	0.2	0.2	
Current Assets (\$M)	0.2	0.3	
Net Cash (\$M)	-0.2	-0.2	
Total Assets (\$M)	0.2	0.3	
Debt (\$M)	0.0	0.0	
Total Liabilities (\$M)	0.1	0.1	
Key Shareholders	(M)	% Held	
George Brown	5.50	9.3%	
Joseph Del Campo	0.42	0.7%	
Richard Williams	0.62	1.1%	

Source: Company Reports, S&P Capital IQ

Chris Thompson, CFA, MBA, P.Eng.
Director of Equity Research

All figures in CAD unless otherwise stated.

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1. Investment Thesis – Why Invest in Terreno Resources

District-scale Exploration Potential in a Region Rich in Gold and Silver Mining Projects

- **Terreno's** current focus is Las Cucharas Gold and Silver Project in Nayarit, Mexico. It is a district-scale exploration project that consists of 17 mining concessions covering over 4,445 hectares.
- Exploration work has identified 17 gold-silver and gold-silver-copper-lead-zinc mineralized zones over an area that is six kilometres long, with other mineralized showings outside of this main area.

Solid Geological Conditions for Precious and Base Metal Deposits

- The project sits at the southern side of the Sierra Madre Occidental ("SMO") metallogenic province, a large mid-tertiary volcanic field that is one of the world's largest epithermal precious metal terranes and hosts several world-class, multi-million-ounce gold & silver mines and deposits.

Historical Production Highlights Future Potential

- The area has documented historical gold & silver production through several small mines that highlight the potential for large-scale exploration and commercial exploitation.
- Documented historical production at the La Union Zone was 130,000 tonnes at 9.3 g/t gold and 761 g/t silver that processed into 34,000 gold ounces and 2.6 million silver ounces.
- Adits and underground development have been observed at various zones on the project that span hundreds of metres in length and on several levels. However, without electricity at the site to operate pumps, past mining was limited to workings above the water table.

Mining-friendly Jurisdiction

- Mexico is one of the leading investment destinations for mining companies in Latin America due to its mineral resource potential, good infrastructure, and skilled workforce.
- Mexico ranks as the world's leading producer of silver and, in 2020, it accounted for over 22% of world production, and also ranks in the Top 10 in the world for the production of other metals including gold, copper, lead, molybdenum, and zinc.

Experienced Management Team

- **Terreno** is supported by an experienced management team with diverse commercial, market, and technical expertise.
- **Terreno's** management has long-standing experience and geological knowledge of the region, so the Company is well-positioned to take advantage of the project's exploration opportunities.

Funded for 2022

- In November 2021, Terreno reported that it closed the second tranche of an up to \$1.0 million financing.
- Once the \$1.0 million financing is closed, the Company will be fully financed to execute on its 2022 exploration plan.

Upcoming Catalysts

- (i) **Exploration Results:** Exploration results from upcoming field work programs and proposed 2022 diamond drilling plan.

- (ii) **Graduating to the TSX Venture Exchange: Terreno** is currently in the process of graduating to the TSX Venture Exchange from the NEX board and believes the transfer will be complete in the first quarter of 2022.

2. Company Overview

Terreno is a Canadian-based gold & silver exploration and development company that was incorporated in 1995, with a corporate address of 44 Victoria Street, Suite 1102, Toronto, Ontario, Canada, M5C 1Y2.

The Company was incorporated under the Alberta Business Corporations Act in 1995 and was registered in the Province of British Columbia in 2007.

Terreno was formerly known as **Mega Moly Inc.** and changed its name to **Terreno Resources Corp.** in 2010.

The Company's current focus is Las Cucharas Gold and Silver Project in Nayarit, Mexico. The small-scale historical production on the site highlights the potential for large-scale exploration and commercial exploitation.

After signing an agreement to option the project in 2018, **Terreno** earned a 60% interest in 2020 after spending \$0.7 million in exploration.

In March 2021, the Company signed an Amendment Agreement with the optionor, a private Ontario company, and **Terreno** may earn the remaining 40% interest in Las Cucharas Project by issuing 20 million shares over the next four years.

Las Cucharas Project falls within the Municipality of Huajicori, at the north end of the State of Nayarit in west-central Mexico. The area around the project is a mining-friendly jurisdiction and is well known for precious and base metals mines and projects (see Figures [1](#), [2](#), and [11](#)).

The project sits at the southern side of the SMO metallogenic province, a large mid-tertiary volcanic field that is one of the world's largest epithermal precious metal terranes and hosts several world-class, multi-million-ounce gold & silver mines and deposits.

It is a district-scale exploration project that consists of 17 mining concessions covering over 4,445 hectares (almost 11,000 acres).

In November 2021, **Terreno** closed the second tranche of an up to \$1.0 million financing. After the close of the second tranche, the Company has raised \$0.37 million and there are 58.97 million shares issued and outstanding.

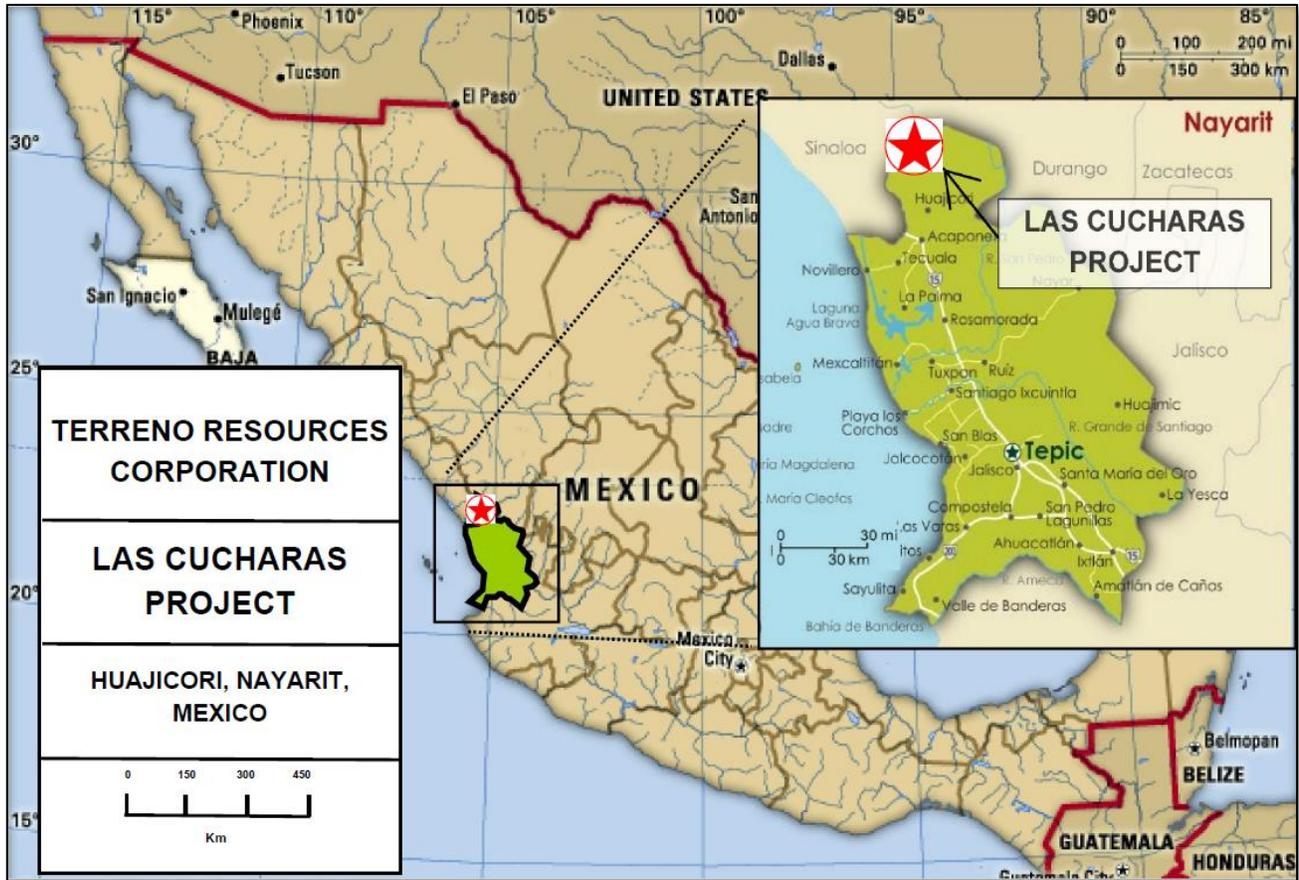
In 2021, **Terreno** made a request to graduate to the TSX Venture Exchange from the NEX board and believes the transfer will be complete in the first quarter of 2022.

Terreno is supported by an experienced management team with diverse commercial, market, and technical expertise. **Terreno's** management has long-standing experience and geological knowledge of the region, so the Company is well-positioned to take advantage of the exploration opportunities on the project.

Terreno currently trades on the NEX board under the ticker **TNO.H**.



Figure 1: Location of Las Cucharas Project, Mexico



Source: Company Presentation (2021)

Figure 2: Location of Las Cucharas Project and the Sierra Madre Occidental in Mexico

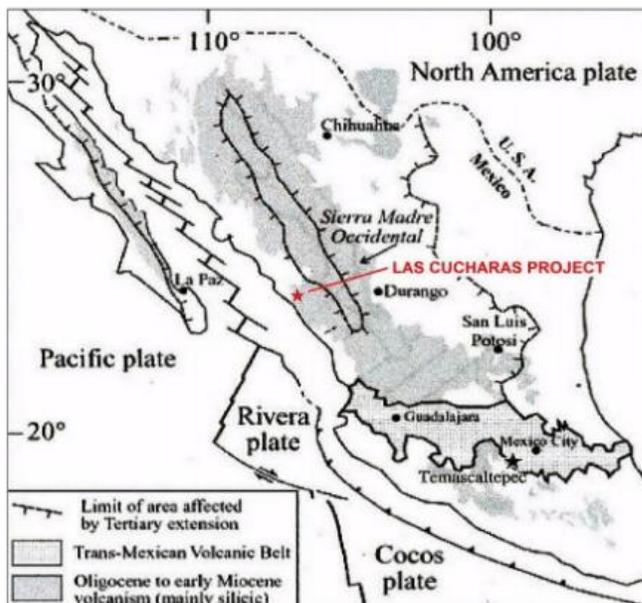


Figure 3. Tectonic map of Mexico. The position of the Sierra Madre Occidental comprised of the extensive field of silicic Oligocene to early Miocene volcanic rocks is indicated. The Las Cucharas Project is located at the southernmost end of the Sierra Madre Occidental (after Camprubi, and Ferrari, et. al., 2003).

Source: NI-43-101 Report, Las Cucharas Project (2012)

3. Company History and Recent Developments

In 1995, **Terreno** was provincially incorporated in Alberta as Mega Moly Inc. and based in Toronto, Ontario, Canada. In 2007, the Company registered provincially in British Columbia.

In August 2010, Mega Moly Inc. formally changed its name to **Terreno Resources Corp.**

From 2012 to 2018, **Terreno** entered into various option agreements and contracts for exploration and other commercial projects in Argentina and the Dominican Republic.

In January 2018, **Terreno** signed an agreement on Las Cucharas Gold and Silver Project in Nayarit, Mexico.

In May 2018, **Terreno** announced its exploration program at Las Cucharas Project in Mexico.

In 2018, **Terreno's** planned exploration programs were hampered by three separate force-five hurricanes and several tropical storms to the area, which resulted in blocked roads, landslides, washed-out bridges, and overflowing rivers. Although the extreme weather delayed exploration on the project, it created several new mineralized outcrop exposures.

From January 2019 to March 2019, the Company carried out repairs to the project's access roads.

In 2019, the Company's exploration programs at Las Cucharas provided more evidence of a large hydrothermal precious metal system with larger size potential and continuity than was previously predicted. **Terreno** collected 90 samples from the new outcrop exposures.

In 2020, **Terreno's** exploration program included continued detailed structural mapping on a property-wide scale, and sampling programs to target underexplored areas and new showings on the property.

In March 2021, **Terreno** announced that it had completed its cumulative exploration expenditure requirements by December 2020 for Las Cucharas Project to earn its 60% of the project. It also announced that it entered an Amendment Agreement with the optionor which may earn the Company the remaining 40% interest in Las Cucharas Project with the issuance of 20 million shares over the next four-year period.

On July 26, 2021, **Terreno** announced that it is expecting to raise \$1.0 million in funding at \$0.05 per share.

In November 2021, **Terreno** reported that it closed the second tranche of an up to \$1.0 million financing. After closing the second tranche, the Company has now raised \$0.37 million and there are 58.97 million shares issued and outstanding.

At present, **Terreno** is planning a diamond drilling plan for Las Cucharas Project, which it intends to start as soon as the Company listing change to the TSX Venture Exchange is completed and it raises additional capital to proceed. The 2022 drill proposal includes a drill program of 11 holes.

4. Terreno Main Project

4.1 Las Cucharas Gold and Silver Project

Las Cucharas Project falls within the Municipality of Huajicori, at the north end of the State of Nayarit in west-central Mexico. The area around the project is a mining-friendly jurisdiction and is well known for precious and base metals mines and projects (see Figures [1](#) and [2](#)).

The project sits at the southern side of the SMO metallogenic province, a large mid-tertiary volcanic field that is one of the world's largest epithermal precious metal terranes and hosts several world-class, multi-million-ounce gold & silver mines and deposits (see Figure [10](#)).

Las Cucharas Project consists of 17 mining concessions covering over 4,445 hectares (almost 11,000 acres). It is a district-scale exploration project in an area that is rich in gold & silver.

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The nearby town of Acaponeta is connected by a paved highway to the city of Mazatlán and is a 4.5 hour drive away. Mazatlán is a Mexican resort town on the Pacific Ocean with an international airport and is located in the north of the neighbouring state of Sinaloa. Hotels and goods and services can also be found in the nearby town of Acaponeta, which is only 1.5 hours away from Las Cucharas Project.

Access to Las Cucharas Project is by secondary dirt roads. There are no goods or services in the village of Mineral de Cucharas, however, unskilled labour and local prospectors, who are well-versed in the mineral occurrences, are available for employment.

