

TRELAWNEY MINING AND EXPLORATION INC.
Management's Discussion and Analysis
of Financial Condition and Results of Operation
March 31, 2010

Management's discussion and analysis (MD&A) is current to May 28, 2010 and is management's assessment of the operations and the financial results together with future prospects of Trelawney Mining and Exploration Inc. ("Trelawney", "Corporation", or the "Company"). This MD&A should be read in conjunction with our unaudited financial statements for the three month period ended March 31, 2010 and our audited consolidated financial statements and related notes for the years ended December 31, 2009 and 2008, prepared in accordance with Canadian generally accepted accounting principles. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Trelawney's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument/ 51-102F1 as the guideline in presenting the MD&A. This MD&A should be read in conjunction with the most recent Annual Information Form ("AIF") on file with the provincial securities regulatory authority. Additional information relevant to the Company's activities, including the Company's Annual Report and audited consolidated financial statements can be found on SEDAR at www.sedar.com.

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1. Description of Business

The Company is a Tier 2 junior exploration company listed on the TSX Venture Exchange ("TSXV"), engaged in the acquisition and exploration of mineral properties with a primary interest in gold. The Company was formed under the *Business Corporations Act* (Ontario) as Zenda Gold Corp. on July 4, 1996 by articles of amalgamation. The amalgamation was completed between Galinée Mattagami Mines Limited, a public company, and Paramount Gold Corporation, a private company. On November 1, 1999 the Company amended its articles to change its name to "Zenda Capital Corp.". On April 15, 2009, the Company changed its name to "Trelawney Mining and Exploration Inc."

The profitability and operating cash flow of the Company is affected by various factors, including the market price of gold, operating costs, interest rates, regulatory and environmental compliance, general and administrative costs, the level of exploration and development expenditures and other discretionary costs. While Trelawney seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

The Company is currently focusing its exploration efforts in Chester Township, Porcupine Mining Division, in central Ontario with a goal of becoming a new mid-tier gold mining company. The Company is a reporting issuer in Alberta, British Columbia and Ontario.

As at May 28, 2010, the directors and officers of the Company were:

Greg Gibson	CEO - President and Director
Andres Tinajero	Vice President Finance & CFO
David Beilhartz	Vice President Exploration
Charlotte May	Corporate Secretary
Anthony Makuch	Director & Chairman
Chris Irwin	Director
Patrick Mohan	Director
George Cole	Director
James Fairbairn	Director

David Beilhartz, P.Geo. is the "Qualified Person" for the Company under the definition of National Instrument 43-101.

2. Developments during and subsequent to period ended March 31, 2010

Financing Developments

On March 30, 2010, the Company closed its previously announced "bought deal" private placement (the "Offering"), led by Jennings Capital Inc., with a syndicate including Raymond James Ltd. and Stonecap Securities Inc. (collectively, the "Underwriters").

The Company issued an aggregate of 14,238,095 common shares ("Common Shares") at a price of \$1.05 per Common Share for aggregate gross proceeds of \$14,950,000.

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The Company paid the Underwriters a cash commission equal to 6% of the gross proceeds of the Offering and issued broker warrants exercisable to purchase that number of Common Shares equal to 6% of the aggregate number of Common Shares sold pursuant to the Offering. Each Broker Warrant is exercisable at a price of \$1.05 per Common Share until March 30, 2012.

Exploration Developments

The company continues its exploration efforts on its Chester Project located 20 km southwest of Gogama, Ontario. Progress continues on the construction of the infrastructure on the Chester 1 Mine site. Main office and workshop buildings have been constructed with significant progress on completion of the short powerline. All major infrastructure is on schedule to be in place upon receipt of the final permits to commence the underground exploration program.

Construction continues on the Camp and exploration facility located at the newly acquired Logistics Facility which will house the company's work force and act as the main base for all exploration activities

Drilling continues at Cote Lake on 100-metre step-outs from the original discovery line section 93+00E. To date the company has released drill results for line sections 92E to 94E, as per company press releases.

3. Exploration Activities

The Company is focused on exploring and developing its gold and copper properties located just South of Gogama, Ontario. The Company is currently in the final stages of receiving the advanced exploration permits which will allow for the refurbishing of the Chester Mine underground and taking of a first bulk sample. In February the company purchased the equipment necessary to establish the mine infrastructure at the Chester mine site, including surface and underground electrical distribution system, ventilation and mine air heating system, compressors and furnished warehouse, work shop and office. The dewatering permit for the Chester Mine was also granted in February. Results of initial deep drilling under the Chester 1 Deposit extended the mineralization an additional 100m to a depth of 300m.

