

January 26th, 2022

Rockstone Group D.O.O. – Kać

[Redacted - Personal Contact
Information]

Attention: Aleksandar Ilić

This letter will serve to confirm the terms upon which we have agreed to amend that Ceovishte pledge agreement and finder's fee (the "**Pledge Agreement**") dated January 25, 2021, among Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (the "**Company**"), Tera Balkanika D.O.O. Beograd – Novi Beograd and Rockstone Group D.O.O. – Kać ("**Rockstone**") (collectively, the "**Parties**"). All terms not otherwise defined in this letter agreement will have the meaning given to such terms in the Pledge Agreement.

In consideration of CDN \$10.00 and other good and valuable consideration paid by the Company to Rockstone (the receipt and sufficiency of which is hereby acknowledged), the Parties agree to make the following amendments to the Pledge Agreement:

1. Section 1 of the Pledge Agreement is replaced with the following:

"1. Subsequent to the date upon which the Ministry of Mines and Energy of the Republic of Serbia grants the License (the "**Effective Date**"), the Company shall make the cash payments and the Parent shall make the Share issuances (collectively, the "**Finder's Fee**") on or before the following dates:

<u>Date</u>	<u>Cash Payment (CAD)</u>	<u>Share Issuance</u>	<u>Grant of NSR Royalty</u>
Within 30 days of the Effective Date	Nil	Nil	0.5%
Within 30 days of the closing of the Company's first equity financing after January 18, 2022	\$50,000	Nil	Nil
On or before second anniversary of the Grant Date	Nil	500,000	Nil

”

2. The 2.5 % NSR Royalty previously granted by the Company to Rockstone pursuant to Section 2 of the Pledge Agreement is reduced to a 0.5% NSR Royalty, on the terms and conditions set forth in the Amended and Restated NSR Royalty Agreement attached hereto as Appendix A.
3. Schedule B of the Pledge Agreement is deleted in its entirety and replaced with the Amended and Restated NSR Royalty Agreement attached hereto as Appendix A.

[Signature page follows]



Accepting the above accurately details your understanding of our agreement in this regard could you please execute this letter where indicated and return same at your early convenience.

Yours truly,

TERRA BALCANICA RESOURCES CORP.

Per: (Signed) "Aleksandar Miskovic"
Authorized Signatory

TERRA BALKANIKA D.O.O. BEOGRAD – NOVI BEOGRAD

Per: (Signed) "Aleksandar Miskovic"
Authorized Signatory

ACKNOWLEDGED AND AGREED to this 26th day of January, 2022.

ROCKSTONE GROUP D.O.O - KAĆ

Per: (Signed) "Aleksandar Ilic"
Authorized Signatory

APPENDIX A

AMENDED AND RESTATED NSR ROYALTY AGREEMENT

This Amended and Restated NSR Royalty Agreement is attached to and part of the Ceovishte Pledge Agreement and Finders Fee dated January the 25th, 2021, as amended January ____, 2022 (the “**Pledge Agreement**”) between:

- (a) **TERRA BALCANICA RESOURCES CORP. (FORMERLY 1250598 BC LTD.)** a company formed and existing under the laws of British Columbia, Canada, whose registered office is at [Redacted - Personal Contact Information] (the “**Grantor**”);
- (b) **TERA BALKANIKA D.O.O. — NOVI BEOGRAD** a company formed and existing under the laws of the Republic of Serbia, registered under the number 21540382, whose registered office is at [Redacted - Personal Contact Information] (the “**Holder**”);
- (c) **ROCKSTONE GROUP D.O.O. - KAĆ** a company formed and existing under the laws of the Republic of Serbia, registered under the number 20809531, whose registered office is at [Redacted - Personal Contact Information] (the “**Grantee**”)

