

TERRA BALCANICA RESOURCES CORP.

FORM 2A

LISTING STATEMENT

June 8, 2022

NOTE TO READER

This Listing Statement contains a copy of the Final Long Form Non-Offering Prospectus of Terra Balcanica Resources Corp. (the “**Company**”) dated June 1, 2022 (the “**Prospectus**”). Certain sections of the Canadian Securities Exchange (the “**Exchange**”) form of Listing Statement have been included following the Prospectus to provide additional disclosure on the Company required by the Exchange, as well as updating certain information contained in the Prospectus.

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APPENDIX A

Terra Balcanica Resources Corp.

Final Long Form Non-Offering Prospectus dated June 1, 2022

See attached.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus does not constitute a public offering of securities.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, any U.S. Persons.

PROSPECTUS

NEW ISSUE

June 1, 2022

TERRA BALCANICA RESOURCES CORP.

900,000 Common Shares issuable upon deemed exercise of \$0.20 outstanding Special Warrants

This prospectus (the “**Prospectus**”) is being filed by Terra Balcanica Resources Corp. (“**Terra Balcanica**” or the “**Company**”) with the securities regulatory authorities in the provinces of British Columbia, Alberta, Yukon, Ontario and Quebec to qualify for distribution the common shares in the capital of the Company (the “**Qualified Shares**”) issuable for no additional consideration upon deemed exercise of 900,000 special warrants of the Company (the “**Special Warrants**”) issued on February 7, 2022 at a price of \$0.20 per Special Warrant to purchasers in the provinces of British Columbia, Alberta, Yukon, Ontario and Quebec pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada in compliance with laws applicable to each subscriber, respectively. The Special Warrants issued on February 7, 2022 formed a tranche of a larger offering of Special Warrants on the same terms, with 6,742,500 Special Warrants distributed on December 23, 2021 and 4,625,000 Special Warrants distributed on January 26, 2022 (the “**Private Placement**”). The Special Warrants issued in connection with the first two tranches of the Private Placement converted into common shares in the capital of the Company in accordance with their terms on April 24, 2022 and May 27, 2022 respectively. See “*Plan of Distribution*”.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Common Shares.

The Special Warrants were issued by the Company at an issue price of \$0.20 per Special Warrant entitling the holder thereof to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Special Warrant Certificate (as defined herein). The conversion of the Special Warrants to Common Shares is anticipated to occur on the completion of certain conditions, specifically the Company obtaining final receipt for a prospectus filed in Canada.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Qualified Shares upon the exercise or deemed exercise of the Special Warrants.

	Price	Net Proceeds to the Company ⁽¹⁾
Per \$0.20 Special Warrant	\$0.20	\$2,370,830 ⁽²⁾

Notes:

- (1) Before deducting the legal, accounting, and administrative expenses of the Company in connection with the offering, Finder's fees were paid in connection with the offering of Special Warrants.
- (2) \$2,370,830 reflects the aggregate gross proceeds from the issuance of 12,267,500 Special Warrants in connection with the three tranches of the Private Placement. Only 900,000 Special Warrants issued on February 7, 2022 are being qualified under this Prospectus, as the Special Warrants issued in the first and second tranches have converted into Common Shares.

There is no market through which the Special Warrants may be sold and purchasers may not be able to resell the Special Warrants acquired pursuant to the Private Placement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of Company regulation. See “Risk Factors”.

The Company intends to apply to the Canadian Securities Exchange (the “CSE”) for the listing of the Common Shares. The CSE has not approved the listing of the Common Shares. Listing is subject to the Company fulfilling all the requirements of the CSE, including meeting all minimum listing requirements. There is no guarantee that the CSE will provide approval for the listing of the Common Shares. The Common Shares have not been listed or quoted on any stock exchange or market.

An investment in Common Shares of the Company is highly speculative due to various factors, including the nature and stage of development of the business of the Company. An investment in these securities should only be made by persons who can afford the total loss of their investment. See “Risk Factors”.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of Qualified Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires Qualified Shares.

Prospective investors should rely only on the information contained in this Prospectus. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company's business, financial condition, results of operations and prospects may have changed since that date.

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Aleksandar Ilić, a director of the Company, resides outside of Canada and has appointed McMillan LLP, 1500-1055 West Georgia Street, Vancouver, BC V6E 4N7 as his agent for service of process in Canada. Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

**Terra Balcanica Resources Corp.
Suite 250 – 200 Burrard Street
Vancouver, BC, Canada, V6C 3L6
Phone: 604-999-4136**

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GLOSSARY

The following is a glossary of certain general terms used in this Prospectus, including the summary hereof. Terms and abbreviations used in the financial statements and management's discussion and analysis included in or appended to this Prospectus are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“\$” means Canadian dollars.

“**Affiliate**” means a company that is affiliated with another company as described below:

A company is an “Affiliate” of another company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person;

A company is “controlled” by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company;

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person, or
- (c) an Affiliate of any Company controlled by that Person.

“**Applicable Securities Law**” means applicable securities legislation, securities regulation, and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time.

“**Audit Committee**” means the audit committee of the Company.

“**Audit Committee Charter**” means the Audit Committee's Charter, attached hereto as Schedule “G”.

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, together with all regulations promulgated thereto.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Day**” means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Common Share**” means a common share in the capital of the Company.

“**company**” means unless specifically indicated otherwise, a corporation, incorporated association or organization, body corporate, partnership, trust, association, or other entity other than an individual.

“**Company**” or “**Terra Balcanica**” means Terra Balcanica Resources Corp., a company organized under the laws of British Columbia.

“**Drina**” means Drina Resources d.o.o., the subsidiary of Tera Balkanika, and limited liability company organized pursuant to the laws of Bosnia and Herzegovina.

“**Drina Licenses**” means the licences granted in the Republic of Srpska in Bosnia and Herzegovina in respect of the Viogor-Zanik Project, consisting of the concessions, Čumavići, Olovine, and Čauš.

“**Exchange**” or “**CSE**” means the Canadian Securities Exchange.

“**Finder’s Warrants**” means share purchase warrants exercisable to acquire Common Shares and issued to certain finders.

“**IFRS**” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

“**Kaludra**” or “**Kaludra Project**” means the area under a mineral exploration license granted to Rockstone Group d.o.o. Kač, and optioned to Tera Balkanika, pursuant to an Option Agreement entered into by Terra Balcanica, Tera Balkanika, and Rockstone Group d.o.o. Kač dated January 25, 2021 and as amended January 26, 2022.

“**Listing**” means the listing of the Common Shares on the CSE.

“**MD&A**” means management’s discussion and analysis of financial condition and operating results.

“**Named Executive Officer**” or “**NEO**” means:

- (a) the CEO, or comparable position;
- (b) the CFO, or comparable position;
- (c) each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds CAD\$150,000 per year; or
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year.

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators.

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*.

“**Option**” means an option to acquire Common Shares granted pursuant to the Option Plan;

“**Option Plan**” means the Company’s stock option plan, adopted by the Board of Directors on February 4, 2021.