During the first quarter of 2010, the company announced the discovery of the Cote Lake deposit. The results of several drill holes from the discovery include a highlight of: 107 metres of 8.2 g/t gold and 191 metres of 1.88 g/t gold. Additional results can be viewed in the company press releases.

Chester 1 Property

On June 26, 2009, Trelawney signed a letter of agreement with Treelawn Investment Corp. ("Treelawn") to acquire up to a 70% interest in two leased mining claims (151 hectares) which host the Chester Gold Mine in Chester Township, northern Ontario. The mine has a historical mineral resource of 159,000 tons grading 0.43 oz /ton gold (NI-43-101 non-compliant). The mine was developed to a depth of 550 feet in the 1980's, but not put into production. Underground development includes a decline ramp, over 2300 feet of lateral drifting on three levels, and 300 feet of raises on ore.

Pursuant to the terms of the Letter Agreement the Company can acquire an initial 50% interest in the Property (the "First Option"), in exchange for:

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- \$35,000 (paid) in cash;
- 4,000,000 (issued) common shares of the Company;
- 1,000,000 (issued) common shares warrants of the Company exercisable into common shares of the Company for five years from the date of issuance at an exercise price of \$0.17;
- Within 12 months following the signing of the Option Agreement, the Company shall obtain the necessary work permits and commence a work program on the Property;
- On or before the 18th month anniversary of obtaining the work permits, the Company shall have brought the Property into commercial production; and
- On or before the sixth month anniversary of achieving commercial production, the Company shall issue an additional 1,000,000 Common Shares to Treelawn.

Results from a five-hole drilling program were released in January 2010. The objective of the program was to determine the presence of the downdip extension of Chester 1 gold-mineralized structure below the underground mine development down to a vertical depth of 300 metres. One hole (CM09-05) was abandoned due to poor ground conditions. The other four holes all intersected gold mineralization with highlighted grades of 0.66 metres of 36.67 g/t gold in hole CM09-01 and 1.10 metres of 7.8 g/t gold and 1.1 metres of 3.26 g/t gold in hole CM09-03. A new parallel zone was discovered in the hanging wall with 0.43 metres of 54.05 g/t gold in hole CM09-02.

Chester 2 Property - Young Shannon

On August 20, 2009, the Company signed an acquisition agreement with Metallum Resources Inc. ("Metallum") to acquire 100% of Metallum's 92.5% interest in the Young-Shannon Property adjacent to the Chester Property in exchange for 5,000,000 common shares of Trelawney and a 1% net smelter return royalty payable when the monthly average gold price exceeds US\$1,000 per ounce. An additional 3%, for a total of 4%, is payable to the proprietary owners of the 11 patented and 2 unpatented mining claims. The Young-Shannon Property consists of 11 patented and 18 unpatented mining claims. The property has a historical indicated mineral resource of 220,000 tons grading 0.354 oz/ton gold and an inferred mineral resource of 725,000 tons grading 0.16 oz/ton gold on the property's C-Prime gold deposit (NI 43-101 non-compliant). In September, Trelawney commissioned and received an updated NI 43-101 geological report on the Young Shannon property. Exploration drilling continues on the west end of this property as Cote Lake deposit occurs on the boundary with the adjacent Emerald Isle claims, which are part of the Jack Rabbit property.

Massey

Trelawney has exercised their option and now owns a 100% interest in the Massey Property. The Massey Property is located about 5 km northwest of the town of Massey and 85 km west of the mining and smelting facilities at Sudbury, Ontario. Massey is located on the Trans-Canada Highway #17. The property comprises 94 claim units totaling 1,474 hectares in Salter and May Townships, Sudbury Mining Division and contains the former producing Hermina #1 and #3 mines, as well as the Gutcher shaft and the adit zone of the Massey mine. The Hermina deposits are 1.7 km apart and are believed to be localized along a splay fault to the Murray Fault, a major regional structure. An estimated 18,535 tonnes of ore grading about 2.82% Cu were mined from the deposit intermittently between 1901 and 1970. The deposit is open in both directions along strike and down dip. Minor gold values were known to exist with the copper at Hermina but no systematic sampling for gold had ever been carried out.

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The Gatcher shaft and the Massey Mine are contained within a large hematized, silicified, albitized and sericitized breccia complex adjacent to the Murray Fault; the area has many features in common with iron oxide-copper-gold (IOCG) deposits.

During May 2005, the Company carried out a program of surface and downhole induced polarization to further define drill targets on the property. The Company completed a 1,500 metre drilling program. A broad zone of copper mineralization was intersected that assayed 1.73% copper over 6.1 metres. On November 2, 2006, Trelawney signed a LOI with Citadel Gold Mines Inc. who can earn up to a 75% interest in the property by spending \$1.2 million on exploration, making cash payments of \$260,000 and issuing 1,150,000 common shares of Citadel. The agreement was finalized in January 2007. On December 5, 2008, Citadel notified the Company that it had terminated the agreement.