Drilling water can be accessed through the local surface drainages. The Acaponeta River crosses the project which has enough water for potential mining operations, however, the use of the river water is subject to governmental regulations.

Small-scale production occurred at the site from 1903 to 1994 that was documented as producing 3,000 kg (approximately 100,000 ounces) of gold and 30,000 kg (approximately 1.0 million ounces) of silver at one of the project zones. The small-scale historical production on the site highlights the potential for large-scale exploration and commercial exploitation.

Recent exploration work was carried out from 2003 to 2012 by **Maverix Metals Inc. (TSX:MMX)** and its predecessor company, **MacMillan Minerals Inc.** This work identified 17 gold & silver mineralized zones, which are north-west trending and six kilometres long, with other mineralized showings outside of this main area. This mineralization is distinguished as volcanic-hosted, low-sulfidation, epithermal silver and gold in vein and stockwork zones, shear structures, and breccias.

Exploration work identified 17 gold and silver mineralized zones, which are north-west trending and six kilometres long, with other mineralized showings outside of this area.

A NI 43-101 Property of Merit report was issued by **MacMillan Minerals** in 2012 on Las Cucharas Project and is available on SEDAR. However, there is no NI 43-101 resource for the project and the Company did not release a timetable of when, or if, an NI 43-101 resource would be published.

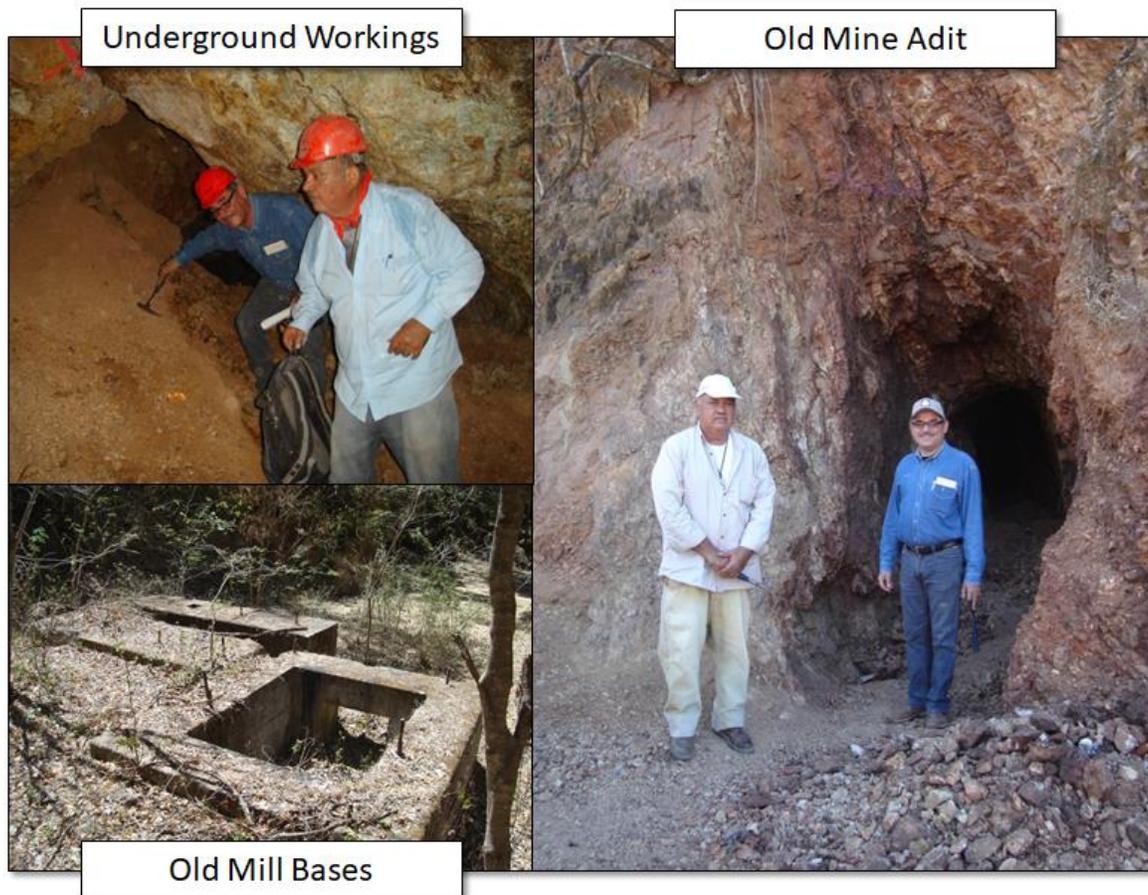
Terreno optioned the project in 2018. When **Terreno** took over the project, grab samples were taken in both underground and surface exposures of known gold & silver mineralized areas. The samples collected showed encouraging precious metal results even though grab samples are not indicative of mineralized widths.

In 2019, **Terreno** reported that the exploration programs at Las Cucharas showed more evidence of a widespread hydrothermal precious metal system with a larger size potential and continuity than was previously predicted.

Terreno reported that the majority of historical work on Las Cucharas Project was focused on known mineralized showings, and during its fieldwork, the Company continued to discover new mineralized zones and extensions of existing areas.

The Company reported that as of March 31, 2021, the cumulative exploration expenditure requirements (\$0.7 million) on the original option agreement for Las Cucharas Project were completed.

Figure 3: Photos of Historical Mine Workings



Source: Company Presentation (2021)

- Sites C, D, and E: Los Gallos:
 - Underground Sampling:
 - Weighted average of 15 channel samples from an area of 32m by 2.25m across a structure at the back of a stope: 3.3 g/t Au and 154.8 g/t Ag.
 - 2021 Underground and Surface Sampling:
 - 16.4 g/t Au and 262 g/t Ag over 0.60m.
 - 5.1 g/t Au and 406 g/t Ag over 0.90m.
 - Grab Sample from Stockpile: 22.8 g/t Au and 1,056 g/t Ag.

Figure 5: Select Project Samples by Zones

SAMPLE #	ZONE	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
40236	Arroyo del Tiro	0.8	-	22.5	-	-	-
40237	Arroyo del Tiro	1.5	-	22.5	-	-	-
40255	Arroyo El Jocuixtle	0.4	0.25	246	1.05	-	-
40259	Arroyo El Jocuixtle	1.4	1.2	88.9	0.21	-	-
40322	Arroyo El Jocuixtle	Grab - Float	-	44.4	-	-	-
40308	El Carrizo	1.5	0.11	3.7	-	-	-
40193	El Troze	1.8	0.49	23.1	-	-	-
40178	El Zapotillo	Grab - Mine Dump	10.7	1581	-	-	-
40263	El Zapotillo	0.65	1.97	3.3	-	-	-
40278	El Zapotillo	1.1	0.31	119	-	-	-
40203-40205	La Planta	5.3	-	19	0.6	1.14	2.13
40206-40217	La Planta	18.2	-	17.9	0.24	0.66	1.42
40218-40221	La Planta	6	-	22.6	0.11	0.58	0.48
40222-40226	La Planta	6.6	-	19.4	-	0.44	0.4
40229-40232	La Planta	5.8	-	21.8	0.36	0.9	0.88
40160	La Union	Grab - Stockpile	22.8	1901	-	-	-
40325	Las Palomas	0.9	0.54	93.1	-	-	-
40330	Las Palomas	0.6	0.82	110.2	-	-	-
40194	Los Cuervos	Grab - Mine Dump	0.13	635	-	-	-
40284	Los Cuervos	1.5	0.11	208	0.33	-	-
40288	Los Cuervos	1.5	-	38.4	0.6	0.1	0.78
40289	Los Cuervos	1	-	112.3	1.24	0.13	0.31
40326	Los Gallos	0.6	16.4	262	-	-	-
40327	Los Gallos	0.9	5.1	406	-	-	-
40329	Los Gallos	Grab - Mine Dump	22.8	1056	-	-	-
40247	Potrero de Don Teo.	1.5	-	26.3	-	-	-

Source: Company News Release (July 15, 2021)

- Sites F, G, and H: La Taverna, Jocuixtle, and La Italia:
 - Historical Production:
 - Mining took place in an area that was 250m by 10m but is currently filled in.
 - Key Historical Drill Hole:
 - NC-01A: 0.33 g/t Au and 141.6 g/t Ag over 1.5m.
 - Surface Sampling:
 - 18.9 g/t Au and 317 g/t Ag over 0.3m.
 - 0.7 g/t Au and 807 g/t Ag over 1.0m.
 - 246 g/t Ag and 1.05% copper (Cu) over 0.4m.

- Surface Sampling at Jocuixtle:
 - 3.3 g/t Au and 710 g/t Ag over 1.3m.
 - 1.1 g/t Au, 106 g/t Ag, 0.77% Cu, 0.32% lead (Pb), and 0.54% zinc (Zn) over 1.3m.
- Sites I and J: La Raizura:
 - Historical Production:
 - Mining took place in a 100m drift.
 - Key Historical Drill Hole:
 - BL RZ001: 2.9 g/t Au and 13.3 g/t Ag over 2.7m.
 - BL RZ003: 2.5 g/t Au and 103.9 g/t Ag over 7.4m.
 - Underground Sampling:
 - Weighted average from samples from an area of 71m by 2m across a structure at the back of a stope: 3.0 g/t Au and 292.0 g/t Ag.
- Site K: La Planta:
 - 2021 Surface Channel Sampling:
 - 17.9 g/t Ag, 0.24% Cu, 0.66% Pb, and 1.42% Zn over 18.2m.

Figure 6: 2022 Exploration Targets for Las Cucharas Project

SITE	COORDINATES UTM		AZIMUTH	INCL.	DEPTH (m)	TARGET	CONCESSION
	E	N					
LA UNION Y EL CARDON							
A	468392	2526335	55°	-50	300.00	Vetas Las Lumbres & El Cardón	HUAJICORI
B	468443	2526406	55°	-50	200.00	Vetas Las Lumbres & El Cardón	HUAJICORI
LOS GALLOS							
C	468345	2525510	20°	-50	100.00	Veta Los Gallos	HUAJICORI
D	468345	2525510	60°	-50	110.00	Veta Los Gallos	HUAJICORI
E	468390	2525440	60°	-50	110.00	Veta Los Gallos	HUAJICORI
TAVERNA-JOCUIXTLE-LA ITALIA							
F	469520	2523935	65°	-50	200.00	Veta El Jocuixtle.	HUAJICORI 1
G	469580	2523780	65°	-50	200.00	Veta El Jocuixtle.	HUAJICORI 1
H	469770	2523580	65°	-50	220.00	Veta La Italia.	HUAJICORI 1
LA RAIZURA							
I	469761	2522070	45°	-60	240.00	Veta La Raizura - deeper intersection	MINERVA
J	469761	2522070	70°	-50	200.00	Veta La Raizura	MINERVA
LA PLANTA							
K	469000	2524250	225°	-60	120.00	La Planta mineralized breccia zone	HUAJICORI FRAC 1
				TOTAL	2000.00	Meters	

Source: Company Presentation (2021)

5. Mexico's Mining Industry

Mexico is one of the leading investment destinations for mining companies in Latin America due to its mineral resource potential, good infrastructure, and skilled workforce. According to industry reports, the mining sector in Mexico attracted US\$4.25 billion in 2021, after falling in 2020 to US\$3.53 billion because of a pandemic-related economic slowdown. The mining sector represents about 2.3% of Mexico's overall economic activity.

Historically, mining in the region originated in the Andean region of modern-day Peru and Bolivia where it is estimated that copper was mined as early as 2000 BCE and the extensive use of gold & silver in society was identified by 1000 BCE.

From the Andean region, mining and the use of metal spread northwards through Central America to Mexico with copper axe blades and metallic tokens appearing in Ecuador and Mexico by 1000 CE.

The Aztecs, a Mesoamerican culture that flourished in central Mexico from 1300 to 1521, had basic knowledge of gold & silver mining and smelting technology. Gold held a spiritual meaning in the society as it was associated with the gods and gold & silver were also linked to authority and wealth status.

The Spanish conquistadors' arrival in present-day Mexico in 1519 started an intensive search for gold & silver that continues to this day.

Figure 7: Aztec Gold Ornaments – Circa 15th Century



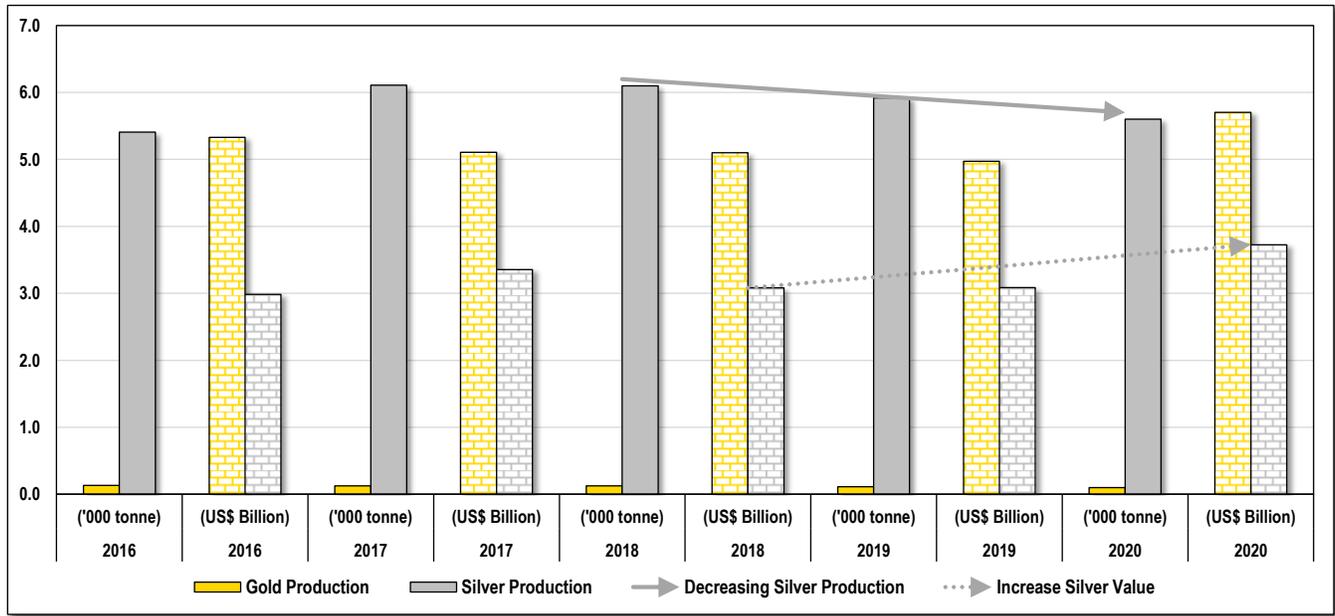
Source: Openverse, Gary Lee Todd

Mineral Production

Mexico often ranks as the world's leading producer of silver as it was in 2020 when it accounted for over 22% of world production. Mexico accounts for four out of the ten largest silver producing mines globally. The country also ranks in the Top 10 in the world for the production of gold, bismuth, copper, cadmium, fluor spar, lead, molybdenum, wollastonite, and zinc.