BACKGROUND

1. The Holder shall in accordance with the terms of the Ceovishte Pledge Agreement and Finders Fee for the Ceovishte Licence Area become the beneficial and recorded owner of the License.
2. The Grantor directly or indirectly owns 100% of the Holder and has previously granted the Grantee the NSR Royalty being equal to 2.5% of Net Smelter Returns in respect of all Products recovered from the Ceovishte License Area (as defined in the Parts 1,4 and 6 of the Option Agreement for the Ceovishte License) and in accordance with the terms and provisions of the NSR Royalty Agreement dated January 25th, 2021 (the “**Original NSR Royalty Agreement**”), among the Parties relating to the Ceovishte License Area.
3. The Parties wish to enter into this Amended and Restated NSR Royalty Agreement to replace and supersede the Original NSR Royalty Agreement.

WITNESSES THAT for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

1 DEFINITIONS

- (a) “**Independent Auditor**” means an international firm of accountants of good repute agreed between the Parties or, failing agreement between the Parties, upon the application of any of the Parties, being one of KPMG, EY, PwC or Deloitte.

- (b) “**License**” means the mineral exploration license for the Ceovishte Project (the “**Property**”), upon which the Company submitted a license application number 310-0200433/2020-02 to the Ministry of Mines and Energy of the Republic of Serbia in regard to lead, zinc, silver, copper, gold, and other associated metals exploration over the Ceovishte Licence Area applied for by TB on March the 2nd, 2020.
- (c) “**Effective Date**” means January 26th, 2022;
- (d) “**Net Smelter Returns**” shall have the meaning provided in Section 4.1 of this Amended and Restated NSR Royalty Agreement;
- (e) “**NSR. Royalty**” means the percentage of Net Smelter Returns to which the Recipient is entitled pursuant to the terms of this Amended and Restated NSR Royalty Agreement;
- (f) “**Commencement of Commercial Production**” means commercial production of Minerals by the Optionee after exercise of the Option on the License Area, which is deemed to have commenced on the earlier of:
 - (i) if a plant is located on the License Area, on the first day of the month following the first period of thirty (30) consecutive days during which ore, Minerals or concentrates have been processed through such plant for not less than fifteen (15) of such days, at an average rate not less than fifty (50%) percent of the initial rated capacity of such plant; or
 - (ii) if no plant is located on the License Area, on the first day of the month following the first period of thirty (30) consecutive days during which ore, Minerals or concentrates have been shipped from the License Area for the purpose of earning revenue, provided, however, that the processing or shipping of bulk samples for testing purposes shall not be considered for the purpose of establishing the commencement of Commercial Production;
- (g) “**Payor**” has the meaning provided in Section 4.1;
- (h) “**Parties**” means parties to this Amended and Restated NSR Royalty Agreement;
- (i) “**Ceovishte License Area**” means the area subject to mineral exploration license upon which the Company submitted a license application number 310-02-00433/2020-02 to the Ministry of Mines and Energy of the Republic of Serbia in regards to lead, zinc, silver, copper, gold and other associated metals exploration over the Ceovishte Licence Area applied for by TB on March the 2nd, 2020, and any renewal, reissuance, extension, modification, substitution, replacement, variation, amalgamation or subdivision thereof and successors thereto (including certificates on resources and reserves and mining licenses arising therefrom) as

more particularly described in Schedule “C” to the Ceovishte Pledge Agreement and Finders Fee;

- (j) “**Payment Date**” has the meaning provided in Section 3.1;
- (k) “**Products**” means minerals mined from the Licence in a form of which they can be and are typically sold.
- (l) “**Reacquisition Notice**” has the meaning set forth in Section 8.1;
- (m) “**Quarterly Production**” has the meaning provided in Section 4.1;

2 EFFECT OF AMENDMENT AND RESTATEMENT

2.1 This Amended and Restated NSR Royalty Agreement replaces and supersedes the Original NSR Royalty Agreement with effect as of the Effective Date in order to clarify the obligations of the Parties set forth in the Original NSR Royalty Agreement.