Mishi Property

The Mishibishu Lake Property (100% owned by the Company) consists of four claim blocks totaling, 372 claim units (13,000 acres) in the Mishibishu greenstone belt in the Wawa area, Sault Ste. Marie Mining Division in central Ontario. There is one operating mines and two former producing mine within the greenstone belt; the most notable is the Eagle River Mine currently operated by Wesdome Gold Mines Ltd. Recent work around the mine has discovered gold mineralization (146 g Au/t over 4.7 m and 50 g Au/t over 2.3 m). The other two operations are the former producing Magnacon mine and the Mishi pit. There is good infrastructure and support in Wawa and an operating mill is less than 25 km from all the properties. A prospecting and sampling program started in May 2008 and was completed over the summer months.

Dorset Au Property

Trelawney entered into an option agreement with MetalCORP Limited in 2005 to acquire 50% interest in the 992 ha Dorset Property. The first option to acquire 50% interest required cash payments totaling \$220,000, issuance of 900,000 Trelawney shares, and exploration expenditures of \$2,000,000 by October 2010. The property consists of 5 mineral claims comprising 18 claim units located about 60 kilometres west of Wawa Ontario in the Mishibishu greenstone belt. Trelawney is the manager of the Joint Venture with 53% interest.

The Property is located approximately six km north of the Eagle River producing mine, owned by Wesdome Gold Mines Ltd. (~2.0 Mt @ 9.1 g/t Au), within in the Mishibishu Greenstone Belt of northwestern Ontario and is 70 kilometres southeast of the 25 million ounce Hemlo gold camp. The Dorset Property consists of 2,480 acres (992 hectares) and hosts several gold occurrences.

The Dorset Zone was discovered by prospecting in 1995, when sampling and trenching exposed a gold bearing zone for 1.2km after follow-up of a gold showing found in 1989. The zone is unlike other gold zones of the Mishibishu Greenstone Belt, where the gold is generally hosted within quartz veins. The Dorset Zone is a primary hydrothermal stratiform gold system, with mineralization in an intensely albitized, iron-carbonatized system with finely disseminated 2-3% pyrite and arsenopyrite. The zone is generally 3.0 - 7.0 metres wide with widths up to 22.0 metres.

In 2006 and early 2007 Trelawney drilled in excess of 75 holes targeting the Dorset "B" zone and based on this drilling a National Instrument 43-101 resource was released on October 31, 2007. The initial estimate (using a 0.50 g/t Au cutoff) consists of an Indicated Resource of 780,000

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tonnes at 1.42 g/t gold and an Inferred Resource of 4.76 million tonnes at 1.19 g/t Au (The independent Mineral Resource for the Dorset Zone were estimated by Giroux Consultants Ltd. Mr. Gary Giroux, P.Eng. is the Qualified Person under National Instrument 43-101 responsible for the estimate. A Technical Report was prepared by OreQuest Consultants Ltd. and was filed in December 2007 on SEDAR and may be accessed at www.sedar.com).

In 2008 the Property was further advanced with approximately 3,760 m² of mechanical stripping on the "B" zone. Results from grab and channel sampling in the stripped area lead to Trelawney commencing a diamond drill program with eight holes completed in late 2008. On February 23, 2009 Trelawney released results from all eight holes, examples of which include 7.52 g/t Au over a core length of 2.5 metres in hole DB-08-02 and 2.78 g/t Au over a core length of 3.3 metres in hole DB-08-06.

In May 2009 Trelawney reported that it completed standard preliminary laboratory bottle roll cyanidation, flotation and an acid base accounting ("ABA") test on one small sample (approx. seven kilograms) collected from surface mineralization from "B" zone. The test indicated the sample is non-acid generating but it is refractory to cyanidation with approximately 20% gold recovery. Bottle roll leach and "ABA" testing was completed by Process Research Associates, Richmond, B.C. and flotation testing was conducted by metallurgical consultant, Westcoast Mineral Testing Inc., Vancouver. Due to the small sample size and with only one sample analyzed, Trelawney reported that the gold recovery may not be representative of the entire Dorset "B" zone; metallurgical testing on the Dorset Main Zone in fall 2009 returned similar results with poor gold recoveries.

Chester 3 Property - Jack Rabbit ("Cote Lake")

Trelawney and Treelawn Group Inc. entered into a term sheet (the "Letter Agreement"), pursuant to which Treelawn has granted the Company the right to acquire up to a 92.5% interest in certain mining claims located in Chester Township, Ontario.