According to the USGS, Mexico produced over 100 tonnes of gold and 5,600 tonnes of silver in 2020. Production of gold & silver has been in decline since 2017, however, recently with the increase in the price of gold & silver, the value of gold & silver production has been increasing ([Figure 8](#)).

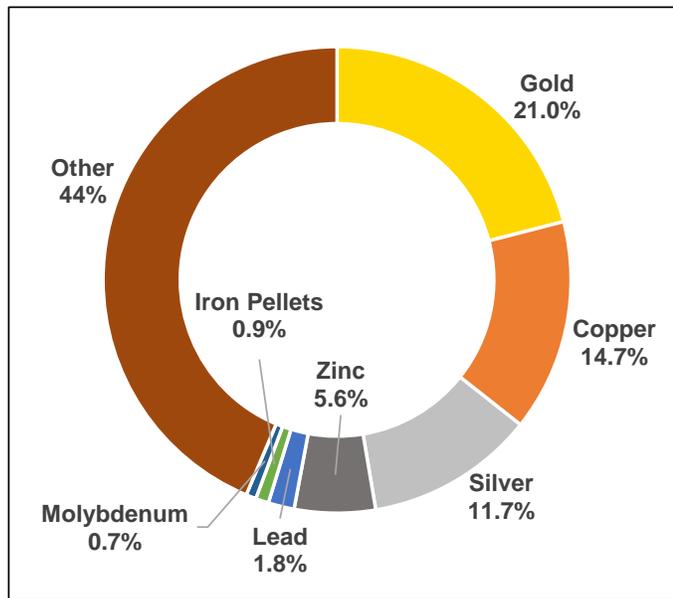
Figure 8: Mexico Gold & Silver Production



Source: eResearch; USGS; Macrotrends

When calculating the total value of non-fuel mineral production, gold accounted for 21%, followed by copper (14.7%), silver (11.7%), zinc (5.6%), lead (1.8%), coal (1.6%), coke (1.4%), iron pellets (0.9%), salt (0.7%), and molybdenum (0.7%).

Figure 9: Mexico – Total Value of Non-Fuel Mineral Production



Source: eResearch; USGS

While the pandemic may have affected Mexico’s mining activity in 2020, **Mexico’s National Institute of Statistics and Geography (Instituto Nacional de Estadística y Geografía or INEGI)** noted that the Mexican exports of precious metals rose by roughly 1.3%, compared to 2019, reaching US\$7.62 billion. Gold exports stood at an estimated 63% of the total value, with silver exports making up for

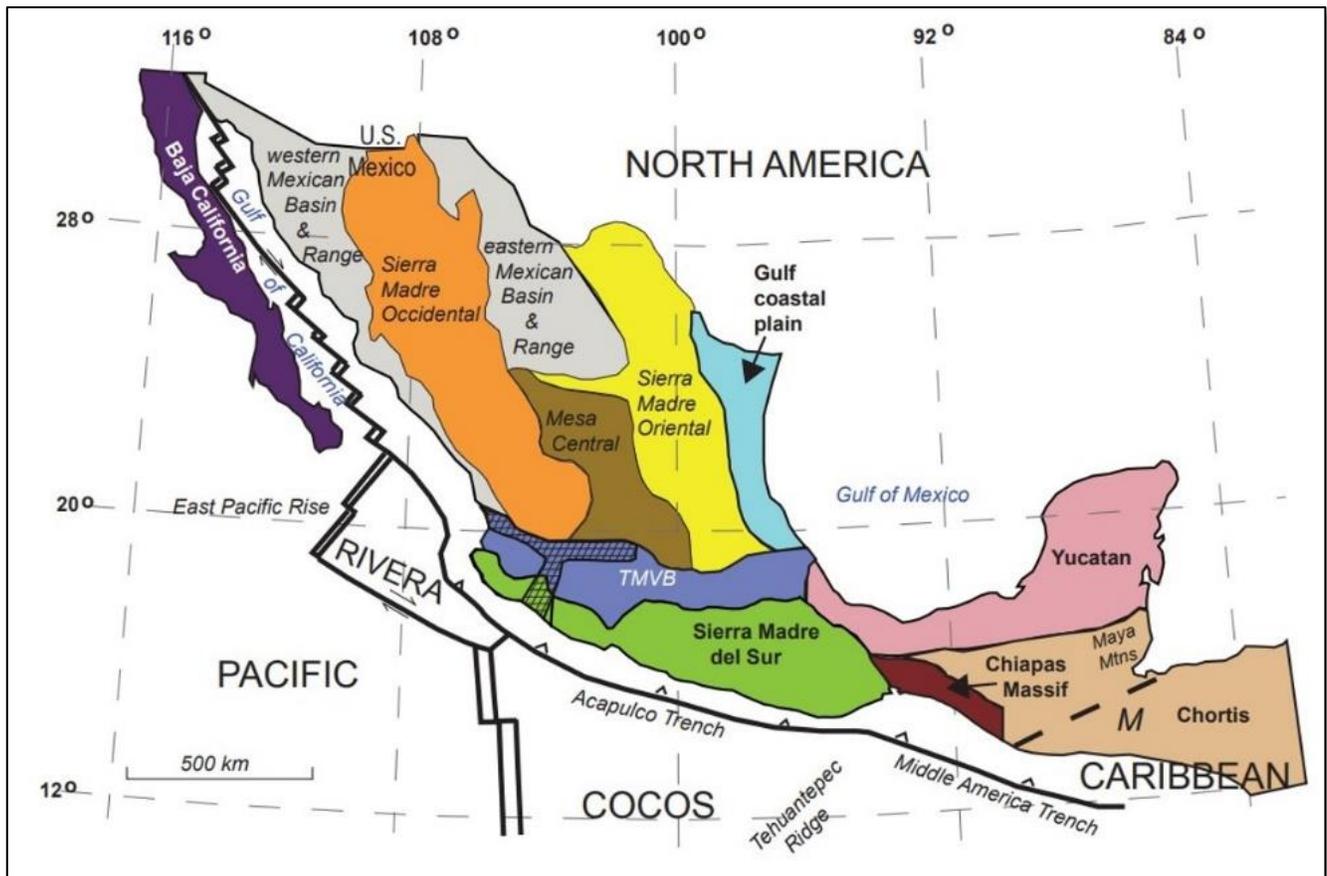
another 35%. Overall, Mexico’s mining production in 2020 was recorded to be 6% higher than in 2019, hitting US\$13.5 billion.

Mining Areas

Major geological areas in Mexico for mining and mineral exploration include the SMO, the Sierra Madre Oriental, the Sierra Madre del Sur, the Mesa Central, and the Trans Mexico Volcanic Belt (TMVB) (see [Figure 10](#)).

Mining activity, exploration, and foreign direct investment focuses on the states of Sonora, Durango, Chihuahua, Zacatecas, Coahuila, Sinaloa, and Jalisco. However, the top three states account for almost 63% of mineral (non-fuel) production (by value): Sonora was the principal producer at over 33%, followed by Zacatecas at almost 20%, and Chihuahua at almost 10%.

Figure 10: Major Geologic and Physiographic Areas of Mexico



Source: USGS

Key Regional Mining & Exploration Projects

The SMO gold-silver belt runs along the western states of Mexico and includes some of the following projects. For more information on mining companies operating in Mexico, see [Appendix E](#) and [Figure 11](#).

Agnico Eagle Mines Limited (NYSE:AEM)

- www.agnicoeagle.com
- **Agnico Eagle** engages in the exploration, development, and production of mineral properties in Canada, Mexico, Sweden, and Finland.
- In Mexico, it operates the underground Pinos Altos project that produced 153,397 gold ounces in 2020 with guidance of 122,500 gold ounces in 2021, and the La India open-pit mine that produced 84,974 gold ounces in 2020 with guidance of 77,000 gold ounces in 2021.
- Pinos Altos is estimated to contain Proven and Probable mineral reserves of 878,000 ounces of gold and 19.9 million ounces of silver (13.5 million tonnes grading 2.03 g/t gold and 45.94 g/t silver) as of December 31, 2020. The mine transitioned into an underground mining operation in 2018.
- La India is estimated to contain Proven and Probable mineral reserves of 0.3 million ounces of gold and 1.2 million ounces of silver (12 million tonnes grading 0.66 g/t gold and 3.00 g/t silver) as of December 31, 2020.

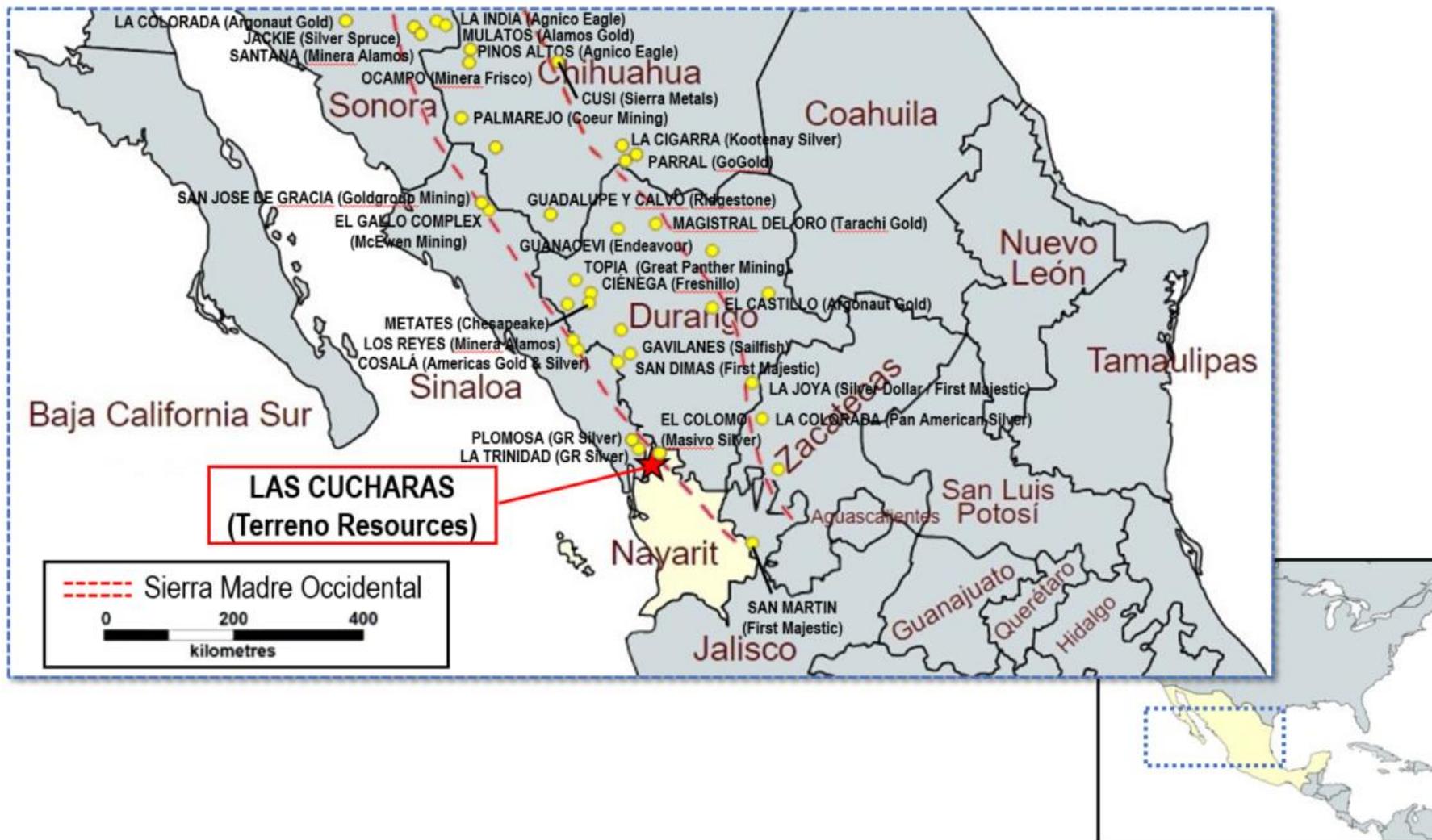
Alamos Gold Inc. (TSX:AGI)

- www.alamosgold.com
- **Alamos Gold** engages in the acquisition, exploration, development, and extraction of precious metals in Canada, Mexico, and the U.S.
- It operates the Mulatos mine in the east-central portion of Sonora, Mexico, with 2021 production guidance of 135,000-145,000 gold ounces and Proven and Probable mineral reserves of 1.35 million ounces of gold and 12.4 million ounces of silver (33.9 million tonnes grading 1.24 g/t gold and 32.6 million tonnes grading 19.64 g/t silver) as of December 31, 2020.