3 THE NSR ROYALTY

3.1 The Grantor hereby creates and grants to the Grantee the NSR Royalty being equal to 0.5% of Net Smelter Returns in respect of all Products recovered from the Ceovishte License Area on the terms and conditions specified in this agreement. The NSR Royalty will be due and payable after the Commencement of Commercial Production. Instalments of the NSR Royalty payable will be paid by the Payor to the Grantee on a calendar quarterly basis within 30 days upon the receipt by the Payor of the payment from the smelter, refinery or other place of treatment of the proceeds of sale of the minerals, ore, concentrates from the Ceovishte License Area (the “**Payment Date**”). All such payments shall be made in either United States Dollars or Euros by the Grantor or Holder, as determined in the sole discretion of the Grantee, and be paid by the Grantor or Holder by money wire to the Grantee, bank account details to be provided by Grantee.

4 THE NET SMELTER RETURNS

4.1 The Net Smelter Returns means the gross revenues received by the Holder for all Products recovered from production from the Ceovishte License Area during the preceding calendar quarter (“**Quarterly Production**”) and delivered or sold to the smelter, refiner, processor, purchaser or other recipient of such production, or an insurer as a result of casualty to such production (collectively, “**Payor**”) and subtracting only the following if actually incurred:

- (a) all reasonable costs, expenses, charges of any nature whatsoever imposed by the Payor for smelting, refining or processing the Products contained in such production, including all weighing, sampling, assaying, representation and storage costs, metal losses and umpire charges, and any penalties charged by the processor, refiner or smelter, but excluding any and all charges and costs related

to Grantor's mills or other processing plants ;constructed for the purpose of milling or processing the Products, in whole or in part;

- (b) reasonable charges and costs, if any, for transportation and insurance of the Products thereof from Grantor's final mill or other final processing plant to places where such Products are smelted, refined and/or Sold or otherwise disposed of;
- (c) any government royalties, production taxes, severance taxes and sales and other taxes levied on the Products or on the production value thereof (other than income taxes of the Grantor).

4.2 The Grantor shall calculate the Net Smelter Returns and the sums to be disbursed to the Grantee as at the end of each calendar quarter, subject to Section 4.1,

4.3 The Grantor shall on the Payment Date pay to the Grantee 0.5% of the Net Smelter Returns to which the Grantee is entitled according to this Amended and Restated NSR Royalty Agreement.

4.4 On the Payment Date, the Grantor will provide the Grantee with a detailed copy of the calculation of the NSR Royalty, as follows:

- (a) the quantities and grades of Products produced and sold or deemed sold by the Holder in the preceding calendar quarter;
- (b) the proceeds of Sale of Products on which the NSR Royalty is due;
- (c) any deductions from the NSR Royalty, that are allowed in accordance with this Agreement; and
- (d) other pertinent information in sufficient detail to explain the calculation of the NSR Royalty.

4.5 The Grantee may, within thirty days (30) of the receipt of the copy of the calculation of the NSR Royalty, give written notice to the Grantor requiring an audit. The Parties shall then appoint an Independent Auditor who shall be directed to carry out an audit at the sole expense of the Grantee subject to reimbursement as described below and a copy of the Independent Auditor's report shall be provided to the Grantor promptly upon completion of the audit. The Independent Auditor's report shall be subject to such qualifications as the Independent Auditor wishes to make, if any.

4.6 If it is determined that the amount of the NSR Royalty which should have been paid to the Grantee is different from the amount of the NSR Royalty actually determined and paid to the Grantee in accordance with the Section 4.1, the calculation of the NSR Royalty for the audited period shall be amended to agree with the auditor's determination; and:

- (a) If the result is a net increase in payment due to the Grantee in respect of the NSR Royalty, the amount of such net increase shall be paid to the Grantee.

Additionally, if the net increase in payment exceeds one percent (5%) of the amount actually paid to the Grantee, then the Grantor shall pay the entire costs of the audit; and

- (b) If the result is a net decrease in payment due to the Grantee, then the Grantee shall promptly refund such overpayment to the Grantor.