Pursuant to the terms of the Letter Agreement the Company can acquire an initial 50% interest in the Property (the "First Option"), in exchange for:

- 3,000,000 (issued) common shares ("Common Shares") of the Company;
- on or before the end of every three month period following the signing of a definitive option agreement (the "Effective Date"), the Company shall pay Treelawn the amount of \$18,000 for a period of three years, for a total consideration of \$216,000 (paid \$18,000 as at March 31, 2010);
- on or before the Effective Date the Company shall pay Treelawn the amount of \$1,000,000 (paid);
- on or before the first anniversary of the Effective Date the Company shall pay Treelawn the amount of \$1,000,000; and
- on or before the end of the 18th month anniversary following the Effective Date, the Company shall have incurred \$500,000 (completed as of March 31, 2010) in expenditures on the Property;
- on or before the end of the 18th month anniversary following the Effective Date, the Company shall issue an additional 4,000,000 Common Shares to Treelawn; and

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- in the event the Company fails to exercise the First Option, the Company shall pay Treelawn the amount of \$1,000,000. The Company has accrued the \$1,000,000 and classified it as a long term payable as the payment is not required until 30 days after the first anniversary of the effective date, which would be due fiscal 2011, in the event that the Company does not exercise it's First Option.

After exercising the First Option the Company shall grant to Treelawn a 1.5% net smelter return royalty (the "Royalty") on the Property. During the 48 months following the grant of the Royalty the Company shall have the right to purchase 0.5% of the Royalty from Treelawn for sum of \$1,000,000.

Twelve months following the exercise of the First Option and provided the Company has expended \$500,000 on the Property, the Company can earn an additional 25% interest in the Property (the "Second Option") by issuing an additional 4,000,000 Common Shares to Treelawn.

The Company can acquire a final 17.5% interest in the Property on the date that is 12 months from the exercise of the Second Option and provided the Company has expended an additional \$500,000 on the Property by issuing an additional 4,000,000 Common Shares to Treelawn.

Exploration continues to intersect long intervals of low grade gold mineralization on the Emerald Ilse claims of the Jack Rabbit property and adjoining Young Shannon property. Drilling highlights on this new large tonnage gold target include: 107 metres of 8.2 g/t gold and 191 metres of 1.88 g/t gold. Average grades range from 1-2 g/t gold over intervals of up to and locally greater than 200 meters. To date the company has released drill results for line sections 92E to 94E. Details of the results can be found in the company press releases. Drilling continues at Cote Lake on 100-metre step-outs from the original discovery line section 93+00E. At the end of March a total of 21 holes had been completed on the Cote Lake Deposit, for a total of 6200 meters of drilling with two holes in progress. Highlights from the Cote Lake Deposit drilling to date are provided in the following table.

Cote Lake Deposit Drilling

Section	Hole	From (m)	To (m)	Length (m)	Gold (g/t)
93+00E	E09-01	78.0	214.0	136.0	1.16
	E09-03	68.1	114.7	46.6	1.14
		147.5	219.1	71.6	1.99
	E10-04	68.9	149.1	80.2	0.69
		222.5	329.6	107.1	8.20
	E10-05	71.2	128.5	57.3	2.49
		185.5	364.3	178.8	1.45
	E10-11	124.0	185.2	61.2	0.66
		221.0	248.0	27.0	1.27
	E10-12	101.1	209.0	107.9	0.90
94+00E	E10-07	48.8	100.5	51.7	0.40
	E10-08	68.0	182.0	114.0	0.97
	E10-09	95.1	285.8	190.7	1.88
	E10-10	56.7	287.3	230.6	0.88
92+00E	E10-13	99.0	211.4	112.4	1.65
		281.0	299.0	18.0	1.08

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	E10-14	99.0	164.0	65.0	1.62
		220.5	239.4	18.9	0.72

- True widths of intersections are unknown
- Gold assays are uncut

Hiawatha Property

The Company acquired 70% right in the Hiawatha Property on December 30, 2009. The property consists of 6 patented and 4 unpatented claims covering 747ha located in Lizar Township, Sault Ste. Marie Mining Division, 120km ENE of Hemlo in South Central Ontario. Gold was initially discovered on the property in the mid 20's. There were 3 major zones discovered in the 30's: the North, South and West Zones. The North and South Zones were explored underground via a 100-metre vertical shaft and 2 levels at 45metres and 84metres below surface. Mineralization consists of native gold associated with sheared, silicified and altered zones; gold is present as fine grains within or adjacent to late quartz veins. Historic sampling highlights in the North Zone includes 2nd level channel samples of 95 g/t and 65 g/t Au over 0.9 m and surface grab samples of up to 153 g/t and 168 g/t Au. Historic sampling of a 425 m length of the South Zone on the 2nd level yielded >10 g/t Au for 40 of 78 samples taken across widths of 0.30-1.52m.