“**Person**” means a company or individual.

“**Private Placement**” means the non-brokered private placement of 12,267,500 Special Warrants of the Company at an issue price of \$0.20 per Special Warrant, completed in tranches pursuant to which 6,742,500 Special Warrants of the Company were issued on December 23, 2021, 4,625,000 Special Warrants of the Company were issued on January 26, 2022 and 900,000 Special Warrants of the Company were issued on February 7, 2022, for gross proceeds of \$2,453,500.

“**Promoter**” means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an Company, or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an Company, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the Company or 10% or more of the proceeds from the sale of any class of securities of a particular issue, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing, or substantially reorganizing the business.

“**Project**” or “**Viogor-Zanik Project**” means the mineral exploration project being conducted pursuant to the Drina Licenses by Drina Resources d.o.o. – Srebrenica, in Eastern Bosnia, as more particularly described under “*Narrative Description of the Business*”.

“**Qualified Shares**” means the 900,000 Common Shares of the Company issued on exercise or deemed exercise of the Special Warrants, qualified under this Prospectus.

“**Regulation S**” means Regulation S promulgated under the U.S. Securities Act.

“**Regulation D**” means Regulation D promulgated under the U.S. Securities Act.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

“**Shareholders**” means holders of Common Shares.

“**Special Warrants**” means the Special Warrants issued by the Company at an issue price of \$0.20 per Special Warrant, pursuant to the Private Placement, each of which entitles the holder thereof to acquire, for no additional consideration, one Common Share pursuant to the terms and conditions in the Special Warrant Certificate.

“**Special Warrant Certificate**” means a certificate representing Special Warrants.

“**Special Warrant Exercise Date**” means the date the Special Warrants are deemed to have been exercised into one Common Share.

“**Technical Report**” means the technical report dated effective January 24, 2022 on the Viogor-Zanik Project prepared by Dr. Thomas Bissig of Bissig Geoscience Consulting titled “NI 43-101 Technical Report, The Viogor-Zanik Project, Eastern Bosnia and Herzegovina.”

“**Tera Balkanika Sarajevo**” means Tera Balkanika d.o.o Sarajevo, the wholly owned subsidiary of Terra Balcanica, and limited liability company organized pursuant to the laws of Bosnia and Herzegovina.

“**Tera Balkanika**” means Tera Balkanika d.o.o. Beograd, the wholly owned subsidiary of Terra Balcanica, and limited liability company organized pursuant to the laws of Serbia.

“**Transfer Agent**” means the transfer agent and registrar of the Company, being Computershare Trust Company of Canada.

“**United States**” or “**U.S.**” means the United States of America, its territories or its possessions, any state of the United States or the District of Columbia.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

GLOSSARY OF TECHNICAL TERMS

The following is a glossary of certain technical terms used in this Prospectus with respect to the Viogor-Zanik Project.

“Ag”	means the chemical symbol for silver.
“Au”	means the chemical symbol for gold.
“cm”	means centimeter.
“Cu”	means the chemical symbol for copper.
“EM”	means electromagnetic.
“Fe”	means the chemical symbol for iron.
“GPS”	means global positioning system, a global navigation satellite system that provides location, velocity and time synchronization.
“kg”	means kilogram, the base unit of mass in the international system of units.
“km”	means kilometre.
“km ² ”	means square kilometre.
“line km”	means linear kilometer
“m”	means metre.
“mm”	means millimeter.
“Mn”	means the chemical symbol for manganese.
“Pb”	means the chemical symbol for lead.
“ppm”	means parts per million.
“Sb”	means the chemical symbol for antimony.
“Sn”	means the chemical symbol for tin.
“t”	means tonne, a metric unit of mass.
“W”	means the chemical symbol for tungsten.
“Zn”	means the chemical symbol for zinc.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless otherwise noted, all references to “\$” or “dollars” in this Prospectus are stated in Canadian dollars. The amounts presented in the financial statements incorporated by reference in this Prospectus are in Canadian dollars, Bosnian marks and Serbian dinars. The daily average exchange rate on June 1, 2022 for the conversion of: (i) Bosnian marks into Canadian dollars was 1 BAM equals \$0.69; and (ii) Serbian dinars into Canadian dollars was 1 RSD equals to \$0.011.

NOTE REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking statements that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “*Prospectus Summary*”, “*Description of the Business*”, “*Selected Financial Information and Management’s Discussion and Analysis*” and “*Risk Factors*”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict” or “likely”, or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- the Company’s intention to complete the listing of the Common Shares on the CSE;
- the conversion of the Special Warrants;
- the Company’s business plans focussed on the exploration and development of the Project;
- the proposed work program on the Project;
- costs and timing of future exploration and development activities;
- timing and receipt of approvals, consents and permits under applicable legislation;
- use of available funds, including the proceeds of the Private Placement;
- business objectives and milestones; and
- adequacy of financial resources.

Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner to, those disclosed elsewhere herein and any other of the Company’s concurrent public filings, and include the availability and final receipt of required approvals, licenses and permits, sufficient working capital to develop and operate any proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to equity and debt markets and associated costs of funds, availability of a qualified work force, and the ultimate ability to mine, process and sell mineral products on economically favourable terms, that the Company is able to procure equipment and supplies in sufficient quantities and on a timely basis, that engineering and exploration timetables and capital costs for the Company’s exploration plans are not incorrectly estimated or affected by unforeseen circumstances or adverse weather conditions, that any environmental and other proceedings or disputes are satisfactorily resolved, and that the Company maintains its ongoing relations with its business partners and governmental authorities. While the Company considers these material factors and assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this Prospectus. See “*Risk Factors*”.

For the reasons set forth above, investors should not place undue reliance on forward looking statements. This Prospectus includes many cautionary statements, including those stated under the heading “*Risk Factors*”. You should read these cautionary statements as being applicable to all related forward-looking statements wherever they appear

in this Prospectus. The forward-looking information contained in this document is made as of the date hereof and, except as required by Applicable Securities Laws, the company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events, or otherwise.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Company: Terra Balcanica is a company incorporated under the BCBCA. See “*Corporate Structure*”.

Business of the Company: The Company is a mineral resource company principally engaged in acquiring and exploring mineral resource properties. Its objective is to locate and develop metals, focusing initially on the exploration and development of the Project. The Viogor-Zanik Project comprises three separate licensed concessions, Čumavići, Olovine, and Čauš, which in the aggregate encompass 216.819 km² in the Republic of Srpska, immediately to the west of the Drina River, which constitutes the border with the Republic of Serbia. See “*Narrative Description of the Business*”.