GR Silver Mining Ltd. (TSXV:GRSL)

- www.grsilvermining.com
- **GR Silver** explores for gold, silver, lead, and zinc deposits, primarily in Mexico, with key assets in the Rosario Mining District, including the Plomosas, San Marcial, and La Trinidad.
- The Plomosas Project is estimated to contain Indicated mineral resources totalling 2.4 million tonnes grading 0.68 g/t gold, 44 g/t silver, 0.9% lead and 1.4% zinc, and Inferred mineral resources totalling 5.8 million tonnes, grading 0.46 g/t gold, 85 g/t silver, 0.9% lead, and 1.2% zinc.
- The San Marcial Project is estimated to contain Indicated mineral resources totalling 7.6 million tonnes grading 117 g/t silver, 0.3% lead and 0.5% zinc, and Inferred mineral resources totalling 3.4 million tonnes, grading 91 g/t silver, 0.1% lead, and 0.35% zinc.

Figure 11: Mines and Exploration Projects of the Sierra Madre Occidental



Source: eResearch Corp.

Great Panther Mining Limited (TSX:GPR)

- www.greatpanther.com
- **Great Panther** operates as a precious and base metals mining and exploration company.
- It operates the Tucano gold mine in Brazil and two mines in Mexico (the Guanajuato mine complex and the Topia mine).
- The Topia is a silver-gold-lead-zinc underground mine in the Durango State, Mexico, and produced 597,000 ounces of silver, 835 ounces of gold, 1,233 tonnes of lead, and 1,714 tonnes of zinc in 2020.

Masivo Silver Corp. (TSXV:MASS)

- www.masivosilver.com
- **Masivo Silver (FNA as Gainey Capital Corp.)** is a junior silver and gold mining company engaged in the acquisition, exploration, and development of mineral properties.
- It holds interests in the El Colomo property covering an area of 18,766 hectares located in western Mexico.

McEwen Mining Inc. (NYSE:MUX)

- www.mcewenmining.com
- **McEwen Mining** engages in the exploration, development, production, and sale of gold & silver in Canada, Mexico, Argentina, and the U.S.
- It operates the El Gallo Complex in Mexico's Sinaloa State. The El Gallo Mine operated until June 2018 as an open pit and residual heap leaching will continue to produce gold for several years.

Silver Spruce Resources Inc. (TSXV:SSE)

- www.silverspruceresources.com
- **Silver Spruce** is a Canadian junior exploration company that has projects in northern Ontario and Mexico including an option to acquire 50% interest in the Jackie Gold project in Sonora, Mexico.

Mexican Mining Legal Framework

The Mexican mining regulatory framework, which covers the exploration and extraction of mineral resources, was added as Article 27 of the Mexican Constitution in 1961 and amended in 1975. Currently, all mining activities are regulated by the Mexican Mining Law that was originally published in 1992 and subsequently modified and expanded in 1996, 2005, 2006, and 2014.

Under the Mexican Mining Law, mining concessions can only be granted by the Ministry of Economy. Exploration concessions are granted for six years and are not renewable, while production concessions are awarded for 50 years and can be renewed for an additional 50 years.

6. Regional Geology & Mineralization

Geology

Las Cucharas Project sits at the southern side of the SMO metallogenic province, a large mid-tertiary volcanic field that is one of the world's largest epithermal precious metal terranes and hosts several world-class, multi-million-ounce gold & silver mines and deposits.

The SMO extends northwest to southeast for more than 2,000 km, from the centre of Mexico to the U.S. border and is characterised by volcanic rocks overlying a basement of metamorphic rock.

The oldest rocks in the southern part of the SMO are late-Cretaceous (145 to 66 million years ago) to early Tertiary (66 to 2.6 million years ago).

The project geology indicates an area predominantly underlain by andesite and dacite of the Lower Volcanic Group. Quartz monzonite and diorite, and overlain by felsic tuffs, breccias, rhyolite flows and domes, intruded into the older andesite and dacite.

Geologic mapping by **MacMillan** geologists indicates that mineralization in some of the zones, specifically El Trompo and Los Llanitos, occurs in dominant andesite and andesitic tuffaceous rocks, and overlying rhyolitic tuff.

Mineralization

The mineralization at Las Cucharas Project is distinguished as volcanic-hosted, low-sulphidation epithermal veins and breccias-stockwork zones. The veins range in width from 0.1m to over 2.0m.

The geological model suggests caldera-related mineralization and the model is supported by Las Cucharas' location at the edge of the Caldera de Nayar volcanic centre, which is 100-150 km in diameter. A caldera is a large landform that is created by the collapse or super-explosion of a volcano. The heavy faulting near the edge of the caldera provides copious conduits for mineralizing systems.

In 2021, Terreno identified wider zones of disseminated base metal-rich mineralization at the La Planta and Los Cuervos Zones ([Figure 4](#)). These zones may provide bulk tonnage targets, with silver-lead-zinc-copper zones that sampled up to 18.2m in width at La Planta.

According to company reports, Terreno geologists believe that the project hosts two distinct styles of mineralization with a continuous transition between them.

1. *"Discrete, gold and silver rich low-sulphidation epithermal style quartz veins, which form lenses, oreshoots, breccias, and stockworks controlled by the main north-west trending regional structures."*
2. *"Base-metal rich polymetallic vein and disseminated lead-zinc-copper-silver zones. This style of mineralization outcrops in the La Planta, Los Cuervos, La Taverna, and La Raizura Zones. This style of target has the potential for considerably more tonnage, with broadly disseminated lead, zinc, and/or copper sulfides in alteration zone halos around the vein structures. Polymetallic mineralization typically occurs below precious metal-rich zones, lower in the hydrothermal system."*

7. Cash Position & Capital Structure

For a summary of the Financial Statements, please see [Appendix A](#). As of September 30, 2021, **Terreno** had \$0.17 million in cash on its Balance Sheet.

In November 2021, **Terreno** closed the second tranche of an up to \$1.0 million financing. After the close of the second tranche, the Company had raised \$0.37 million. We are assuming **Terreno** has approximately \$0.5 million in cash and will strive to close the balance of its \$1.0 million financing to provide sufficient capital for its operations and exploration program in 2022.

Acquisition of Las Cucharas Project

Terreno signed a definitive property option agreement with an Ontario private company in January 2018. This allowed the Company to earn a 60% interest in Las Cucharas Project in Mexico. Once the property option has been earned and exercised, Las Cucharas Project will be subject to a 3% net smelter return (NSR) royalty payable to **Maverix Metals Inc.**

As per the conditions of the option agreement:

- 2.0 million common shares were issued after the TSX Venture Exchange approved the property acquisition;
- 2.5 million common shares were issued on each of the first and second anniversary of the option agreement (2019 and 2020);
- 3.0 million common shares were issued on the third anniversary of the option agreement (2021);
- The final issuance of shares, 5.0 million common shares, was due on the fourth anniversary of the option agreement and is due in 2022.

As of December 31, 2020, **Terreno** had met the \$0.7 million of exploration expenditures, well ahead of the October 31, 2021, deadline.

On March 25, 2021, **Terreno** announced that, subject to regulatory approval, it had successfully negotiated an amendment to Las Cucharas Property Option Agreement in order for the Company to earn a 100% interest. **Terreno** may now earn:

- 70% of the project in exchange for 5 million common shares due 12 months from the date of transfer of title for the mineral concessions;
- 80% of the project in exchange for 5 million common shares due 24 months from the date of transfer of title for the mineral concessions;
- 90% of the project in exchange for 5 million common shares due 36 months from the date of transfer of title for the mineral concessions;
- A final increase to 100% in exchange for 5 million common shares due 48 months from the date of transfer of the mineral concessions.

Recent Financings and Options Issued

In June 2019, **Terreno** closed a private placement of \$0.23 million and issued 4.6 million common shares and 4.6 million warrants. The share purchase warrants were exercisable at \$0.05 for a period of 12 months from the financing's closing date.

In September 2020, the Company closed a private placement of 9.2 million units at \$0.05 per unit that comprised a common share along with one share purchase warrant. The share purchase warrant was exercisable at \$0.07 and expired 12 months from the financing's closing date.

In December 2020, **Terreno** announced that it had granted 2.8 million, three-year stock options at \$0.05. The grants contain 0.8 million stock options for two consultants with roles as non-reporting officers of the Company and 0.4 million stock options to two consulting members of the technical board. In addition, **Terreno** granted 1.6 million stock options to three directors of the Company.

In March 2021, the Company closed a \$40,000 financing consisting of 0.8 million units at \$0.05 per unit. Each unit consisted of a common share plus one share purchase warrant with each warrant exercisable at \$0.07 for a period of 12 months from the financing's closing date.

In September 2021, **Terreno** closed \$275,000 in the First Tranche of an up to \$1.0 million financing as part of its application to graduate to the TSX Venture Exchange from the NEX board. Subsequently, in November, it closed the second tranche of \$95,000 for a combined total of \$370,000. The total planned financing is capped at 20.0 million units at \$0.05 per unit. Each unit comprises one common share and one full warrant exercisable at \$0.06 for up to a year from the financing's closing date.

Figure 12: Capitalization

FQ2/2022	
September 30	
Shares Outstanding at the End of the Period	57,071,506
Options Outstanding at the End of the Period	2,450,000
Option - Weighted Average Strike Price	\$0.05
Warrants Outstanding at the End of the Period	6,310,000
Warrants - Weighted Average Strike Price	\$0.06
Warrants From 2021 Announced Financing	20,000,000
Issued:	<u>5,510,000</u>
Balance:	14,490,000
Warrants - Weighted Average Strike Price	\$0.06
Sub-total	80,321,506
Las Cucharas Project Acquisition (60%)	
- 2018: 2,000,000 shares (issued)	
- 2019: 2,500,000 shares (issued)	
- 2021: 2,500,000 shares (issued)	
- 2021: 3,000,000 shares (issued)	
- 2022: 5,000,000 shares	<u>5,000,000</u>
	5,000,000
Las Cucharas Project Acquisition (40%)	
- 2023: 5,000,000 shares	<u>5,000,000</u>
- 2024: 5,000,000 shares	<u>5,000,000</u>
- 2025: 5,000,000 shares	<u>5,000,000</u>
- 2026: 5,000,000 shares	<u>5,000,000</u>
	20,000,000
2021 Announced Financing	
- 20,000,000 shares	<u>20,000,000</u>
Issued:	<u>5,510,000</u>
Balance:	14,490,000
TOTAL (Estimated)	119,811,506

Source: Terreno FQ2/22 Financial Report; Terreno Corporate News Releases; eResearch

Figure 13: Shareholders (as of September 30, 2021)

Holder	Number of Shares	%	Options	Warrants
Institutions	-	0.0%		
Corporations	-	0.0%		
Individuals/Insiders				
- George Brown, CEO	5,500,000	9.6%	200,000	900,000
- Joseph Del Campo, Ind. Director	416,000	0.7%	400,000	200,000
- Richard Williams, Director	624,039	1.1%	600,000	
Public and Others	50,531,467	88.5%	1,250,000	5,210,000
TOTAL	57,071,506	100.0%	2,450,000	6,310,000

Source: Terreno FQ2/22 Financial Report; Company Management Information Circular; eResearch

8. Valuation

We are valuing **Terreno** based on the exploration potential at Las Cucharas Gold and Silver Project in Mexico and making the following assumptions:

- **Terreno** will continue exploration activities and execute on its planned 2022 drill program;
- The Company can continue to find mineral resources at the existing zones and find new zones that warrant further exploration and drilling;
- It will be successful in closing the previously announced \$1.0 million financing and additional funds from investors exercising options and warrants will be sufficient to operate the Company and for the 2022 drill program;
- At this time, we are not assigning any value to other projects **Terreno** might have.

Comparative Company Valuation

Terreno is an early-stage exploration mining company and does not have any resource estimates completed at Las Cucharas Project. Please review "[Appendix D: Company Risks](#)" for a better understanding of the potential investment risks when investing with this Company.

Valuing an exploration company without a resource can be based on multiple factors including the potential of the project's geology to yield an economic resource, management's ability to execute successful exploration programs, and what investors are willing to pay for the investment risk compared to other similar investments.

Terreno's potential value relies on making mineral discoveries through drill programs to build upon previous exploration and confirm the Company's geological model.

The economic geology potential of Las Cucharas Project area is well documented from:

- Surface and underground sampling, and historical drill results (see "[Section 4.2: Historic Results & Exploration Plans for Las Cucharas Project](#)"),
- Historical mining data: 130,000 tonnes at 9.3 g/t Au and 761 g/t silver Ag that processed into 34,000 Au ounces and 2.6 million Ag ounces, and
- The proximity to other mines and projects including **GR Silver's** Plomosas and La Trinidad mines and **Masivo Silver's** El Colomo project.

Figure 14: Exploration Company with Gold & Silver Projects in Mexico

COMPANY NAME	TICKER	PRICE	CASH (M)	DEBT (M)	EV (M)	EBITDA (M)	EV/EBITDA
RESOURCE DEFINITION STAGE							
Advance Lithium	TSXV:AALI	\$0.06	\$0.06	\$0.11	\$4.57	-\$0.66	
Canuc Resources	TSXV:CDA	\$0.16	\$1.80	\$0.00	\$15.78	\$0.00	
Golden Tag Resources	TSXV:GOG	\$0.24	\$7.00	\$0.00	\$40.55	\$0.00	
Kootenay Silver	TSXV:KTN	\$0.19	\$4.64	\$0.00	\$54.69	-\$2.51	
Masivo Silver	TSXV:MASS	\$0.10	\$0.29	\$0.00	\$8.82	-\$0.49	
Minaurum Gold	TSXV:MGG	\$0.28	\$9.37	\$0.00	\$91.34	\$0.00	
Sierra Madre	TSXV:SM	\$0.43	\$14.84	\$0.00	\$12.01	\$0.00	
Silver Spruce	TSXV:SSE	\$0.04	\$1.03	\$0.05	\$6.58	\$0.00	
Sonoro Gold Corp.	TSXV:SGO	\$0.15	\$0.41	\$0.41	\$17.89	\$0.00	
Southern Silver	TSXV:SSV	\$0.28	\$15.01	\$0.00	\$66.62	\$0.00	
Terreno Resources	TSXV:TNO.H	\$0.04	\$0.17	\$0.00	\$1.90	\$0.00	
Average (excluding Terreno)					\$31.88		
Median (excluding Terreno)					\$16.83		

Source: S&P Capital IQ; eResearch

To value **Terreno**, we will be performing a comparable company analysis or “relative valuation” to other companies with exploration projects in Mexico.