The Company paid \$40,000 and issued 400,000 common shares to the property vendors.

4. Overall Performance

For the period ended March 31, 2010, the Company's cash and cash equivalent position increased by \$9,163,256 to \$19,803,953 from \$10,640,697 at December 31, 2009. This increase is due to private placements during the period amounting to net proceeds of \$14,575,350.

The Company is engaged in the business of preliminary or early stage mineral exploration and mine development. The Company holds no interests in producing or commercial ore deposits. The Company has no production or other revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of ore containing economic concentrations of gold or other mineral resources are discovered. If in the future a discovery is made, substantial financial resources will be required to establish ore reserves. Additional substantial financial resources will be required to develop mining and processing for any ore reserves that may be discovered. If the Company is unable to finance the establishment of ore reserves or the development of mining and processing facilities it will be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

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Results of Operations

Selected Annual Information

	Three Months Ended March 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
	\$	\$	\$
Loss before income taxes	2,344,472	2,523,351	849,547
Net Loss (Income)	2,344,472	2,641,351	586,547
Loss (Income) per weighted average share – basic and fully diluted	\$0.025	\$0.10	\$0.01
Total Assets	38,025,926	21,580,391	5,169,219

Three month period ended March 31, 2010

The Company incurred a net loss of \$2,344,472 or \$0.025 a share for the three month period ended March 31, 2010, compared with a net loss of \$122,693 or \$0.010 a share for the same period ended March 31, 2009.

The Company had stock-based compensation expense of \$1,742,000 for the three month period ended March 31, 2010, compared to \$Nil for the same period in 2009.

For the three month period ended March 31, 2010, management and consulting fees increased by \$20,699 to \$56,199 from \$35,500 in the same period in 2009. The increase is due exploration activities in regards to the Chester properties.

Shareholder information costs increased in the three month period ended March 31, 2010 by \$170,465 to \$188,219 from \$17,754 in the same period in 2009. The increase is due to the increased costs by the Company for shareholder development due to financing activities.

Professional fees increased by \$96,475 to \$117,658 during the three month period ended March 31, 2010 compared to \$21,183 in the same period in 2009. The increase is attributable to higher legal fees on general corporate matters due to financing activities.

Promotion and travel expenses for the three month period ended March 31, 2010 increased by \$58,589 to \$61,616 from \$3,027 in the same period in 2009. The increase is due to the increased costs by the Company due to higher exploration activities.

Total office and general costs increased in the three month period ended March 31, 2010, by \$66,826 to \$112,055 from \$45,229 in 2009. The increase is due to higher operating costs as the company prepares for production on the properties in Q4 2010.

Amortization increased to \$66,725 during the three month period ended March 31, 2010 compared to \$Nil in 2009. The Company acquired capital assets during 2010.

5. Summary of Quarterly Results

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Selected financial information for the eight quarters as follows:

	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Net Loss	2,344,472	1,130,466	1,256,873	131,319
Loss Per Share – basic and fully diluted	\$0.025	\$0.05	\$0.045	\$0.001
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
	\$	\$	\$	\$
Total Revenue	-	1,235	4,374	13,183
Net Loss	122,693	165,311	165,784	128,148
Loss Per Share– basic and fully diluted	\$0.001	\$0.002	\$0.002	\$0.001

Working Capital

As at March 31, 2010, the Company had a net working capital of \$17,946,643 compared to \$9,964,047 as at December 31, 2009.

A summary of the Company's cash position and changes in cash and cash equivalents for three months ended March 31, 2010, are provided below:

	Three months ended	
	March 31,	
	2010	2009
Cash provided by (used in) operating activities - net	(1,467,054)	(188,283)
Cash used in investing activities	(3,945,040)	(15,319)
Cash provided by financing activities	14,575,350	-
(Decrease) increase in cash and cash equivalents	9,163,256	(203,602)
Cash and cash equivalents, beginning of period	10,640,697	372,144
Cash and cash equivalents, end of period	\$ 19,803,953	\$ 168,542

Three months ended March 31, 2010 vs. March 31, 2009

Operating Activities

Cash flow used by operating activities before changes in non-cash working capital during the three months ended March 31, 2010 was \$1,683,472 compared to \$122,693 during the same period 2009.

Investing Activities

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During the three months ended March 31, 2010, the Company spent \$3,945,040 on capital assets and mineral properties and deferred costs, compared to \$15,319 in the first quarter of 2009.

Financing Activities

During the three months ended March 31, 2010, cash flow provided in financing activities was \$14,575,350 compared to \$Nil in the first quarter of 2009.