The Private Placement: Pursuant to the Private Placement, 6,742,500 Special Warrants were issued on December 23, 2021, 4,625,000 Special Warrants of the Company were issued on January 26, 2022 and 900,000 Special Warrants of the Company were issued on February 7, 2022 for a total of 12,267,500 Special Warrants of the Company at an issue price of \$0.20 per Special Warrant for gross proceeds of \$2,453,500 which will result in the deemed exercise of Special Warrants into 12,267,500 Common Shares. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. As of the date of this Prospectus, 6,742,500 Special Warrants issued on December 23, 2021 and 4,625,000 Special Warrants issued on January 26, 2022 have converted into 11,367,500 Common Shares. See “*Plan of Distribution*” and “*Description of Securities Distributed*”.

Use of Proceeds: *Funds Available*

Source of funds	Amount
Estimated consolidated working capital as at April 30, 2022	\$1,216,180
Total funds available	\$1,216,180

Principal Purposes

The following table sets out how the Company expects to use the funds available to it after completion of the distribution.

Use of funds available after completion of distribution	Amount
Exploration and Development of the Viogor-Zanik Project	\$600,574
Exploration and Development of the Kaludra Project	\$45,000
Exploration and Development of the Ceovishte Project	\$20,000
Estimated listing transaction costs	\$120,000
Marketing and Investor Relations	\$30,000
General and Administrative Expenses	\$294,000
Unallocated General Working Capital	\$106,606
TOTAL	\$1,216,180

There may be circumstances, where for business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives.

The Company had a negative operating cash flow for the audited period ended January 31, 2022 and anticipates having negative operating cash flows for this fiscal year as well given its nature as a mineral exploration company. The net proceeds from the Private Placement will be used to fund the operation of the Company.

Directors and Officers of the Company: Giulio Bonifacio, Non-Executive Chairman and Director
 Brandon Bonifacio, Director
 Aleksandar Ilić, Director
 Kim Oishi, Director
 Aleksandar Mišković, Chief Executive Officer and Director
 Stephen Brohman, Chief Financial Officer
 Catherine Cox, Corporate Secretary
 See “*Directors and Executive Officers*”.

Financial Information: The following table sets forth summary financial information of the Company from the audited financial statements for the year ended January 31, 2022. This summary financial information should only be read in conjunction with the Company’s audited financial statements, including the notes thereto, included in Schedule “A” and Schedule “B” to this Prospectus, respectively.

	For the year ended January 31, 2022 (audited)	For the period ended December 31, 2020 (audited)
Net loss for the period	2,904,497	(156,064)
Cash	1,652,607	19,207
Total assets	3,130,147	463,981
Total liabilities	285,396	599,795
Total shareholders’ equity	2,844,751	(135,814)

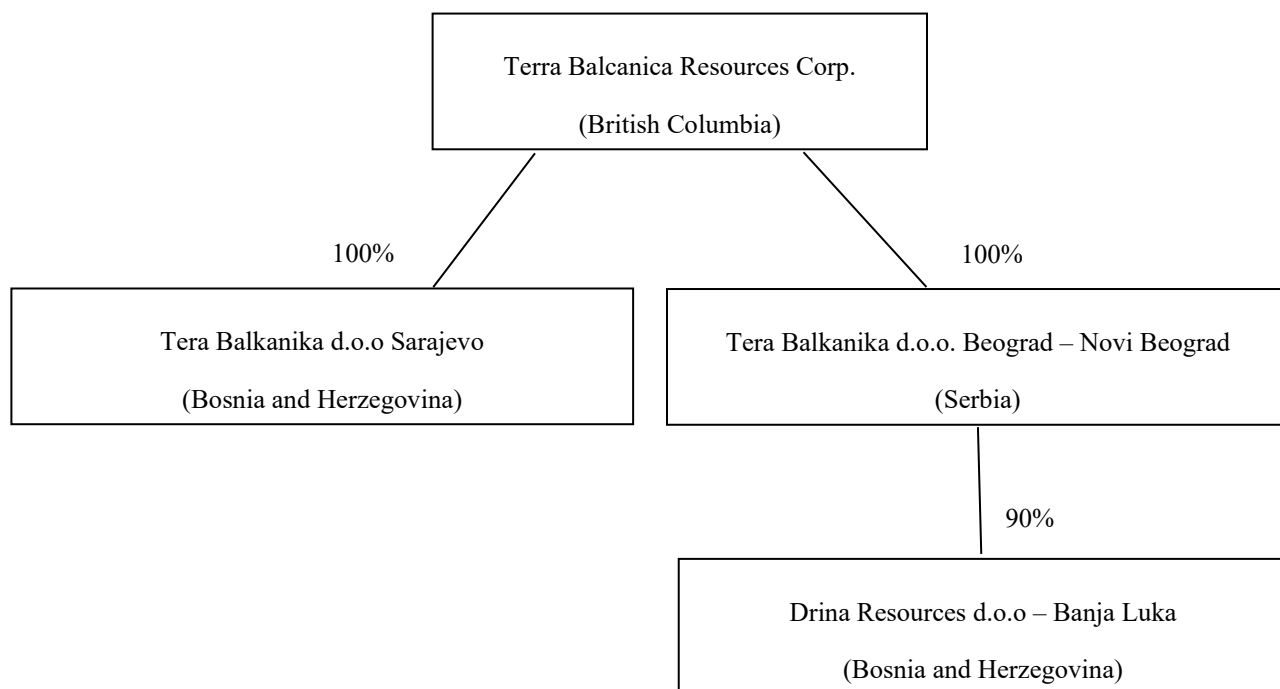
See “*Selected Financial Information and Management’s Discussion and Analysis*”.

Risk Factors: Due to the nature of the Company’s business and the present stage of development of its business, the Company is subject to significant risks. Readers should carefully consider all such risks. Risk factors include, but are not limited to the rights under the Option Agreements being dependent on continued compliance with the Option Agreements, insufficient capital risk, financing risks, the Company having a limited operating history and negative operating cashflow, the continued operations of the Company being dependent on procuring additional financing, exploration and development risks, risks associated with operating in a foreign jurisdiction, and others. For a detailed description of these and other risks see “*Risk Factors*”.

CORPORATE STRUCTURE

Terra Balcanica Resources Corp. was incorporated on May 19, 2020 under the laws of British Columbia pursuant to the BCBCA. The registered office is located at 910 - 800 West Pender Street, Vancouver, BC V6C 2V6, and its principal business address is Suite 250 – 200 Burrard Street, Vancouver, BC, Canada, V6C 3L6.

The Company has two material subsidiaries, Tera Balkanika and Drina, and one inoperative subsidiary, Tera Balkanika Sarajevo. Tera Balkanika is wholly owned by the Company, and is incorporated pursuant to the laws of the Republic of Serbia. Tera Balkanika d.o.o. is located at 87 Generala Mihajla Nedeljkovica Street, 11077 Belgrade, Serbia. Drina is incorporated pursuant to the laws of Bosnia and Herzegovina, and Tera Balkanika holds 90% of the interest in Drina, with the remaining 10% interest in the hands of minority shareholders. Drina Resources d.o.o. is located at Marsala Tita bb, 75430 Srebrenica, Bosnia and Herzegovina. Tera Balkanika Sarajevo is wholly owned by the Company and was incorporated on May 7, 2021 pursuant to the laws of Bosnia and Herzegovina; it has no operations or material assets.