Currently, **Terreno** is ranked at the bottom of the “Resource Definition Stage” (see [Figure 14](#)) from the table of mining & exploration companies with Mexican projects (see [Appendix E](#)).

The Median Enterprise Value of the group is \$16.8 million and we will use this for our Target Price calculation (see [Figure 14](#)).

We calculate a one-year forward target price based on the fully diluted share count of 119.8 million (see [Figure 12](#)), the assumption that **Terreno** will use its existing cash and current financing for exploration activities, and that it will not incur any debt over the next 12 months.

Enterprise Value = Market Capitalization + Debt (\$0) – Cash (\$0)

One-Year Forward Enterprise Value = One-Year Forward Market Capitalization

One-Year Forward Market Capitalization = One-Year Forward Target Price x Fully Diluted Share Count

One-Year Forward Target Price = Enterprise Value / Fully Diluted Share Count
= \$16.8 million / 119.8 million shares
= \$0.14 / share

We are Initiating Coverage on Terreno with a one-year Price Target of \$0.14 and a Speculative Buy Rating.

We are Initiating Coverage on Terreno Resources with a one-year Price Target of \$0.14 and a Speculative Buy Rating.

Appendix A: Financial Statements

Figure 15: Income Statement

Terreno Resources Corp. (TSXV:TNO.H)					
Income Statement					
(C\$)	F2019 March 31, 2019	F2020 March 31, 2020	F2021 March 31, 2021	F2022-Q1 June 30, 2021	F2022-Q2 Sep. 30, 2021
Total Revenue	0	0	0	0	0
Gross Profit	0	0	0	0	0
Selling General & Admin Exp.	111,602	109,921	257,754	42,351	41,224
Stock-Based Compensation	0	0	0	0	0
Exploration/Drilling Costs	468,659	222,765	354,157	41,234	30,426
Operating Expense Total	580,261	332,686	611,911	83,585	71,650
Operating Income	(580,261)	(332,686)	(611,911)	(83,585)	(71,650)
Net Interest Exp.	0	0	0	0	0
Currency Exchange Gains (Loss)	(575)	769	0	0	77
Other Non-Operating Inc. (Exp.)	0	0	0	0	0
EBT Excl. Unusual Items	(580,836)	(331,917)	(611,911)	(83,585)	(71,573)
Income Tax Expense	0	36,729	0	0	0
Earnings from Cont. Ops.	(580,836)	(368,646)	(611,911)	(83,585)	(71,573)
Net Income	(580,836)	(368,646)	(611,911)	(83,585)	(71,573)

Source: eResearch; Company Reports

Figure 16: Balance Sheet

Terreno Resources Corp. (TSXV:TNO.H)					
Balance Sheet					
(C\$)	F2019	F2020	F2021	F2022-Q1	F2022-Q2
	March 31, 2019	March 31, 2020	March 31, 2021	June 30, 2021	Sep. 30, 2021
ASSETS					
Cash And Equivalents	17,838	19,041	153,370	89,276	167,404
Other Receivables	10,578	516	0	0	0
Prepaid Exp.	0	0	20,516	5,354	87,800
Total Current Assets	28,416	19,557	173,886	94,630	255,204
Gross Property, Plant & Equipment	0	0	0	0	0
Investment in Radisson Mining Resources	0	0	0	0	0
Net Exploration And Evaluation Assets	0	0	0	0	0
Other Intangibles	0	0	0	0	0
Total Assets	28,416	19,557	173,886	94,630	255,204
LIABILITIES					
Accounts Payable	147,869	172,656	118,096	122,425	59,072
Total Current Liabilities	147,869	172,656	118,096	122,425	59,072
Total Liabilities	147,869	172,656	118,096	122,425	59,072
EQUITY					
Common Stock	8,629,036	8,896,046	9,444,057	9,444,057	9,600,557
Additional Paid In Capital	0	0	0	0	0
Retained Earnings	(14,078,980)	(14,447,626)	(15,059,537)	(15,143,122)	(15,214,695)
Comprehensive Inc. and Other	5,330,491	5,398,481	5,671,270	5,671,270	5,810,270
Total Common Equity	(119,453)	(153,099)	55,790	(27,795)	196,132
Total Liabilities And Equity	28,416	19,557	173,886	94,630	255,204
Total Shares Outstanding on Filing Date (M)	34,235,506	36,835,506	51,561,506	51,561,506	58,971,506
Total Shares Outstanding on Balance Sheet Date (M)	29,635,506	36,835,506	51,561,506	51,561,506	57,071,506

Source: eResearch; Company Report

Figure 17: Cash Flow Statement

Terreno Resources Corp. (TSXV:TNO.H)					
Cash Flow					
(C\$)	F2019	F2020	F2021	F2022-Q1	F2022-Q2
	March 31, 2019	March 31, 2020	March 31, 2021	June 30, 2021	Sep. 30, 2021
Net Income	(580,836)	(368,646)	(611,911)	(83,585)	(71,573)
Stock-Based Compensation	0	0	100,800	0	0
Other Operating Activities	100,575	135,960	120,000	0	0
Change in Acc. Payable	83,868	82,055	50,440	4,329	(63,353)
Change in Other Net Operating Assets	0	0	0	0	0
Change in Acc. Receivable	(6,428)	834	(20,000)	15,162	(82,446)
Cash Used in Operating Activities	(402,821)	(149,797)	(360,671)	(64,094)	(217,372)
Cash from Investing	0	0	0	0	0
Total Debt Issued	0	0	0	0	0
Total Debt Repaid	0	0	0	0	0
Issuance of Common Stock	0	151,000	495,000	0	295,500
Share issuance costs	0	0	0	0	0
Net Issue of Common Stock	0	151,000	495,000	0	295,500
Cash from Financing	0	151,000	495,000	0	295,500
Net Change in Cash	(402,821)	1,203	134,329	(64,094)	78,128
Cash and Cash Equivalents, beginning of year	420,659	17,838	19,041	153,370	89,276
Cash and Cash Equivalents, end of year	17,838	19,041	153,370	89,276	167,404

Source: eResearch; Company Report

Appendix B: Key Management & Board of Directors

Management

George Brown President, CEO & Director

- George Brown has over 35 years of experience in the mining and resource industry and has been the President, CEO, and Director of **Terreno** since 2017.
- With a key specialty in financial reporting for the mining and resource industry, he has served as President, CEO or Director of a number of public and private exploration companies including **Cache Exploration (TSXV:CAY)**, **MacMillan Minerals**, and **Peruvian Metals (TSXV:PER)**.
- Mr. Brown was a financial consultant to **Corner Bay Silver** from 1994 to 2002 through the discovery of the Alamos Dorado Silver deposit in Sonora, the development of the deposit to feasibility, and the amalgamation of **Corner Bay Silver** with **Pan American Silver** at a valuation of \$6.60 per **Corner Bay** share in **Pan American** shares and warrants.
- Mr. Brown was the President and CEO of **Maverix Metals Inc.** (formerly **MacMillan Minerals Inc.**) from 2011 to 2016 during which time **MacMillan** converted from a Mexican exploration company (\$1.08 post consolidations trading value) to a royalty company (currently over \$5.00 per share post consolidation comparative) through an asset purchase from Pan American Silver.
- Mr. Brown has an Honours Finance and Accounting BBA from **Bishop's University** in Lennoxville, Quebec.

Cary Pothorin, P.Geo., Vice President of Exploration

- Mr. Cary Pothorin has over 30 years' experience as an exploration geologist in Mexico, Peru, Bolivia, Argentina, Ecuador, Australia, and Canada.
- He formerly served as President of **Peruvian Metals Corp.** (formerly **Duran Ventures Inc.**) and Vice President of Exploration for **Acero Martin Exploration Inc.** in Peru. In both companies he supervised exploration and drilling programs that brought flagship projects to a NI 43-101 resource stage. He speaks Spanish fluently.
- Mr. Pothorin holds a B.Sc. Degree with Specialization in Geology from the **University of Alberta** (1988) and a Business Diploma from **Camosun College** in Victoria, B.C. (1994).
- He holds a current P. Geo. designation with **EGBC**.

Carmen Yuen, CPA, Treasurer

- Carmen Yuen serves as the Financial Officer & Treasurer for **Terreno**.
- In the past, she has been the Treasurer of **Peruvian Metals Corp.** and **MacMillan Gold Corp.** (a subsidiary of **Peruvian Metals Corp.**), Secretary & Director at **Cache Exploration, Inc.**, and Chief Financial Officer & Secretary of **MacMillan Minerals, Inc.**
- Ms. Yuen received an undergraduate degree from the **University of Toronto**.

Directors

Richard Williams, Independent Director

- Richard Williams has been a Director at **Terreno** since 2017.
- Mr. Williams has more than 40 years of experience in the mining development and exploration industry with additional experience in international and corporate and commercial affairs and securities law.
- Mr. Williams is also the President, CEO, and Director of **Waseco Resources (TSXV:WRI)** and founded **Blackwell Investor Relations** in 1995.

- He has also served as a Director of a number of public and private exploration companies including **Canadian Premium Sand (TSXV:CPS)**, **Guyana Goldfields (TSX:GUY)**, and **Sparton Resources (TSXV:SRI)**.
- Mr. Williams received a Bachelor of Arts in political science from the **University of Western Ontario** and an L.L.B. degree from the **University of Ottawa's** Faculty of Law.

Joseph Del Campo, Independent Director

- With over 45 years of experience in the mining industry, Joseph Del Campo has worked in key financial positions, including Controller and Treasurer for **Falconbridge Gold Corporation**, **Falconbridge Dominicana**, and **United Keno Hill Mines Limited**.
- Mr. Del Campo was President and CEO of **Unigold Inc.** and Vice President of Finance and Chief Financial Officer of **First Nickel Inc.**, **Minorca Resources**, and **OMG Media Inc.**
- He has been a Director at **Terreno** since 2017, a Director **Centurion Minerals** since 2008, and at **PJX Resources** since 2011.
- Mr. Del Campo has been a Certified Management Accountant (CMA) since 1977 and also earned his CPA. He has a BA from **Ryerson Polytechnical Institute** of Toronto.

Technical Advisors**Thomas Skimming, P.Eng., Member of Technical Advisory Committee**

- Thomas Skimming has over 55 years of experience working as an independent mining consultant. He is a member of the **Association of Professional Engineers and Geoscientists of the Province of British Columbia** and the **Association of Professional Engineers of Ontario**.
- Currently, he is an independent Director at **Appia Rare Earths & Uranium Corp. (CSE:API)**, serves as **Geologist at Romios Gold Resources Inc. (TSXV:RG)**, and contributes as a Member of the Technical Advisory Committee at **Terreno**.
- Previously, Mr. Skimming served in key roles including the Chief Financial Officer and VP Exploration at **Romios Gold Resources**, Vice President of Exploration at **Quincy Energy Corp.**, and the Chairman and Chief Executive Officer of **United Coin Mines Limited**.
- Mr. Skimming has been involved in the development and exploration of deposits such as the Shear Lake/Cullaton Lake mine, the Heninga Lake gold and base metal mine, the Teck-Corona mine, and the Golden Reward Heap Leach gold deposit in South Dakota.
- Mr. Skimming obtained a B.Sc. degree from the **University of Michigan** and was enrolled in post graduate studies in mineral exploration at **McGill University** in Montreal.

Wayne W. Valliant, Member of Technical Advisory Committee

- Wayne Valliant is the Lead Principal Geologist at **Roscoe Postle Associates** and over 40 years of experience in the mining industry.
- Mr. Valliant is currently a Member of the Technical Advisory Committee at **Terreno**.
- He is a member of the **Association of Professional Geoscientists of Ontario**.
- Mr. Valliant has worked in key roles in various mining projects in countries such as Mexico, Ecuador, and Panama. He has participated in Feasibility/Prefeasibility studies in Panama, Canada, Honduras, and Saudi Arabia. He also took part in scoping studies in countries including Costa Rico, Cuba, Kazakhstan, Ireland, the Northwest Territories of Canada (N.W.T.), and Peru.
- He holds a B.Sc. in Geology from **Carlton University** in Ottawa.

Appendix C: Recent News Releases

Terreno Closes \$95,000 Second Tranche; Increases Raise to \$370,500 of up to \$1,000,000 Financing

November 5, 2021

- **Terreno** closed a second tranche of \$95,000 of the \$1.0 million financing. After the close of the second tranche, the Company has 58.97 million shares issued and outstanding.
- The total planned financing is capped at 20.0 million units for \$0.05. Each unit comprises one common share and one full warrant exercisable at \$0.06 for up to a year from the date of closing.
- As a request to graduate to the TSX Venture Exchange from the NEX board, **Terreno** plans to appeal for an extension of the warrants for a second year exercisable at \$0.07 with a third year exercisable at \$0.08.

Terreno Closes \$275,000 First Tranche of up to \$1,000,000 Financing

September 20, 2021

- The Company closed about \$0.27 million in the first tranche of up to \$1.0 million financing.
- The financing is for up to 20 million units at a price of \$0.05. Each unit includes one common share and one full warrant with an exercisable value of \$0.06 for one year from the date of closing.
- This first tranche includes 5.5 million common shares with January 21, 2022, as the legend date and 5.5 million warrants exercisable for one year till September 20, 2022.

Terreno Launches \$1,000,000 Financing

July 26, 2021

- **Terreno** announced a \$1.0 million financing, consisting of 20.0 million units at \$0.05 per unit. Each unit includes one common share and one full warrant exercisable at \$0.06 for a year from the date of closing.
- As part of the graduation application to the TSX Venture Exchange from the NEX board, **Terreno** also plans to ask for a warrants extension for a second year at \$0.07 with a third year at \$0.08. This process is subject to regulatory approval.
- The Company plans to hold a first closing as soon as **Terreno** has \$350,000 of funding to support its graduation application.