4.7 The Holder covenants to ensure that the Grantor or Holder has sufficient funds to make the required NSR Royalty payments as required hereunder to the Grantee, and the Holder irrevocably and unconditionally guarantees, to the maximum extent permitted by the Law, the due and punctual payment by the Holder or Grantor to the Grantee of the NSR Royalty and any other monetary obligations under this Agreement.

5 COMMINGLING

5.1 Ores, concentrates and derivatives mined or retrieved from the Ceovishte License Area may be commingled with ores, concentrates or derivatives mined or retrieved from other properties. All determinations required for calculation of the NSR Royalty, including without limitation the amount of the metals contained in or recovered from ores, solutions, concentrates, or derivatives mined or retrieved from the Ceovishte License Area, the amount of the metals contained in or recovered from commingled ores, solutions, concentrates or derivatives shall be made in accordance with prudent engineering, metallurgical and cost accounting practices.

6 STOCKPILING AND TAILINGS

6.1 All tailings, residues, waste rock, spoiled leach materials, and other materials (collectively "**Materials**") resulting from Holder's operations and activities on the Property shall be the sole property of Holder but shall remain subject to the NSR Royalty should the Materials be processed or reprocessed, as the case may be, in the future and result in the production and Sale or other disposition of the Products. Notwithstanding the foregoing, Grantor shall have the right to dispose of Materials from the Ceovishte License Area in or out of the Ceovishte License Area and to commingle the same (as provided herein) with materials from other properties. In the event Materials from the Ceovishte License Area are processed or reprocessed, as the case may be, and regardless of where such processing or reprocessing occurs, the NSR Royalty payable thereon shall be determined on a pro rata basis as determined by using reasonable engineering and technical practices reflecting industry practice at that time. In the event that Grantor stockpiles Materials, it shall ensure the security for the site in accordance with normal business practice.

7 BOOKS AND INSPECTIONS

7.1 Books

The Grantor and Holder shall keep true and accurate books and records of its operations and activities in the Ceovishte License Area and under this agreement.

7.2 Inspections

The Grantee or their authorized agents or representatives, on not less than one (1) Business days' notice to the Holder, may enter upon all surface and subsurface portions of the Ceovishte License Area (but only so as not to interfere with their activities) for the purpose of inspecting the Licenses, all improvements thereto and operations thereon, as well as inspecting and copying all records and data, including without limitation such records and data which are maintained electronically, pertaining to all activities and operations on or with respect to the Ceovishte License Area, improvements thereto and operations thereon. The Grantee or their authorized agents or representatives shall enter the Ceovishte License Area at their own risk and expense. The Grantee shall indemnify and hold the Grantor and the Holder, and their affiliates and their respective officers, directors, employees and agents harmless from any damage, claim or demand by reason of injury to either the Grantee or any of their agents or representatives caused by such Grantee' exercise of their rights herein.

8 SURRENDERED LICENCES

8.1 In the event that the Holder intends to abandon or otherwise surrender all or any part of any of the licenses comprised in the Licenses (the "**Surrendered Licenses**"), it shall deliver a notice in writing of its intention to do so to the Grantee at least thirty (30) days prior to the proposed surrender, such notice to list the proposed Surrendered Licenses. If, within fifteen (15) days of receipt of such notice, the Grantee deliver to the Grantor a notice (the "**Reacquisition Notice**") stating their desire to reacquire one or more of the Surrendered Licenses, the Holder will deliver to the Grantee duly executed recordable transfers of such of the Surrendered Licenses, for a consideration of 1 EUR as the Grantee has set forth in the Reacquisition Notice and the Grantor and the Holder shall undertake all the required activities in order to obtain the approval of the Ministry and/or other competent governmental authorities, in order to enable the Grantee, or an entity designated by the Grantee, to reacquire the Licenses. If reacquisition of License is not possible due to changes of applicable law, or for any reason outside of Parties' control, Parties shall work together in order to find appropriate solution for achieving the same effects that would be achieved through reacquisition of the License.