GENERAL DEVELOPMENT OF THE BUSINESS OF THE COMPANY

Description of the Business

Terra Balcanica is a natural resource corporation principally engaged in the exploration and development of the Viogor-Zanik Project located in eastern Bosnia and Herzegovina. It also seeks to identify, investigate, evaluate and acquire other mineral property opportunities located in the Balkan region of Eastern Europe, and currently has one mineral property under option in Serbia, being the Kaludra Project, as well as an application for a mineral exploration license from the Ministry of Mines and Energy of the Republic of Serbia regarding applied geological research of lead, zinc, silver, copper, gold and any accompanying metals by Tera Balkanika on March 2, 2020 for the location named Ceovishte in SW Serbia, which has not been granted and for which remains subject to appropriate regulatory approval. It is the intention of Terra Balcanica to build a portfolio of properties in the Balkan region.

Competitive Conditions

The Company competes with other entities in the search for and acquisition of mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources, the Company may be unable to acquire attractive properties in the future on terms it considers acceptable. The Company also competes for financing with other resource companies, many of whom have more advanced properties. There is no assurance that additional capital or other types of financing will be available to the Company if needed or that, if available, the terms of such financing will be favourable to the Company. See “*Risk Factors*”.

History

Financings

The Company was incorporated on May 19, 2020 under the BCBCA. To date, the Company has completed the following financings:

- On October 2, 2020, the Company completed a non-brokered private placement of 5,000,000 Common Shares at \$0.02 per Common Share for gross aggregate proceeds of \$100,000;
- On October 5, 2020, the Company completed a non-brokered private placement of 5,210,000 Common Shares at \$0.05 per Common Share for gross aggregate proceeds of \$260,500;
- In multiple tranches on December 11, 2020, January 7, 2021, January 26, 2021, February 2, 2021, February 11, 2021, March 16, 2021, April 22, 2021, June 24, 2021, August 30, 2021 and October 18, 2021, the Company completed a non-brokered private placement of 21,509,722 Common Shares at \$0.10 per Common Share for gross aggregate proceeds of \$2,150,972;
- The Company completed the Private Placement in tranches. 6,742,500 Special Warrants were issued on December 23, 2021, 4,625,000 Special Warrants of the Company were issued on January 26, 2022 and 900,000 Special Warrants of the Company were issued on February 7, 2022 for a total of 12,267,500 Special Warrants of the Company at an issue price of \$0.20 per Special Warrant for gross proceeds of \$2,453,500. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. As of the date of this Prospectus, 6,742,500 Special Warrants issued on December 23, 2021 and 4,625,000 Special Warrants issued on January 26, 2022 have converted into 11,367,500 Common Shares.

Acquisition of the Project

Terra Balcanica entered into an agreement with two vendors then holding 100% interest in Tera Balkanika on January 25, 2021 (the “**Purchase Agreement**”), pursuant to which Terra Balcanica acquired Tera Balkanika as a wholly owned subsidiary. On completion of the acquisition contemplated by the Purchase Agreement, the business of Tera Balkanika, being the exploration of the Project, became the business of Terra Balcanica.

Pursuant to the Purchase Agreement, Terra Balcanica distributed 24,525,000 Common Shares to the vendors, and concurrently confirmed certain obligations resulting from prior arrangements made by Tera Balkanika, including royalty obligations and fee arrangements related to an option on the Kaludra Project with Rockstone Group D.O.O., and a license application as discussed above, which was previously filed on March 2, 2020. Pursuant to the terms of the option agreement with respect to the Kaludra Project among Rockstone Group D.O.O. (“**Rockstone**”), Tera Balkanika, and Terra Balcanica, as amended on January 26, 2022, Rockstone as optionor received a cash payment of \$50,000, a 0.5% net smelter return royalty over the Kaludra Project, and is entitled to receive 500,000 in Common Shares on or before November 26, 2023. Rockstone Group D.O.O. retains a contractual right to reacquire the license application or license, if subsequently granted, upon non-performance or abandonment of the property by Terra Balcanica.

Rockstone Group D.O.O. is wholly held by Aleksandar Ilić, who was the project vendor pursuant to the Purchase Agreement. Mr Ilić is a current director of Terra Balcanica as well as a promoter of Terra Balcanica.

Pursuant to the terms of an agreement with respect to the Ceovishte Project, entered into in connection with the Purchase Agreement, among Rockstone Group D.O.O, Tera Balkanika and Terra Balcanica, as amended on January 26, 2022, Rockstone has certain entitlements as finder of the Ceovishte Project. Specifically, Rockstone is entitled to a cash payment of \$50,000, a 0.5% net smelter return royalty over the Ceovishte Project, and is eligible to receive 500,000 in Common Shares two years subsequent to the date upon which the Ministry of Mines and Energy of Serbia grants the Ceovishte license. Rockstone also retains the right to reacquire the license application or license, if subsequently granted, upon non-performance or abandonment of the property by Terra Balcanica.

Business Cycle

The Company is an exploration and evaluation stage company, focused on mining. As a result, prices of mineral and other metals will have a direct impact on our business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project, and they can also impact our ability to raise capital. See “*Risk Factors*”.

Environmental Policies

We will conduct our activities in accordance with best industry practices and highest environmental standards, including compliance with environmental laws, policies and regulations. During our exploration activities we plan to minimize environmental impacts by rehabilitating drill-sites and access roads.

Drina Licenses

Pursuant to the terms of the Drina Licenses, the Company must meet the following ongoing requirements: (i) adhere to the length of the exploration period and submit a request for an extension within the prescribed time; (ii) pay the relevant fee for conducting geological research; (iii) adhere to the prescribed type and scope of exploration work; (iv) conduct research within the prescribed deadlines; (v) submit annual reports to the competent authority; (vi) return the land (on which research was conducted) to its original condition, and (vii) adhere to the amount of mineral raw material permitted to be taken for research. The Company has met all of the applicable ongoing requirements and anticipates being in good standing throughout the term of the Drina Licenses by continuing to comply with its conditions and obligations.

DETAILS OF THE VIOGOR-ZANIK PROJECT

Current Technical Report

In 2021, Terra Balcanica commissioned Dr. Thomas Bissig, Professional Geologist, to complete the Technical Report on the Viogor-Zanik Project. The Technical Report was prepared in accordance with NI 43-101 and was issued to the Company on January 24, 2022 with an effective date of January 24, 2022. The Technical Report has been filed under the Company’s profile on SEDAR at www.sedar.com. The following information concerning the Viogor-Zanik Project is primarily excerpted or derived from the Technical Report, and also includes certain information obtained from legal opinions, reports by government and reports by previous operators.