Terreno Making Drilling Plan at Las Cucharas Project for this Fall

July 15, 2021

- **Terreno** has announced plans for a drilling program at Las Cucharas Gold and Silver Project in Nayarit, Mexico, for this fall. The Company has published a summary of the exploration season.
- The Company stated that the drill planning is being held during the traditional rainy season in July and August during which time access to the deposit is restricted.
- The samples of selected vein material showed high gold & silver assay values, which were usually grab samples from the local informal miners' stockpiles and mine dumps.
- Recently discovered and sampled vein and disseminated mineralization zones have been found at the El Zapotillo, Los Cuervos, El Troze, Arroyo el Jocuixtle, El Carrizo, Arroyo del Tiro, La Planta, and Potrerode Don Teodulo Zones.

Terreno Reports Precious Metals at Las Cucharas Project in Mexico; Values up to 22.8 g/t Gold and 1,056.0 g/t Silver

June 28, 2021

- **Terreno** has published an update on its exploration activities at its Las Cucharas Project in Nayarit, Mexico.
- The results from ongoing fieldwork of 52 samples from the Los Gallos, Las Palomas, La Union, El Carrizo, El Zapotillo, and Arroyo El Jocuixtle Zones.

Terreno Reports 1% Copper Mineralization at Las Cucharas Project in Mexico

May 31, 2021

- **Terreno** has reported that it has discovered over 1% copper mineralization at its Las Cucharas Project, which is known for its gold & silver project, giving the project a new direction.

Terreno Exploration Update for Las Cucharas Project: Silver Values of up to 635 g/t Ag & Discovery of Base Metal Zone

April 8, 2021

- The Company has received results from 55 samples collected from the La Planta, Los Cuervos, and El Troze Zones in February.
- The assay results from the La Planta Zone breccia exhibited wide exposures of moderate silver values with variable copper-lead-zinc mineralization. This may point to a substantial base metal target in this location. The sample from the Los Cuervos area was a grab sample collected from an old mine dump. The sample taken at the El Troze is a mineralized vein structure in a small exploration adit.

ZONE	SAMPLE #	WIDTH (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
El Troze	40193	1.80	0.49	23.1	-	-	-
Los Cuervos	40194	Grab	0.13	635.0	-	-	-
La Planta	40203-40205	5.30	-	19.0	0.60	1.14	2.13
La Planta	40206-40217	18.20	-	17.9	0.24	0.66	1.42
La Planta	40218-40221	6.00	-	22.6	0.11	0.58	0.48
La Planta	40222-40226	6.60	-	19.4	-	0.44	0.40
La Planta	40229-40232	5.80	-	21.8	0.36	0.90	0.88

Terreno Resources Stakes New Concessions at Las Cucharas Gold and Silver Project

March 29, 2021

- **Terreno** announced that two new concessions, “Las Palmas” (10.0340 Ha) and “La Italia” (335.5595 Ha), have been applied for at Las Cucharas Gold & Silver Project in Nayarit, Mexico.
- Applications were delivered to the Tepic, Nayarit, regional DGM (Direccion General de Minería) office last week for the concessions but the application does not guarantee grant of title by the Mexican DGM.
- These new areas were not originally awarded as part of Las Cucharas concessions but were portions of previously existing concessions registered to other entities that had since lapsed.
- **Terreno** believes that there is great potential value in consolidating Las Cucharas exploration district.

Appendix D: Company Risks

Terreno operates in the mining exploration industry, which inherently brings high levels of risk and uncertainty with no guarantees that operations will result in economically profitable projects. Other risks include the following.

Business and Operating Risks:

- **Terreno** relies on a few key individuals who are core to its operations, and the loss of any of them could materially impact the business.
- **Terreno's** projects are in the early phases of operations and exploration, and have no guarantee that they will lead to the development of an economic resource.
- Any future revenue forecasts based on resource estimations may differ from actual mineral supply due to inherent risks of sample variability, metal price fluctuations, variations in mining and processing parameters, and adverse changes in environmental or mining laws and regulations.
- **Terreno's** mining and exploration projects have risks of environmental disasters and hazards normally incidental to resource companies, including fires, power outages, flooding, explosions, cave-ins, and landslides, which could be dangerous for workers and damage properties.
- **Terreno** needs to raise adequate capital to meet the minimum financing needs to continue its operations. The Company's future capital and operating results could be negatively affected if access to the capital markets is hindered.

COVID-19 Effects:

- **Terreno's** operations could be adversely impacted by the effects of the global pandemic caused by COVID-19.
- While the Company cannot make accurate predictions of the impact of COVID-19 on its operations, it noted that there is a risk associated with the ability of other parties to meet their commitments to the Company, including uncertainties relating to the unpredictable geographic spread of the contagious virus, the severity of the pandemic, the duration of the outbreak, and the travel and quarantine restrictions by various governments of affected countries.
- Besides the human costs and restrictions, there is a risk of a global economic downturn as well.

Financial Risks:

- The fair value of precious metals and minerals is subject to uncertainty and volatility in price dependent on the market's speculation for its future need and supply, which may affect revenue projections.
- **Terreno** has not entered into the production stage and therefore the Company is not currently generating revenue. Exploration for minerals and mining is a capital-intensive business. There is no certainty that capital invested into mining exploration and development will result in an economic source of resources and revenue.
- **Terreno** will need additional capital for the ongoing exploration of its projects. Failure to raise such funds may result in the delay or indefinite postponement of further exploration of its properties with the possible loss of its projects if legal requirements are not met.
- In the event the additional funds are secured with the issuance of equity securities, there could be a reduction in the value of **Terreno's** outstanding common stock.
- **Terreno** currently holds funds in Canadian Dollars and as a result, is exposed to currency risk as portions of its expenses and liabilities are incurred in U.S. Dollars and Mexican Pesos.

Legal and Regulatory Risks:

- **Terreno** operates in numerous jurisdictions with various regulations and rules, which brings different standards for taxes, labour and occupational laws, use of water and land, and land claims.
- **Terreno** has properties in Mexico, which could be affected by political stability or government laws and regulations relating to the mining industry and foreign investments. This is beyond the Company's control and hence, its business interests may be affected.
- **Terreno** has operations where Environmental NGOs and Indigenous Peoples have a history of enacting changes in regulations and laws that have adverse effects on the advancement of exploration and development properties.
- There is no guarantee that permits, renewals, and approvals can be acquired, or that there will be no delays for existing properties, or additional permits required in connection with future exploration and development programs.
- In case of a dispute, **Terreno** is subject to the exclusive jurisdiction of the foreign courts. Also, the Company may not be able to subject foreign persons to the jurisdiction of courts in Canada.
- **Terreno** may acquire and invest in future mining properties, which may be negatively impacted by litigation or consent decrees entered by previous mineral rights owners, risking disturbances and additional legal costs.

Sales and Marketing Risks:

- Every phase of the mining industry has a very competitive landscape, therefore potential competitors who have significant resources can readily compete for numerous mining projects.

Technology Risks:

- **Terreno** is reliant on information systems and other technologies used in operational management for both managing technical data and operating mining explorations, therefore the Company must invest in more efficient processes and equipment to stay competitive in the industry.

Appendix E: Gold & Silver Companies Operating in Mexico

COMPANY NAME	TICKER	PRICE	CASH (M)	DEBT (M)	EV (M)	EBITDA (M)	EV/EBITDA
PRODUCTION COMPANIES							
Agnico Eagle Mines	TSX:AEM	\$59.98	\$243.6	\$1,691.6	\$12,770.6	\$1,843.6	6.9
Alamos Gold	TSX:AGI	\$8.63	\$234.3	\$3.4	\$3,074.4	\$443.9	6.9
Altaley Mining	TSXV:ATLY	\$0.32	\$11.3	\$44.2	\$114.3	\$16.8	6.8
Argonaut Gold	TSX:AR	\$2.26	\$173.3	\$109.7	\$626.0	\$178.1	3.5
Aura Minerals	TSX:ORA	\$11.14	\$165.8	\$160.3	\$801.7	\$177.5	4.5
Avino Silver & Gold	TSX:ASM	\$0.93	\$22.3	\$1.1	\$68.2	-\$6.4	
Capstone Mining	TSX:CS	\$5.44	\$208.2	\$16.9	\$2,021.8	\$380.0	5.3
Coeur Mining	NYSE:CDE	US\$4.65	US\$85.02	US\$474.26	US\$1,537.82	US\$266.38	5.8
Endeavour Silver	TSX:EDR	\$4.58	\$108.1	\$8.0	\$627.1	\$44.4	14.1
Equinox Gold	TSX:EQX	\$7.26	\$459.9	\$591.4	\$2,301.0	\$274.2	8.4
Excellon Resources	TSX:EXN	\$0.81	\$5.0	\$9.5	\$32.8	\$1.2	26.3
First Majestic	TSX:FR	\$12.71	\$216.3	\$192.6	\$3,132.3	\$132.7	23.6
First Quantum	TSX:FM	\$30.77	\$1,918.0	\$9,708.0	\$32,884.6	\$3,212.0	10.2
Fortuna Silver	TSX:FVI	\$4.29	\$136.3	\$219.5	\$1,377.3	\$230.2	6.0
Fresnillo	LSE:FRES	£6.25	\$1,202.9	\$1,256.8	\$4,745.8	\$1,535.3	3.1
GoGold Resources	TSX:GGD	\$2.64	\$66.8	\$1.4	\$638.0	\$15.0	42.6
Golden Minerals	TSX:AUMN	\$0.48	\$8.9	\$0.7	\$50.4	-\$3.4	
Great Panther Mining	TSX:GPR	\$0.25	\$35.9	\$53.7	\$131.7	\$21.5	6.1
Grupo México	BMV:GMEXICO B	MX\$86.63	MX\$6,422.13	MX\$9,314.75	MX\$782,888.39	MX\$8,131.82	96.3
IMPACT Silver	TSXV:IPT	\$0.44	\$21.6	\$0.3	\$44.1	\$2.7	16.5
Industrias Peñoles	OTCPK:IPOA.F	US\$10.65	US\$1,693.13	US\$3,079.96	US\$137,724.80	US\$1,883.38	73.1
MAG Silver	TSX:MAG	\$17.36	\$31.7	\$0.4	\$1,624.7	-\$10.6	
Magna Gold Corp	TSXV:MGR	\$0.72	\$6.9	\$7.1	\$63.3	\$7.8	8.1
McEwen Mining	TSX:MUX	\$1.05	\$64.9	\$53.8	\$380.3	-\$33.3	
New Gold	TSX:NGD	\$1.97	\$203.0	\$513.1	\$1,719.8	\$325.9	5.3
New Pacific Metals	TSX:NUAG	\$3.42	\$43.5	\$0.0	\$463.0	-\$5.2	
Newmont	TSX:NGT	\$76.85	\$4,793.0	\$6,242.0	\$49,604.7	\$6,045.0	8.2
Pan American Silver	TSX:PAAS	\$27.28	\$315.4	\$65.8	\$5,363.4	\$627.2	8.6
Santacruz Silver	TSXV:SCZ	\$0.28	\$5.3	\$13.1	\$104.0	-\$1.5	
Sierra	TSX:SMT	\$1.56	\$58.3	\$86.9	\$340.7	\$105.7	3.2
SSR Mining	TSX:SSRM	\$20.67	\$881.6	\$460.0	\$4,380.3	\$742.5	5.9
Southern Copper	NYSE:SCCO	US\$63.21	US\$3,210.50	US\$7,473.30	US\$52,691.90	US\$6,420.80	8.2
Starcore	TSX:SAM	\$0.24	\$6.5	\$0.7	\$6.1	\$4.6	1.3
Torex Gold	TSX:TXG	\$12.36	\$221.6	\$3.8	\$773.3	\$575.7	1.3
Average (<100x)							15.3
Median							6.9
NEAR-TERM PRODUCTION							
Aurcana Silver	TSXV:AUN	\$0.32	\$6.06	\$21.34	\$112.79		
Bayhorse Silver	TSXV:BHS	\$0.11	\$1.36	\$0.88	\$21.40		
Silver Bullet	TSXV:SBMI	\$0.39	\$0.10	\$0.22	\$21.17		
PEA STAGE							
Defiance Silver	TSXV:DEF	\$0.42	\$19.23	\$0.00	\$74.05	\$0.00	
NI 43-101 RESOURCE STAGE							
Barksdale Resources	TSXV:BRO	\$0.28	\$2.29	\$0.17	\$16.03	-\$2.41	
Chesapeake Gold	TSXV:CKG	\$2.71	\$33.60	\$0.70	\$151.33	-\$6.64	
Discovery Silver	TSXV:DSV	\$1.72	\$72.90	\$0.05	\$507.72	-\$34.90	
GR Silver Mining	TSXV:GRSL	\$0.30	\$6.75	\$0.00	\$43.48	-\$14.86	
Monarca Minerals	TSXV:MMN	\$0.04	\$1.24	\$1.25	\$4.44	-\$2.06	
Orex Minerals	TSXV:REX	\$0.09	\$4.39	\$0.00	\$11.54	-\$2.16	
Reyna Silver	TSXV:RSLV	\$0.64	\$10.91	\$0.00	\$64.93	\$0.00	
Silver Tiger Metals	TSXV:SLVR	\$0.66	\$20.59	\$0.03	\$147.03	-\$1.64	
Silver Viper Minerals	TSXV:VIPR	\$0.39	\$3.25	\$0.00	\$34.80	-\$7.93	
RESOURCE DEFINITION STAGE							
Advance Lithium	TSXV:AALI	\$0.06	\$0.06	\$0.11	\$4.57	-\$0.66	
Canuc Resources	TSXV:CDA	\$0.16	\$1.80	\$0.00	\$15.78	\$0.00	
Golden Tag Resources	TSXV:GOG	\$0.24	\$7.00	\$0.00	\$40.55	\$0.00	
Kootenay Silver	TSXV:KTN	\$0.19	\$4.64	\$0.00	\$54.69	-\$2.51	
Masivo Silver	TSXV:MASS	\$0.10	\$0.29	\$0.00	\$8.82	-\$0.49	
Minaurum Gold	TSXV:MGG	\$0.28	\$9.37	\$0.00	\$91.34	\$0.00	
Sierra Madre	TSXV:SM	\$0.43	\$14.84	\$0.00	\$12.01	\$0.00	
Silver Spruce	TSXV:SSE	\$0.04	\$1.03	\$0.05	\$6.58	\$0.00	
Sonoro Gold Corp.	TSXV:SGO	\$0.15	\$0.41	\$0.41	\$17.89	\$0.00	
Southern Silver	TSXV:SSV	\$0.28	\$15.01	\$0.00	\$66.62	\$0.00	
Terreno Resources	TSXV:TNO.H	\$0.04	\$0.17	\$0.00	\$1.90	\$0.00	
Average (excluding Terreno)					\$31.88		
Median (excluding Terreno)					\$16.83		

Source: S&P Capital IQ; eResearch

Appendix F: Merger & Acquisition Activity in Mining

With gold & silver setting a new floors level at around US\$1,800/ounce and US\$25/ounce, respectively, market sentiment forecasting continued upside potential, and a low interest borrowing environment, merger and acquisition (M&A) activity has surged over the past year. Below is a sample of M&A activity in the precious metals industry over the past year.