8.2 Other than pursuant to section 8.4 below, the Holder may not assign or transfer the License and the Grantor may not dispose of its interest in the Holder (including without limitation establishing of any encumbrance on the License or Grantor's interest in the Holder), unless the Grantee provides the Grantor and the Holder with its explicit written consent, which is not to be unreasonably withheld. In any case the Holder and the Grantor shall ensure that such assignment, transfer or disposition will not be effective against the Grantee as it relates to the NSR Royalty until the assignee or purchaser has delivered to the Grantee a written acknowledgment agreement to be bound, to the extent of the interest assigned, transferred or disposed of, by all of the terms and conditions of this Agreement,

whereupon the Grantor and the Holder will be irrevocably released by the Grantee of all its obligations under this Agreement.

8.3 The Holder may at any time (in its sole discretion) abandon or otherwise surrender all or any part of any of the Licenses in accordance with clause 8.1. For greater certainty, any abandoned or Surrendered Licenses or part thereof will not be subject to the NSR Royalty.

8.4 The Grantor may, in its sole discretion assign its obligations under this Agreement to another entity in the, by obtaining written consent of the Grantee, not to be unreasonably withheld. In the event of such assignment pursuant to this section 8.4, the Grantor shall remain as a guarantor to the Grantee of the obligations of the Grantor to the Grantee herein.

9 CONFIDENTIALITY AND ANNOUNCEMENTS

9.1 The Grantee undertakes to the Grantor and the Holder in each case that they shall keep confidential the terms of this agreement and all confidential information or trade secrets in his possession concerning the business and affairs of the Grantor and the Holder;

9.2 Notwithstanding any other provision of this agreement, neither of the Grantee or Holder is required to keep confidential or to restrict its use of any information that:

- (a) is or becomes public knowledge or otherwise generally available to the public (other than as a direct or indirect result of the information being disclosed in breach of this agreement); or,
- (b) that the Parties agree in writing is not confidential; or,
- (c) is required to be disclosed by regulatory authorities.

9.3 Each Party shall supply the other Party with such information about itself, or this agreement as the other Party may reasonably require for the purposes of satisfying the requirements of any law or any judicial, governmental, regulatory or similar body or any securities exchange of competent jurisdiction to which the requiring Party is subject.

10 FURTHER ASSURANCE

10.1 Each Party shall (at its own expense) promptly execute and deliver such documents and perform such acts as the other Parties may reasonably require from time to time for the purpose of giving full effect to this agreement.

10.2 The Grantee shall have the right from time to time to register or record a deed of or other notice of this agreement, the other instruments to which this agreement relates, a notice of the NSR Royalty and a caution or other title document against the title to the Licenses and/or title to the land and buildings within the radius of the Licenses, and/or to register existence of this NSR Royalty in other relevant registries and the Grantor and the Holder shall cooperate with such registration or recordation and provide its written consent

or signature to any documents or things necessary to accomplish such registration or recordation.

11 ACTING ON OWN BEHALF

11.1 Each Party confirms it is acting on its own behalf and not for the benefit of any other person.

12 VARIATION AND WAIVER

12.1 No variation of this agreement shall be effective unless it is in writing and signed by the Parties (or their authorised representatives).

12.2 A waiver of any right or remedy under this agreement or by law is only effective if it is given in writing. Any such waiver shall apply only to the circumstances for which it is given and shall not be deemed a waiver of any subsequent breach or default.

12.3 A failure or delay by a Party to exercise any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under this agreement or by law shall prevent or restrict the further exercise of that or any other right or remedy.

13 COSTS

13.1 Except as expressly provided in this agreement, each Party shall pay its own costs and expenses incurred in connection with this agreement, including the negotiation, preparation and execution of this agreement (and any documents referred to in it).