Property Description, Location and Access

Terra Balcanica’s Viogor-Zanik Project is located in Eastern Bosnia & Herzegovina, within Republic of Srpska, immediately to the west from Drina River which constitutes the border with the Republic of Serbia. The Project consists of three exploration licenses according to the Mining Act of the Republic of Srpska surrounding the area of the active Gross mine (formerly known as Sase) which is operated by the Mineco group. The three licenses include Čauš, to the north of Gross mine; Čumavići to the northwest of Srebrenica; and Olovine to the south of Gross mine, totalling an aggregate property area of 216.819 km² (together, the “**Licenses**”).

The Licenses form the legal basis upon which Terra Balcanica, through Drina Resources, retains interest in the Project. The Licenses are granted under the laws of the Republic of Srpska within Bosnia & Herzegovina, and are granted by

the Ministry of Energy and Mining of the Republic of Srpska. Each License is granted as a decision of such ministry, with the right to conducting geological exploration being valid for three years from the date of grant, and extensions for 18 months being possible upon application in accordance with applicable law. For the license area known as Olivine, exploration rights have been extended until October 2, 2023; for the license area known as Čauš, geological exploration rights persist until March 26, 2024, and for the license area known as Čumavići, geological exploration rights persist until August 5, 2022, and anticipates applying for an 18 month extension within the prescribed reapplication timelines. The Republic of Srpska is currently in the process of adopting a new law relating to exploration activities, which is anticipated to prescribe new deadlines for conducting geological research of eight years rather than three, with the ability for license holders to extend their licenses as prescribed by the new law. There can be no assurance that such law will pass the legislative process as anticipated or at all, however, should the new law come into effect, it is anticipated that it will alter application and reapplication timelines for Drina Resources to keep its Licenses in good standing to the benefit of Drina Resources, by allowing the Licenses to be valid for a longer period of time prior to any extension being necessary.

In order to keep the Licenses in good standing, Drina Resources must adhere to the length of the exploration period and submit timely extension applications, pay the appropriate fees, adhere to the terms of the license in respect of conducting the scope and type of exploration specified in the license, submit annual reports, conduct geological research within the deadlines set forth by the Licenses, to remediate the land to its original condition after exploration activities are conducted, and to adhere to the amount of raw materials that may be taken for the purpose of geological research.

Surface rights and access to the land are negotiated with the owners of the land on which the exploration activities or related operations occur, and are resolved by private agreements in the case of private landowners, and by decisions of government institutions in the case of state owned land. Drina Resources conducts exploration activities partly on state-owned land for which it received approval from "ŠUME REPUBLIKE SRPSKE a.d. Sokolac ", a government agency charged with managing these properties. The approval was issued on the condition that the access roads excavated by the company remain in place for further use by the "ŠUME REPUBLIKE SRPSKE a.d. Sokolac" staff after the exploration work is completed. Drina Resources further has access to privately owned land through an agreement with private landowners pursuant to which Drina Resources pays a fee in the amount of 300 to 1000 Bosnian Marks per cadastral land parcel for the use of land, with the exact size of the fee being determined on the amount of the land within the parcel used, and whether drilling is being conducted on that land or whether its only utilized for access.

History

The Srebrenica region achieved its full industrial potential in the former Yugoslavia after the second world war. Geological mapping and studies were conducted by the Geological Institute of the Socialist Republic of Bosnia and Herzegovina. Modern mining activity initiated in 1964 at the Sase mine (now Gross mine) and exploitation continued until the outbreak of the civil war in 1992. Limited mining activity recommenced in 1998 and full capacity exploitation recommenced in 2006 after the Mineco group purchased the mine.

For the exploration licenses indirectly held by Terra Balcanica, historic estimates were reported for the Čumavići main vein and offshoots as Yugoslavian C1 and C2 class (ca. indicated and inferred, respectively) in 1983.¹ A total of 325,992t at 0.71 % Pb, 2.44% Zn, 89 ppm Ag and 0.49 ppm Au were reported. This estimate is based on a total of 13 holes drilled in two phases in 1981 and 1982, typically spaced at 80-200 m along vein strike. Drilling was generally directed towards the northeast at dips of 46 to 60 degrees, although one hole was drilled vertically but this hole was not used for resource calculation. Vein intercepts are typically narrow with vein intercepts typically less than 2 m wide, to as low as 0.1 m. Drillholes were not surveyed downhole and the reported intercept widths may not be true widths.

¹ See Topalović, *supra* note 6.

Geological Setting, Mineralization and Deposit Types

The Balkan peninsula forms part of the Alpine-Balkan-Carpathian-Dinaride orogen which hosts a wide variety of ore deposits formed during subduction and collisional orogenic processes from the Late Cretaceous to the Neogene.² The geology in this region is characterized by a series of microcontinents separated by suture zones that collided from the Late Cretaceous to Neogene times. Correspondingly, the metallogeny of the region varies over time and along strike. The Srebrenica mineral district constitutes the Northwesternmost extent of the Serbomacedonian-Rhodope metallogenetic belt which extends from the Bosnian Dinarides to the Rhodopes (southern Bulgaria), Thrace (northern Greece) as far as northwestern Turkey. This belt is dominated by Oligo-Miocene polymetallic Pb-Zn-Ag-Au deposits (e.g., Trepča and Lece, Kosovo) but the southeastern extents also contain important porphyry Cu-Au (e.g., Skouries, Greece) and associated epithermal deposits.³

²See Franz Neubauer, “Contrasting Late Cretaceous with Neogene ore provinces in the Alpine-Balkan-Carpathian-Dinaride collision belt” (2002) 204 Geological Society, London, Special Publications 81 – 102; Christoph Heinrich & Maria Kruger, “Cu-Au-Pb-Zn-Ag metallogeny of the Alpine – Balkan – Carpathian – Dinaride geodynamic province” (2002) 37 Mineralium Deposita 533-540.