January 10, 2021: Agnico Eagle to Acquire TMAC Resources

- **Agnico Eagle Mines (TSX:AEM | NYSE:AEM)** announced that it entered into an agreement to acquire **TMAC Resources (TSX:TMR)** for \$2.20 per share. The total transaction size, including outstanding liabilities, was US\$361.9 million valuing the deal at US\$102 per reserve oz. or US\$50 per resource oz.

January 21, 2021: Eldorado Gold and QMX Announce Friendly Acquisition of QMX by Eldorado

- **Eldorado Gold (TSX:ELD | NYSE:EGO)** announced that it agreed to acquire **QMX Gold Corporation (TSXV:QMX)** for \$132 million at \$0.30 per **QMX** share.
- **Eldorado** currently owns 68.125 million shares of **QMX**, or approximately 17%, which it purchased at \$0.06 per share in a private placement on December 30, 2019.

February 11, 2021: Oro X Mining and Mines and Metal Trading (Peru) PLC Announce Business Combination to Create Silver X Mining Corp.

- The merger creates a new growth-focused silver producer in Peru. There was a concurrent minimum \$14.0 million financing to fund exploration and drilling at the Nueva Recuperada project.

March 10, 2021: Newmont Announces Acquisition of GT Gold

- **Newmont Corporation (NYSE:NEM, TSX:NGT)** and **GT Gold Corp. (TSX-V:GTT)** announced that they have entered into an agreement in which **Newmont** will acquire the remaining 85.1% of common shares of **GT Gold** not already owned by **Newmont** for \$3.25 per **GT Gold** share, for cash consideration of approximately US\$311 million (\$393.0 million).

March 15, 2021: Gran Colombia and Gold X Execute Arrangement Agreement for the Creation of a Mid-tier Latin American-focused Gold Producer

- **Gran Colombia (TSX:GCM | OTC:TPRFF)** and **Gold X Mining Corp. (TSXV:GLDX | OTCQX:GLDXF)** announced that they have entered into a definitive agreement in which Gran Colombia will acquire all of the issued and outstanding common shares of **Gold X** on the basis of 0.6948 of a **Gran Colombia** share for each **Gold X** share.

March 15, 2021: Evolution Mining to Acquire Battle North for \$274 Million in All-cash Deal

- Australia-based producer **Evolution Mining (ASX:EVN)** is acquiring **Battle North Gold (TSX:BNAU)** for \$343 million (US\$274 million) at \$2.65 per share.
- The all-cash offer represents a 46% premium to **Battle North's** last close and a 54% premium to its 20-day weighted average price.
- **Battle North's** Bateman and **Evolution Mining's** Red Lake complex are both in the Red Lake mining district in Ontario, Canada.

May 12, 2021: Apollo Signs Definitive Acquisition Agreement to Create Significant US Pure Silver Exploration and Development Company

- **Apollo Gold & Silver (TSXV:APGO)** entered into a definitive agreement to acquire all the issued and outstanding shares of privately held **Stronghold Silver Corp. Stronghold** holds the rights to three large-scale silver projects: Waterloo and Langtry in California and the Silver District in Arizona.

June 23, 2021: Silver X Mining and Latitude Silver Announce Closing of Business Combination

- The merger creates a new growth-focused silver producer and developer in Peru, led by a team with a proven track record and well-financed with more than \$14 million raised in a concurrent financing.

July 2, 2021: Fortuna Silver Mines and Roxgold Complete Combination to Create a Global Premier Growth-oriented Intermediate Gold and Silver Producer

- **Fortuna Silver Mines Inc. (NYSE:FSM | TSX:FVI)** and **Roxgold Inc. (TSX:ROXG | OTCQX:ROGFF)** announced the completion of the previously announced business combination between **Fortuna** and **Roxgold**.

September 13, 2021: AngloGold Ashanti Signs Definitive Agreement to Acquire Corvus and Consolidate the Beatty District of Nevada

- **AngloGold Ashanti (JSE:ANG | NYSE:AU)** and **Corvus Gold (TSX:KOR)** announced a definitive arrangement agreement pursuant to which **AngloGold** has agreed to acquire the remaining 80.5% of common shares of **Corvus** not already owned at a price of \$4.10 per common share in cash.
- The total transaction cost to **AngloGold** is estimated to be approximately US\$370 million and values **Corvus** common shares at approximately \$570 million (US\$450 million). The offer represents a premium of approximately 26% to the closing price of **Corvus** common shares on July 12, 2021, the day prior to the announcement, and a premium of approximately 59% to the closing price of **Corvus** common shares on the TSX on May 5, 2021, the day prior to the announcement of the loan agreement and exclusivity.

September 28, 2021: Agnico Eagle and Kirkland Lake Gold Announce Merger of Equals to Create Highest-quality Senior Gold Producer

- **Agnico Eagle (TSX:AEM, NYSE:AEM)** and **Kirkland Lake Gold (TSX:KL, NYSE:KL, ASX:KLA)** announced that they have entered into an agreement to combine in a merger to create a company with 48 million ounces in mineral reserves.
- Pursuant to the merger agreement, **Kirkland Lake Gold** shareholders will receive 0.7935 of an **Agnico Eagle** common share, valuing **Kirkland Lake Gold** at \$12.4 billion.

October 6, 2021: Gold Resource Corporation Enters into Arrangement Agreement with Aquila Resources

- **Gold Resource Corporation (NYSE:GORO)** announced that it entered into a definitive arrangement agreement with **Aquila Resources Inc. (TSX:AQA | OTCQB:AQARF)** for the acquisition of all the issued and outstanding common shares of **Aquila** for 0.0399 of a **Gold Resource** share per **Aquila** share.
- The exchange ratio represents consideration of \$0.09 per **Aquila** share and prices the acquisition at approximately \$30.9 million.

October 15, 2021: Calibre Mining Announces Acquisition of Fiore Gold in Nevada

- **Calibre Mining Corp. (TSX:CXB | OTCQX:CXBMF)** and **Fiore Gold Ltd. (TSXV:F | OTC:FIOGF)** announced that they have entered into a definitive arrangement agreement whereby **Calibre** will acquire all of the issued and outstanding common shares of **Fiore**.
- **Fiore** shareholders will receive 0.994 of a **Calibre** common share and \$0.10 in cash for each **Fiore** common share held, implying \$1.80 per **Fiore** common share and values the deal at \$190.3 million.
- **Calibre** will be acquiring a 100% interest in **Fiore's** operating Pan Gold Mine in Nevada with gold production of approximately 50,000 ounces per year.

November 1, 2021: Chifeng Jilong Gold to Acquire Golden Star Resources

- **Chifeng Jilong Gold Mining Co., Ltd. (SHSE:600988)** and **Golden Star Resources Ltd. (TSX:GSC | NYSE:GSS)** announced that they have entered into a definitive agreement in which **Chifeng** has agreed to acquire all of the issued and outstanding common shares of **Golden Star** for US\$3.91 (\$4.85) per Golden Star share, totalling approximately US\$470 million.
- **Golden Star** owns and operates the Wassa underground mine in Ghana, West Africa.
- **Chifeng** is an international gold mining company, with a market capitalization of US\$4.3 billion, and operates five mining assets, including the Sepon gold mine in Laos.

November 8, 2021: Newcrest Mining Agrees to Acquire Pretium Resources

- **Newcrest Mining Limited (TSX:NCM | ASX: NCM)** has entered into an agreement to acquire all of the issued and outstanding common shares of **Pretium Resources Inc. (TSX:PVG | NYSE:PVG)** for \$18.50 per share in cash or 0.80847 **Newcrest** shares per **Pretium** share.
- The deal adds **Pretium's** Brucejack Mine to **Newcrest's** portfolio of assets and increases **Newcrest's** gold production by over 300,000 ounces per year to more than 2.0 million gold ounces.

December 8, 2021: Kinross to Acquire Great Bear for \$29.00 per Share, Plus a Contingent Value Right

- **Kinross Gold Corporation (TSX:K | NYSE:KGC)** announced that it has entered into an agreement to acquire **Great Bear Resources (TSXV:GBR | OTCQX:GTBAF)** for \$29.00 per **Great Bear** common share on a fully diluted basis at approximately \$1.8 billion in cash and **Kinross** shares.
- **Kinross** will acquire **Great Bear's** flagship Dixie project located in the Red Lake mining district in Ontario, Canada.
- **Great Bear** shareholders could also receive contingent consideration of approximately \$58.2 million or \$1.00 per **Great Bear** common share in connection with the public announcement of commercial production at the Dixie project.

Appendix G: Gold & Silver Industry Overview

Gold Market

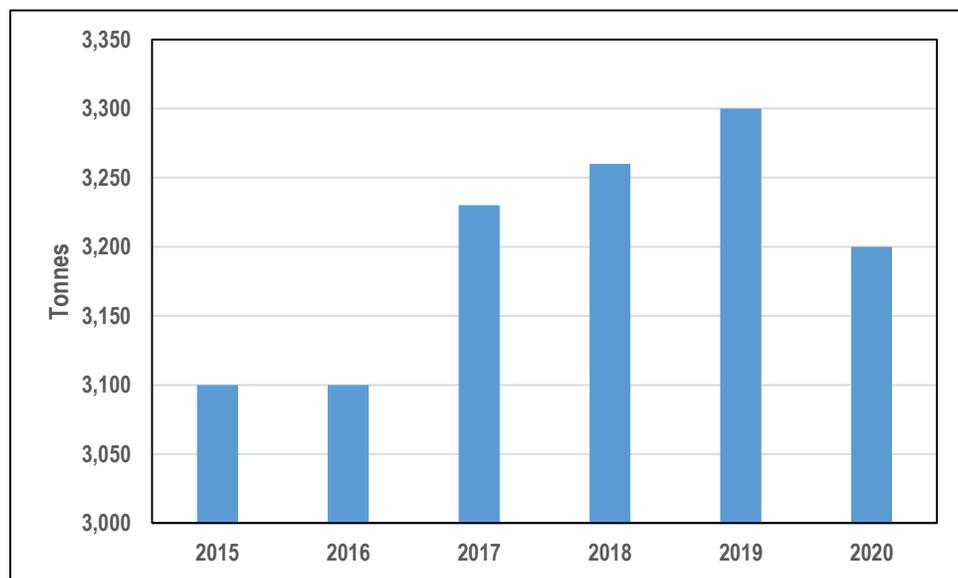
As illustrated in [Figure 19](#), at the start of 2020, the price of gold broke through US\$1,600/oz before the COVID-19 pandemic sent gold sharply down below US\$1,500/oz. As government stimulus increased around the world and fears of inflation rose, many investors shifted some assets into gold in order to hedge themselves against the inflationary spending and gold broke past US\$2,000/oz for the first time in August 2020.

After hitting an all-time high in August 2020 of almost US\$2,060/oz, the price of gold went on a downward trend toward the end of 2020, breaking below US\$1,900 in late September and below US\$1,800 at the end of November. Investors seemed to shift from gold into U.S. dollars and cryptocurrencies such as bitcoin (BTC).

At the beginning of December 2020, the price of gold rebounded after Joe Biden's U.S. election win and the potential for another U.S. government stimulus package that could send trillions of dollars into the economy. Vaccine rollouts could lead to an economic recovery starting later this year. As the North American stock markets continue to oscillate around new highs and price-to-earnings ratios hit new 11-year highs, the risk for stocks is currently to the downside. However, the price of gold started to slide at the start of 2021 and is now finding support above US\$1,700/oz.

Additional competition for gold investors was BTC as it started to take on gold's position as a store of value. BTC reached an all-time high price of US\$41,940 per BTC at the beginning of this year. As digital currencies experience stronger adoption, more capital is flowing into investments related to cryptocurrencies.

Figure 18: World Gold Mine Production



Source: eResearch; USGS

Price Performance in 2021

Gold closed down in 2021, approximately 4% lower, at US\$1,820/oz. The gold price averaged almost US\$1,790/oz in Q3/2021, marginally lower than the Q2/2021 average.

The gold price rallied into the year-end likely caused by the fast-spreading omicron variant of COVID-19, and a “flight-to-quality”, but it was not enough to offset losses from earlier in 2021.

After the first half of 2021, when the price of gold dropped by more than 10%, gold was range-bound between US\$1,700/oz and US\$1,850/oz for much of the year.

Up until the third quarter of 2021, gold supply was flat year-to-date even though mine production has steadily increased throughout 2021 and was up 5%, but gold recycling contracted by more than 12% over the same period. Gold mine production was down in 2020, after rising steadily over the past few years. Besides the pandemic, research attributed the decrease in production to the reduction in exploration budgets.

In November 2021, the release of U.S. October CPI raised concerns about inflation that sent gold higher to above US\$1,860/oz but its breakout from a downward trend that started in August 2020 was short-lived.

The gold price was supported by (1) concerns that inflation would not be transitory, (2) the market volatility linked to the omicron variant, and (3) new lockdown measures, but confronted headwinds from the potential of higher bond yields and a stronger U.S. dollar.

Gold Demand Trends

The **World Gold Council (WGC)** in its October 2021 report highlighted that global investment demand for gold fell 7% year-over-year in Q3/2021, which recorded large inflows in Q3/2020.