Liquidity Outlook

Trelawney had cash and cash equivalents of \$19,803,953 available at March 31, 2010, an increase of \$9,163,256 from the balance at December 31, 2009 of \$10,640,697.

As noted above, the Company's working capital increased by \$7,982,596 to \$17,946,643 from \$9,964,047 at December 31, 2009.

As part of its 2009 flow-through funding agreements, the Company is committed to spending \$Nil (December 31, 2009 - \$985,000) on Canadian exploration costs by December 31, 2010.

The Company believes that between its current cash balances, it has the necessary funds available to meet its operating, investing and financing obligations and execute its current business plans.

6. Related-party Transactions

Greg Gibson charged the Company \$25,000 (2009 - \$7,500) in respect of services as President and a director of the Company. Mr. Gibson has a consulting agreement with the Company.

Andres Tinajero, Vice President Finance & CFO, of the Company charged \$30,000 (2009 - \$9,000) in respect of his services. Mr. Tinajero has a consulting agreement with the Company.

David Beilhartz, Vice President of Exploration charged \$46,875 (2009 - \$Nil) in respect of his services. Mr. Beilhartz has a consulting agreement with the Company.

Irwin Professional Corporation, a company controlled by Christopher Irwin, a Director, charged the company \$68,320 (2009 - \$7,500) in respect to legal fees and Directors Fees.

7. Additional Disclosure for Venture Companies without Significant Revenue

	March 31, 2010	December 31, 2009
Mineral Properties		
Capitalized mineral properties and deferred expenditures	\$ 16,096,408	10,821,403
Expensed development and exploration		\$
Corporate expenses	\$ 2,344,472	2,523,351
Total assets	\$ 38,025,926	21,580,391

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	March 31, 2010	December 31, 2009
Mineral properties and deferred costs	Capitalized	Capitalized
Acquisition costs	\$ 3,003,000	\$ 4,599,530
Geological	27,209	51,173
Drilling	845,126	854,461
Assaying	20,045	129,843
Consulting	109,789	267,788
Travel	95,712	236,877
Surveying	-	11,599
Labour	69,183	118,888
Other	1,104,941	(207,798)
	\$ 5,275,005	\$ 6,062,361

Corporate Expenses	December 31, 2009	December 31, 2009
Stock-based compensation	\$ 1,742,000	\$ 686,300
Office and general	112,055	220,276
Management and consulting	56,199	515,113
Professional fees	117,658	114,538
Promotion and travel	61,616	117,593
Shareholder information	188,219	94,260
Amortization	66,725	-
Write-down of mineral properties	-	798,021
Write-down of investments	-	(22,750)
	\$ 2,344,472	\$ 2,523,351

Outstanding share data	March 31, 2010	December 31, 2009
Issued and outstanding common shares	84,084,286	64,549,191
Outstanding options to purchase common shares	5,675,000	3,300,000
Outstanding warrants to purchase common shares	16,987,815	17,685,529

Disclosure of Outstanding Share Data May 25, 2010

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited Common Shares	85,019,286 Common Shares

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Securities convertible or exercisable into voting or equity shares		<ul style="list-style-type: none"> a) Options to acquire up to 7,255,000 common shares b) 15,198,529 Warrants exercisable to acquire common shares of the Company, all expired during the year, unexercised.
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Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Dividends

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

Assessment of Recoverability of Mineral Property Costs

The Company's recorded value of its exploration properties is based on historical costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

Assessment of Recoverability of Future Income Tax Assets

In preparing the consolidated financial statements, the Company is required to estimate its income tax obligations. This process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from future taxable income and, to the extent that recovery cannot be considered "more likely than not," a valuation allowance is established. If the valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the consolidated income statement.

Estimate of Stock Based Compensation and Associated Assumptions

The Company recorded stock-based compensation based on an estimate of the fair value on the grant date of stock options issued. This accounting required estimates of interest rate, life of options, stock price volatility and the application of the Black-Scholes option pricing model. See note 9 of the March 31, 2010 unaudited consolidated financial statements for a full disclosure.

Assessment of Recoverability of Receivables Including GST

The carrying amount of accounts receivables, and GST are considered representative of their respective values. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is recorded.

Critical Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its Canadian wholly-owned subsidiary Terex Resources Limited ("TRL").

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Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is computed using the straight-line method at the following annual rates:

Machinery and transport units	25%
Furniture and fixtures	20%
Building	3%
Various equipment	25% and/or 10%

Mineral Properties and Deferred Costs

Trelawney defers the costs of exploration on existing projects and carries them as assets until production commences. The amounts at which mineral properties and deferred exploration costs are recorded do not necessarily reflect present or future values. If a project is successful, the related mineral properties and deferred exploration costs are amortized over the estimated economic life of the project. If a project is unsuccessful, or if exploration has ceased because of continuation is not economically feasible, the mineral properties and the related deferred exploration costs are written off. Option payments received are applied against the mineral property or deferred exploration costs.