³ *Ibid.*

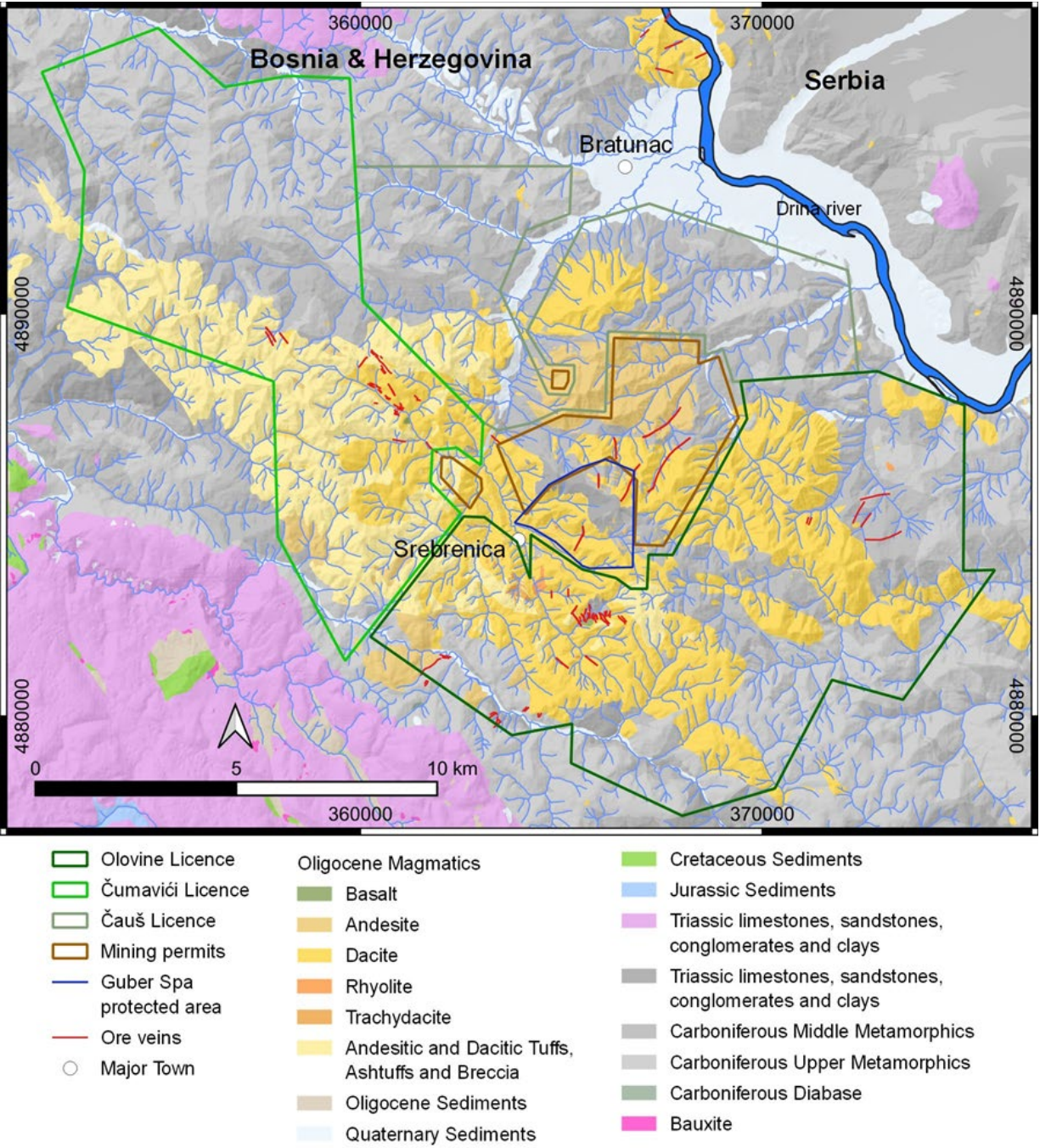


Figure 1. Terra Balcanica's exploration licenses and third-party mining permits. Geological map in background based on Kubat (1968) and the company's own mapping. Background digital elevation model has a 30 m resolution.

The Srebrenica district is part of the Podrinje Metallogenic District of eastern Bosnia & Herzegovina. It is hosted in the northwest elongated Srebrenica volcanic complex and underlying Carboniferous schists, quartzites and phyllites which form part of the Drina-Ivanjica terrane; a narrow sliver of continental crust accreted west of the Vardar ophiolitic suture zone and east of the Dinaride ophiolitic belt. The Drina-Ivanjica terrane was thrust westward onto the Dinaride ophiolitic belt in the Late Cretaceous to early Paleocene.

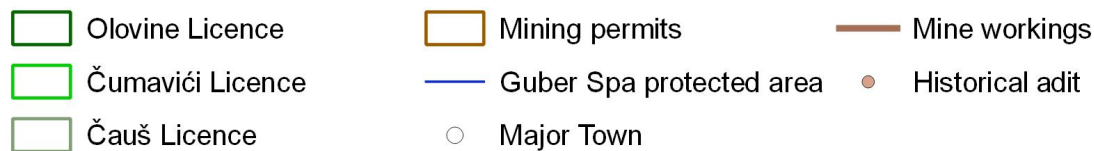
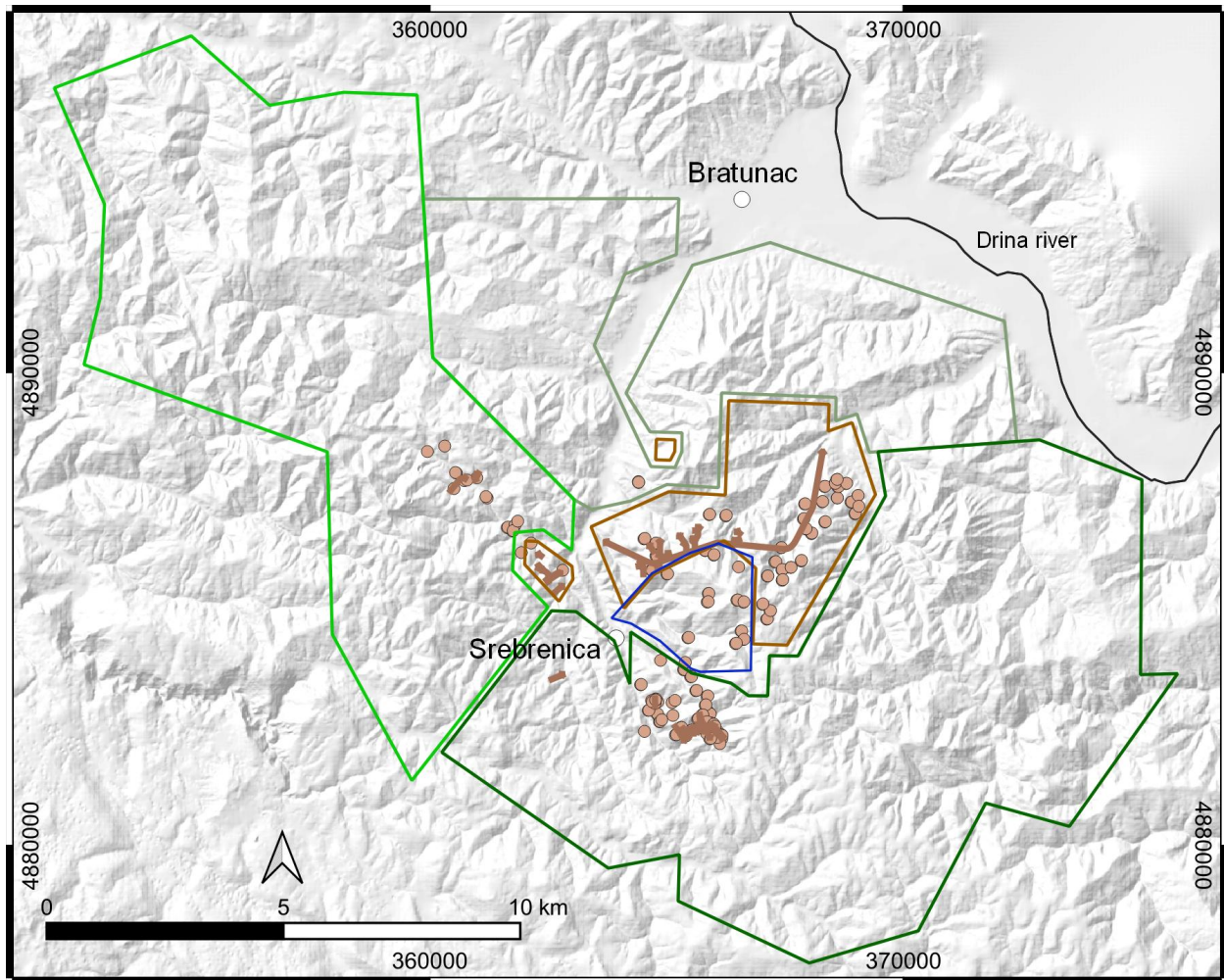