Demand year-over-year from jewellery, technology, bar and coin investments, and central banks and other institutions buying could not offset the outflows from gold Exchange Traded Funds (ETFs).

Gold ETFs

According to the recent report from the WGC, Gold ETFs, a major buyer of gold, experienced net outflows of 6.4 tonnes (approximately US\$340 million) in December 2021 that followed the trends in the second half of 2021.

In December 2021, regionally, Europe and Asia registered net inflows into Gold ETFs while North America and other regions registered outflows.

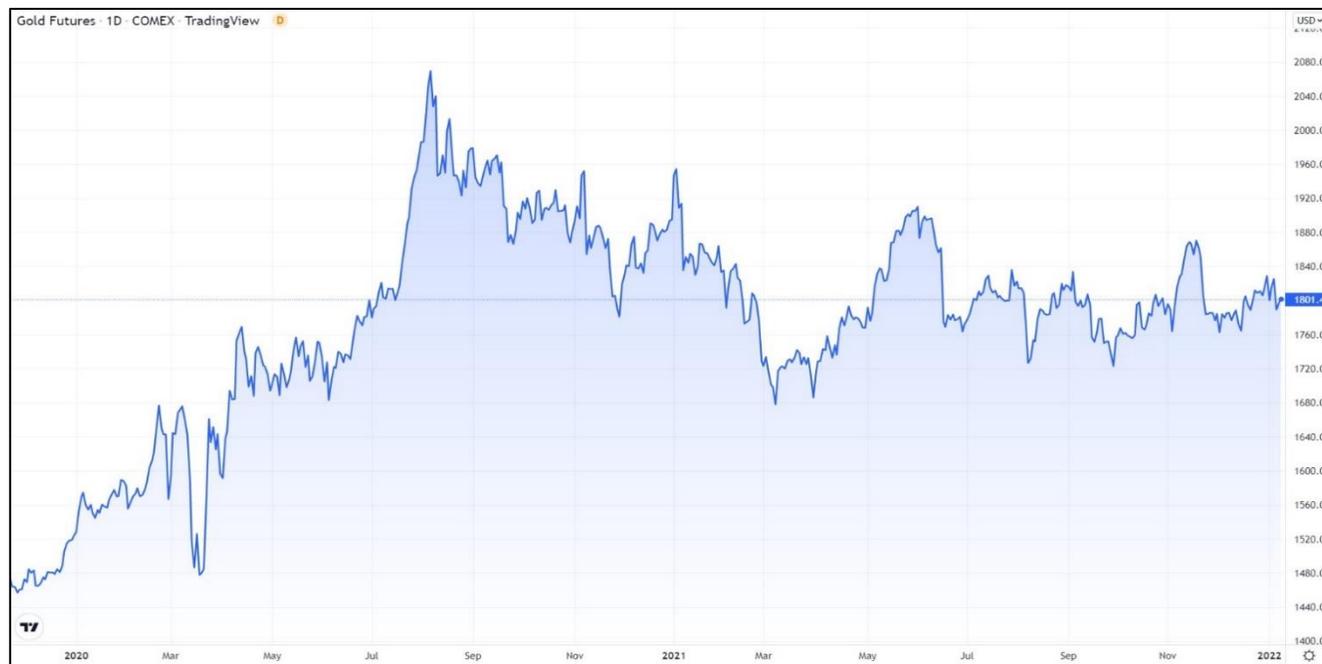
North American outflows came from larger U.S. funds and could be attributed to the U.S. Federal Reserve indicating its intent to combat inflation with interest rate hikes, while planning to scale back asset purchases early in the year. However, gold demand was supported by a “flight-to-quality” as the omicron variant resulted in new lockdowns.

Cryptocurrency and Gold

In 2020, cryptocurrency funds received total investor inflows of US\$5.6 billion, a 600% increase year-over-year, according to **CoinShares**, a digital asset manager. Assets under management (AUM) for the whole sector reached US\$19.0 billion in 2020 compared with US\$2.6 billion in 2019.

In December 2021, the **WGC** commented that its analysis about investors switching to cryptocurrencies from gold revealed that cryptocurrencies had only a marginal effect on the price of gold without much statistical significance. The other investment possibility suggesting that cryptocurrencies were being bought instead of gold as a “better” inflation hedge, was also tested. The results showed that in the outlook of higher inflation expectations, gold also benefited from investor purchases.

Figure 19: Gold Price Chart – January 2020 to January 2022



Source: TradingView.com

Silver

Silver has been considered a precious element for thousands of years. First used as a currency, silver has had a role as a trading metal in nearly every ancient and modern culture.

Today, it is used in various ways, including electronics, solar equipment, medical instruments, automobiles, water purifications, photographic, and jewellery. Silver also serves as a physical investment opportunity by various investors in the form of physical coins and bars.

According to data provided by the **Silver Institute**, approximately 50% of the silver demand is from industrial segments (solar panels, electronics, automobiles, batteries etc.), followed by 20% from jewellery and 19% from physical investments in the form of coins and bars, with other demand coming from silverware and photography.

The investment demand for silver is driven by multiple factors including the value of the U.S. dollar, interest rates and inflation, and geopolitical developments. Some investors prefer buying silver rather than gold considering silver is far more affordable as a physical metal.

Approximately 75% of the world's silver demands are fulfilled by mine production and around 20% of silver supply is contributed by the recycling of silver products.

Due to the COVID-19 pandemic, there is a slowdown in industrial activity, which severely impacted the industrial demand for silver. However, demand for silver is now gradually recovering as general business activity recovers and government lockdowns have been eased by a majority of countries.

The price of silver shows a steady increase from a low of around US\$12.25/oz in March 2020 to recently closing above US\$23.50/oz in early 2022.

Silver Price Recovery in 2022

As per the data collected by the **Silver Institute**, global silver mine production in 2019 fell for the fourth consecutive year. However, the **Silver Institute** believes that silver may outshine gold and other alternative investment opportunities in 2022, as demand could hit an eight-year high.

The **Silver Institute** predicted that industrial demand will rise by 9% from the 2020 level to a four-year high of 510 million ounces (Moz) in 2021. Demand for silver jewellery consumption is also expected to rise to 170 Moz and physical silver investment demand is projected to reach 257 Moz in 2021. Overall, the global demand for silver is expected to reach a six-year high of 1.025 billion ounces (Boz) in 2021.

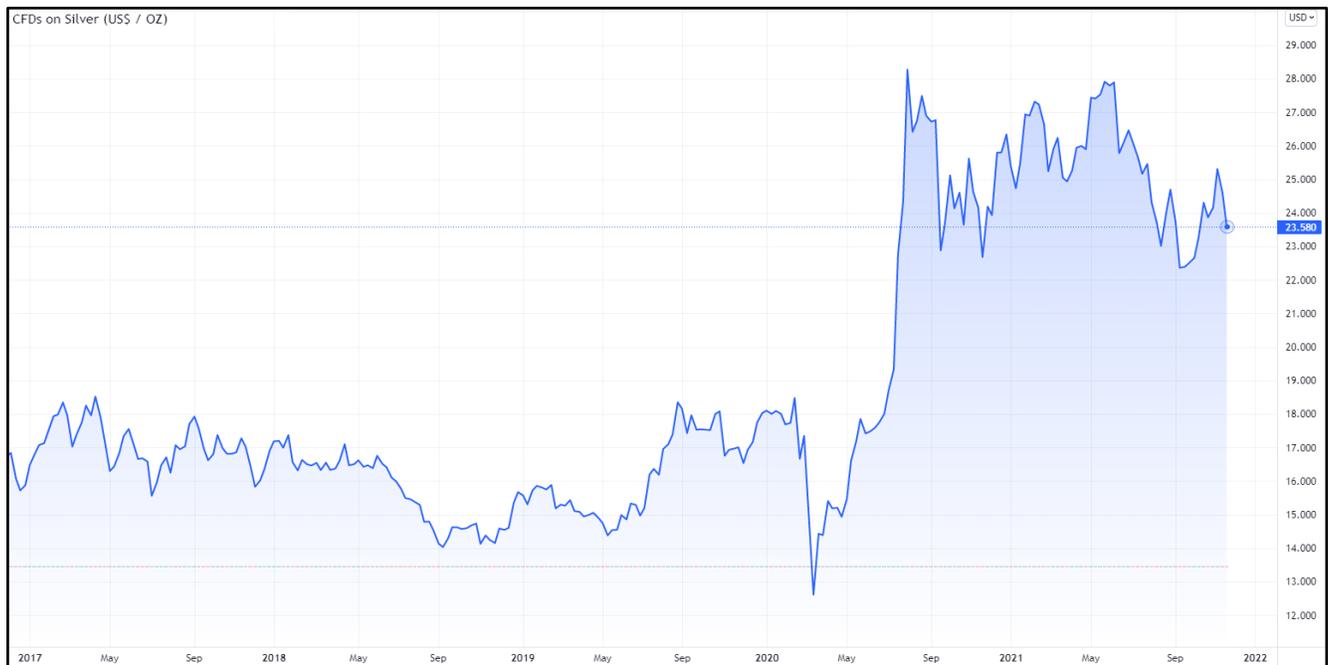
Silver demand should register solid growth in 2022 and onwards as industrial use should benefit from the post-COVID re-opening of economies, vehicle output bounces back with higher-silver-content electric vehicles gaining market share, and as 5G devices and 5G networks roll-out.

The ongoing revolution in green technologies (including solar panels), increasing demand from electronic products (for which copper and silver coating materials are used as a raw material), rising demand for EVs, and 5G technologies are very likely to drive the demand for silver.

Reflecting investors’ growing interest in adding silver to their investment holdings, holdings in exchange traded products had already reached a record level high of 1.18 Boz in February 2021.

On the supply side, silver mine production should rise to 866 Moz in 2021, the highest level since 2016. However, capital expenditures in the mining industry have been in decline due to the COVID-19 pandemic and could help tighten the near-term growth in the supply of silver. Supply will also be negatively affected as there are also few new mining projects expected to begin operations in the coming years and the length of time that new deposits can take to reach the production stage.

Figure 20: Silver Price Chart – January 2020 to January 2022



Source: TradingView.com

Battery Electric Vehicles Require Twice as Much Silver

With modern vehicle manufacturers using more silver in their advanced technology components, the global automotive sector could require approximately 90 Moz of silver annually. Demand for silver in the automotive industry is projected to be 61 Moz in 2021 and forecasted to be at least 5% higher in 2022.

The average silver usage for a vehicle has been rising over the past few decades and is currently estimated at 15-28 grams (g) per internal combustion engine (ICE) light vehicle. In hybrid vehicles, the average silver use is higher at nearly 18-34g per light vehicle. In battery electric vehicles (BEVs), each vehicle consumes approximately 25-50g of silver per light vehicle.

The demand for ancillary services that require silver is also rising, including charging stations and charging points for EVs.

Gold-Silver Ratio

Is silver poised for another leg-up? The gold-silver ratio measures how many ounces of silver it takes to buy one ounce of gold and is used as a barometer for the prices of those precious metals.

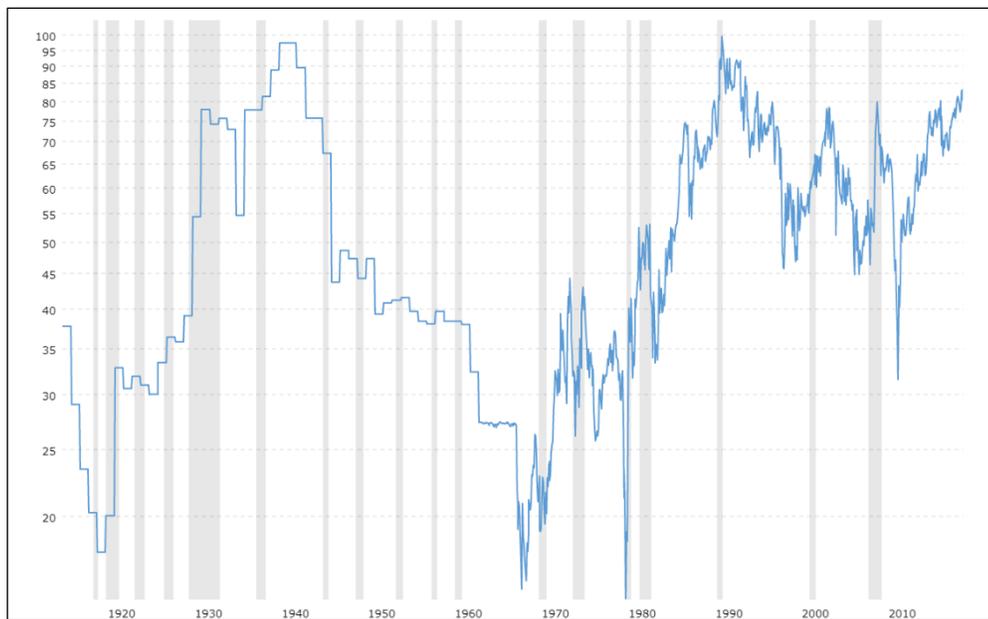
When the ratio increases (i.e., when the silver price goes lower or the price of gold moves higher, an investor would need more ounces of silver to buy one ounce of gold), it could be a good time to take advantage of a more affordable silver price versus the price of gold.

[Figure 21](#) illustrates the historical gold-silver ratio dating back to 1915. Since 1990, the average gold-to-silver ratio has been around 65:1 so it would take 65 ounces of silver to equal one ounce of gold. Currently, the gold-silver ratio is around 70x.

Prior to the 20th century, the gold-to-silver ratio was between 12:1 and 15:1, but has averaged around 47:1 during the 20th century. Over the last 10 years, the ratio hit a high of over 124:1 and a low of less than 32:1, and since April 2011 has been trending upward.

Since silver has more industrial applications than gold, a strengthening economy could increase demand for silver and could make the gold-to-silver ratio decrease, making it a good time to buy silver.

Figure 21: Gold-Silver Ratio Since 1915; Grey Bars Indicate Economic Recessions



Source: Macrotrends

Appendix H: eResearch Disclosure

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ANALYST ACCREDITATION

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