14 NOTICES

14.1 A notice given to a Party under or in connection with this agreement:

- (a) shall be in writing and in English;
- (b) shall be signed by or on behalf of the Party giving it;
- (c) shall be sent to the relevant Party for the attention of the person and to the address specified in clause 14.2, or to such other address, or person as that Party may notify to the other in accordance with clause (14);
- (d) shall be:
 - (i) delivered by hand; or,
 - (ii) sent by pre-paid first-class post, recorded delivery or special delivery; or

(iii) sent by airmail or by reputable international overnight courier (if the notice is to be served by post to an address outside the country from which it is sent);

(iv) sent by email; and

(e) unless proved otherwise is deemed received as set out in clause 14.4.

14.2 The addresses for service of notices are:

(a) The Grantor

(i) address: [Redacted - Personal Contact Information]

(ii) for the attention of Aleksandar Miskovic

(iii) email address: [Redacted - Personal Contact Information]

The Holder

(iv) address: [Redacted - Personal Contact Information]

(v) for the attention of Aleksandar Miskovic

(vi) email address: [Redacted - Personal Contact Information]

(b) The Grantee

(i) address: [Redacted - Personal Contact Information]

(ii) for the attention of Aleksandar Ilic

(iii) email address: [Redacted - Personal Contact Information]

(iv) email address: [Redacted - Personal Contact Information]

14.3 A Party may change its details for service of notices as specified in Section 14.1 by giving notice in writing to the other Party. Any change notified pursuant to this clause shall take effect at 9.00 am on the later of:

(a) the date (if any) specified in the notice as the effective date for the change; or

(b) five Business Days after deemed receipt of the notice of change.

14.4 Delivery of a notice is deemed to have taken place (provided that all other requirements in this clause 14 have been satisfied):

- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice is left at the address;
- (b) if sent by pre-paid first-class post, recorded delivery or special delivery to an address in the country from which it is sent, at 9.00 am on the second Business Day after posting;
- (c) if sent by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Days after posting;
- (d) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice is left at the address;
- (e) if deemed receipt under the previous paragraphs of this clause 14.4 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 am on the day when business next starts in the place of deemed receipt. For the purposes of this clause, all references to time are to local time in the place of deemed receipt; or
- (f) If sent by email, at the time of transmission.

14.5 To prove service, it is sufficient to prove that:

- (a) if delivered by hand, the notice was delivered to the correct address;
- (b) if sent by post or by airmail, the envelope containing the notice was properly addressed, paid for and posted.

15 SEVERANCE

15.1 If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

16 SUCCESSORS

16.1 This agreement (and the documents referred to in it) are made for the benefit of the Parties and their successors and permitted assigns, and the rights and obligations of the Parties under this agreement shall continue for the benefit of, and shall be binding on, their respective successors and permitted assigns.

17 THIRD PARTY RIGHTS

17.1 No one other than a Party to this agreement, their personal representatives, successors and permitted assignees, shall have any right to enforce any of its terms, except for the successor of the Grantor.

17.2 The rights of the Parties to terminate, rescind, or agree any variation, waiver or settlement under this agreement are not subject to the consent of any other person.

18 COUNTERPARTS

18.1 This agreement may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

19 GOVERNING LAW AND JURISDICTION

19.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with the laws of British Columbia, Canada.

19.2 Each Party irrevocably agrees that the courts of British Columbia shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto on this 26th day of January, 2022.

TERRA BALCANICA RESOURCES CORP.

Per: (Signed) "Aleksandar Miskovic"
Authorized Signatory

TERRA BALKANIKA D.O.O. BEOGRAD – NOVI BEOGRAD

Per: (Signed) "Aleksandar Miskovic"
Authorized Signatory

ACKNOWLEDGED AND AGREED to this 26th day of January, 2022.

ROCKSTONE GROUP D.O.O - KAĆ

Per: (Signed) "Aleksandar Ilic"
Authorized Signatory