Figure 2. Map showing locations of known historic mine workings. Mining in the area took place since medieval times, but the ages of individual workings are not known in detail.

The volcanic rocks of the Srebrenica volcanic complex are described as calc-alkaline andesite to dacite with subordinate quartz-latite.

The Srebrenica polymetallic district hosts two main styles of mineralization:

- Cassiterite-bearing mineralization related to quartz-tourmaline-muscovite (greisen-style) alteration.
- Polymetallic, Pb–Zn–Fe bearing hydrothermal veins and breccia zones with variable concentrations of Ag, Sn, Au and Sb.⁴

⁴ See Ana Radosavljević-Mihajlović et al, “Occurrence of Petrukite in Srebrenica Orefield, Bosnia and Herzegovina” (2005) 181:1 Neues Jahrbuch für Mineralogie-Abhandlungen: J of Mineralogy and Geochemistry 21 – 26; Ana

Greisen hosted mineralization appears to be controlled by the contact of the Carboniferous basement with the overlying Neogene volcanic rocks and Sn in the form of cassiterite is concentrated in the upper parts of the greisen zone.⁵ The greatest reported Sn grades (0.2-0.6%) are confined to tectonic breccia zones.⁶

Čumavići

This deposit is reasonably well documented and is hosted in a system of Sb-Pb-Zn-Ag +/- W, Au veins and breccias, and to lesser degree, stockwork and disseminated mineralization within the volcanic rocks. Veins form discontinuous trends over more than 1 km and strike northwest with a variable, 30-80-degree southwesterly dip and mineralized segments have strike lengths of few 10s of meters with up to 3.8 m thickness.⁷ The Čumavići area includes, besides the main Čumavići vein trend, the sub-parallel Čumurnica vein trend (jointly referred to as Čumavići veins, hereafter), some 500 m to the southwest (Fig. 6.3). The Čumurnica vein differs somewhat from Čumavići in that massive vein-hosted mineralization textures dominate over stockwork and breccia-style mineralization.⁸ The mineralogy of the Čumavići veins is complex and includes a wide variety of sulfide and sulfosalt minerals. Two principal hypogene paragenetic stages of mineralization have been defined on the basis of archived samples from the exploration efforts in the 1980s⁹: 1) medium-temperature sphalerite-galena-marcasite-Mn-siderite; followed by 2) low-temperature sulfosalt-rich stages including quartz-sphalerite-galena-sulfosalts; quartz-sphalerite-berthierite-hübnerite-arsenopyrite; and chalcopyrite-Ge-Ag-Au-bearing-sulfosalts. Based on work on a limited number of samples Arsenijević (1990) reports locally high gold values (up to 21.5 ppm) in arsenopyrite as well as, albeit to a lesser degree, with pyrite and marcasite. Average gold grades reported by Topalović (1984) range from 0.1 to 1.26 ppm depending on the vein. Sphalerite varies from Fe (+/- Sn, Cu) rich in early paragenetic stages to Fe-poor varieties in later stages and locally high content of critical elements such as In (up to 0.11%) are documented in Cu-Sn-rich sphalerites.¹⁰

One sample from Čumavići vein infill taken from a historic mine dump was sent for petrography by Terra Balcanica¹¹ and the observed sulfide assemblage is consistent with the mineralization style described above. It includes fine-grained aggregates of sphalerite, galena arsenopyrite as well as traces of pyrite and chalcopyrite with quartz and minor carbonate gangue as well as fine-grained iron oxides.

The Čumavići deposit has been drilled in the early 1980s at 80 to 200 m spacing along strike in a total of 19 short drillholes complemented by 7 surface trenches.¹²

Radosavljević-Mihajlović et al, "(Pb-Sb)-bearing sphalerite from the Čumavići polymetallic ore deposit, Podrinje Metallogenic District, East Bosnia and Herzegovina" (2016) 72 Ore Geology Rev 253 – 268.

⁵ See Radosavljević-Mihajlović, "(Pb-Sb)-bearing sphalerite from the Čumavići polymetallic ore deposit, Podrinje Metallogenic District, East Bosnia and Herzegovina," *supra* note 3.

⁶ See I. Kubat, "Mineralne sirovine istočne Bosne" (1974) 18/19 Geološki glasnik 121-185.

⁷ See D. Topalović, "Izveštaj o istraživanju Sb-polimetaličnog rudnog polja "Čumavići" kod Srebrenice u 1981/82 godini" (1983) Geoinstitut Beograd 114; M. Arsenijević, "Gold in polymetallic mineralization in the Čumavići locality" (1990) A44/45 Bulletin of Natural History Museum in Belgrade 181 – 207; Radosavljević-Mihajlović, "(Pb-Sb)-bearing sphalerite from the Čumavići polymetallic ore deposit, Podrinje Metallogenic District, East Bosnia and Herzegovina", *supra* note 3.

⁸ See Arsenijević, *supra* note 6.

⁹ See Radosavljević-Mihajlović, "(Pb-Sb)-bearing sphalerite from the Čumavići polymetallic ore deposit, Podrinje Metallogenic District, East Bosnia and Herzegovina," *supra* note 3.

¹⁰ *Ibid.*

¹¹ See F. Colombo, "Petrographic Report on 18 Rock Samples for Terra Balcanica" (2021) [unpublished, archived at Terra Balcanica Resources Corp.].

¹² See Topalović, *supra* note 6.