Revenue Recognition

Trelawney recognizes interest revenue as earned over the passage of time on a monthly basis.

Impairment of Long-lived Assets

Trelawney reviews mineral properties and deferred costs for impairment on a periodic basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses on long-lived assets are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses then are measured by comparing the fair value of assets to their carrying amounts.

Asset Retirement Obligations

At March 31, 2010, the Company has made no provision for site restoration costs or potential environmental liabilities as all properties are still in the exploration stages. Factors such as further exploration, inflation and changes in technology may materially change the cost estimate.

Income Taxes

Trelawney follows the asset and liability method of accounting for income taxes. Under this method, future tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Future tax liabilities and assets are measured using enacted tax rates. The effect on the future tax liabilities and assets of a change in tax rates is recognized in the period that the change occurs.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the

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reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. Areas where management uses subjective judgment include, but are not limited to, recoverability of mineral properties and related deferred costs, future income taxes and the valuation of warrants and options. Management believes that these estimates are reasonable.

Stock-based compensation

Trelawney uses the fair value method in accounting for stock-based compensation. Under this method, stock-based payments are measured at the fair value of the equity instruments issued, and are amortized over the vesting period. The offset to the recorded cost is to contributed surplus.

Other Stock-based Payments

The Company accounts for other stock-based payments based on the fair value of services granted or the equity instruments issued in exchange for the receipt of goods and services from non-employees by using the stock price and other measurement assumptions at the measurement date, whichever is the more reliably measured.

Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through shares arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting for income taxes, the future income taxes relating to the temporary difference that will arise when the qualifying expenditures are incurred are recorded at the time of filing the renunciation with the tax authorities. The recognition of the future income tax liability will result in a corresponding reduction to the carrying value of the shares issued.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments having an original maturity of less than or equal to 90 days.

Loss per Share

Loss per share is calculated based on the weighted average number of shares issued and outstanding during the quarter or year, as appropriate. In the years when the Company reports a net loss, the effect of potential issuances of shares under options and warrants would be anti-dilutive and, therefore, basic and diluted losses per share are the same. When fully-diluted loss per share is calculated, only those options and warrants with average exercise prices "in-the-money" are included.

Financial Instruments

All financial assets and liabilities are initially recognized at fair value. In subsequent periods, financial assets and liabilities which are held for trading are recorded at fair value with gains and losses recognized in net income; financial assets which are loans and receivables or held to maturity are recorded at amortized cost using the effective interest rate method and gains and losses recognized in net income; financial assets which are available for sale are recorded at fair value with gains and losses recognized (net of applicable taxes) in other comprehensive income; financial liabilities that are not held for trading are recorded at amortized cost using the effective interest rate method and recognized in net income.

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Transaction Costs

The Company expenses transaction costs relating to its financial instruments.

Comprehensive Income (Loss)

The Company records unrealized gains and losses from temporary changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Hedging

Section 3865 of the CICA Handbook specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and for the period ended March 31, 2010, the Company had no hedges in place.

Mining Exploration Costs

On March 27, 2009, the CICA approved EIC 174, "Mining Exploration Costs". This provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The Company has applied this new abstract for the three months ended March 31, 2010 resulting in no significant impact on its consolidated financial statements.

Going Concern

On January 1, 2009 the Company adopted *Section 1400 - General standards of financial statement presentation*, and it has since been amended to include going concern requirements. The amendments require management to make an assessment of the Company's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern. The Company's disclosures in the going concern note reflect such assessments.

8. Future Accounting Changes

Convergence with International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business combinations, financial statements & Non-controlling interests

In October 2008, the CICA issued Sections 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests". Section

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1582 establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601 carries forward the existing Canadian guidance on aspects of the preparation of financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company in the first quarter of fiscal 2011 with earlier adoption permitted. The Company does not expect that the adoption of these new Sections will have a material impact on its financial statements.

9. Financial Instruments and other Instruments

Net Fair Value of Financial Assets and Liabilities

The Company's financial instruments comprise cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

Cash and cash equivalents have been designated as held-for-trading, which are measured at fair value. Accounts receivable is classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and are classified as other financial liabilities, which are measured at amortized cost. Debentures payable have been classified as held to maturity, which are measured at amortized cost using the effective interest method. The Company has no available for sale instruments.

Additional Capital

The exploration activities of the Company may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration and development of any of the Company's properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company. In addition, low commodity prices may affect the Company's ability to obtain financing.

Environmental and Permitting

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company can not assure that it can complete any acquisition that it pursues or is currently pursuing, on favorable terms, or that any acquisition completed will ultimately benefit the Company.

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Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Financial Risk Factors

Fair Value of Financial Instruments

The Company has, designated its cash and cash equivalents and marketable securities as held for trading, which are measured at fair value. GST recoverable is classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Accounts payable and accrued liabilities and property option payable are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also equals fair value. As at March 31, 2010, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject in and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

A) Credit Risk

The Company is not exposed to major credit risk attributable to customers. Additionally, the majority of the Company's cash and cash equivalents are held with a high rated Canadian financial institution in Canada.

B) Market Risk

i.) Interest Rate Risk

The Company does not have any interest bearing debt. The Company invest cash surplus to its operational needs in investment-grade short term deposits certificates issued by the bank where it keeps its Canadian Bank accounts. The Company periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short term deposits certificates.

ii.) Foreign Currency Risk

The Company's exploration and evaluation activities are substantially denominated in Canadian dollars. The Company's funds are predominantly kept in Canadian dollars, with a major Canadian financial Institution.

iii.) Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. The Company is exposed to fair value fluctuations on

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its investments. The Company's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.

iv.) Commodity Price Risk

The price of the common shares in the capital the Company ("Common Shares"), its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from mining and sale of precious and base metals or interests related thereto. The effect of these factors on the price of precious and base metals, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

v.) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2010, the Company had current assets of \$20,269,241 (2009 - \$194,854) and current liabilities of \$2,322,598 (2009 - \$57,879). All of the Company's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Company is \$17,946,643(2009 - \$136,975).

Sensitivity Analysis

The sensitivity analysis shown in the notes below may differ materially from actual results. Interest rate risk on cash equivalents is minimal as these have fixed interest rates.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a one year period:

(i) Cash and cash equivalents include short-term money market mutual fund units that are subject to floating interest rates. As at March 31, 2010, if interest rates had fluctuate by 1% with all other variables held constant, the variance for the period ended March 31, 2010 would be changed by \$12,500, as a result of a change in interest income from cash and cash equivalents.

(ii) The Company's investments are subject to fair value fluctuations. As at March 31, 2010, if the fair value of investments had fluctuated by 10% with all other variables held constant, net variance for the period ended March 31, 2010 would have changed by \$2,750.

Internal Control over Financial Reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the

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reliability of financial reporting and financial statement preparation.

During the most recent year end there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Proposed Transactions

In the normal course of business, as an ongoing part of the exploration process, the Company investigates mineral properties which are submitted to the Board of Directors for consideration. As well there are transactions listed in the "Subsequent to the end of the year" section of the Financial Statements. However, the Company continues to evaluate, review and negotiate a number of other prospective projects.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Corporation's President and Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. As at the end of the year covered by this management's discussion and analysis, management of the Corporation, with the participation of the President and Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the President and Chief Executive Officer and the Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Corporation, including the President and Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

10. Status Trelawney's Transition to International Financial Reporting Standards ("IFRS")

The AcSB has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements (with comparatives) in accordance with IFRS beginning with the quarter ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is currently in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all current accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Property, plant and equipment (measurement and valuation);
- Provisions, including asset retirement obligations;

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- Stock-based compensation;
- Accounting for joint ventures;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	In progress, expected to be completed Q2 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	In progress, expected to be completed Q2 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	Q2 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q2 2010
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2010

The Company continues to monitor the deliberations and progress on plans to converge to International Financial Reporting Standards ("IFRS") by accounting standard setting bodies and securities regulators in Canada.

Due to resource constraints the Company has not performed any additional assessment work related to its IFRS conversion project during the year ended December 31, 2009. The Company must still establish a team that will focus its efforts on this initiative. The Company's search for additional staff for this project is on-going and more IFRS training will be needed for all levels of management. Despite these limitations in personnel, Management has made an initial assessment of the accounting standards that will be impacted by the transition to IFRS. The Company will

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follow the key events timeline proposed by the AcSB to obtain training and thorough knowledge of IFRS, and continue its assessment of accounting policies with reference to IFRS and plan for convergence to be ready for the 2011 changeover.

11. Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are 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 suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the oil and gas industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Trelawney to fund the capital and operating expenses necessary to achieve the business objectives of Trelawney, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

12. Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include amounts based on management's informed judgments and estimates. The financial and operating information included in this report is consistent with that contained in the unaudited consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

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External auditors, appointed by the shareholders, have not examined the consolidated financial statements for the period ended March 31, 2010.

The Audit Committee has reviewed the unaudited consolidated financial statements with management. The Board of Directors has approved the unaudited consolidated financial statements on the recommendation of the Audit Committee.

May 28, 2010

Andres Tinajero
Vice President Finance & CFO