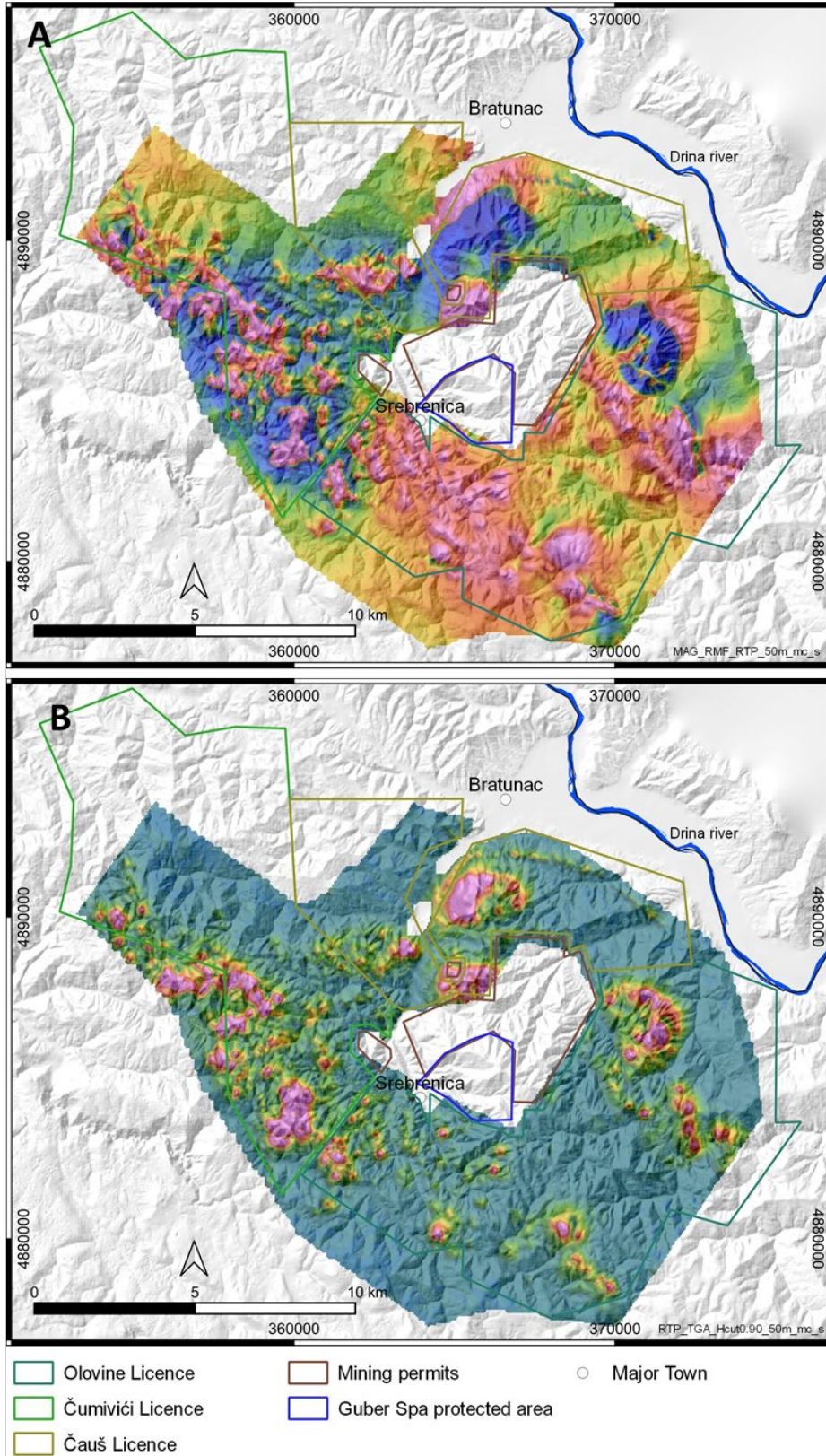


Figure 3. Aeromagnetic data collected in May 2021. A) Reduced to Pole (RTP) magnetic data and B) Total Gradient (TGA).

Alteration is dominated by illite-sericite + quartz with variable, likely supergene, kaolinite overprint. Alteration intensity appears lowest at Sjenovo and generally increases towards the southeast. The alteration assemblages are consistent with a relatively shallow and/or distal setting.

Outcrops are generally oxidized, and sulfides are typically not preserved. However, the distribution of goethite and Mn-oxides suggests that fracture-controlled pyrite ± quartz-carbonate veins were common. At Čumurnica a sample from the waste-dump yielded > 13% combined Pb and Zn and > 1 % Sb together with 139 ppm Ag. This is consistent with macroscopic observations which show abundant stibnite-galena and sphalerite in semi-massive sulfide samples. Besides Čumurnica, samples from other historic mine waste locations, including Joševa and Čumavići, feature galena and sphalerite. For those locations no analytical results were available at the time of writing.

Olovine

Less information is available on Olovine compared to Čumavići but mineralization from different veins in the Olovine area has been documented by Kubat.¹³ Veins have a variable but generally northerly trend, dipping steeply (75-85°) to the east. Sulfide mineralogy is generally characterized by galena, sphalerite, pyrite, marcasite +/- pyrrhotite. Gangue is quartz-carbonate, including Mn carbonate, whereas wall rock alteration is described as sericitic, silicic and propylitic. Locally, at Gorušica – Olovine, silicification is the dominant wall-rock alteration and chalcopyrite is present together with sphalerite and pyrite with Cu grades from 0.9 to 2.5% reported.¹⁴ Only limited drilling has been undertaken and no details on intersected mineralization are available.

Terra Balcanica sent one sample of brecciated massive sulfide material from Olovine for petrographic description.¹⁵ Sulfides in fragments include, in order of decreasing abundance, pyrite, sphalerite, arsenopyrite, galena and tennantite/tetrahedrite. Some quartz is also present. The breccia contains a fine-grained oxidized rock-flour matrix with some pyrite cement.

Lower Zanik (Čauš license)

The area appears to be an overgrown historic mine dump which includes quartz and galena cemented polymictic breccia material with abundant secondary iron oxide. Host rock relationships are unclear but based on material exposed consists of Paleozoic schists intruded by diorite porphyry dykes.

Exploration

Current exploration initiated in the fourth quarter of 2020 with 5 field crews consisting of a geologist and field technician each. These teams are supported by two senior geologists, a logistics and community relations manager and an office manager. Early-stage exploration activities include geological mapping, stream sediment, soil and outcrop sampling. Most of the work thus far was concentrated on the Olovine and Čumavići licenses and to a lesser degree on Čauš.

Exploration datasets available include historic stream sediment and soil geochemical surveys as well as digitized aeromagnetic and ground gravity data. New datasets include 469 new stream sediment samples collected in late 2020 in the Čumavići and Olovine licenses, and 146 new soil geochemical data at Olovine. In addition, satellite-based remote sensing near visible, short and long wave infrared (VNIR/SWIR/LWIR) spectral data as well as synthetic aperture radar (SAR) were obtained.¹⁶ Historic airborne geophysical data were digitized, re-processed and inverted by Todd Ballantyne, 3DGeoscience in early 2021. Collection of additional geophysical data (airborne EM and magnetics, ground radiometrics) was underway at the time of writing and final data were not yet available. Likewise, collection of additional samples for soil geochemistry was on-going.

¹³ See Kubat, *supra* note 5.

¹⁴ *Ibid.*

¹⁵ See Colombo, *supra* note 10.

¹⁶ See Pendock, “Satellite visible/near infrared [VNIR], shortwave infrared [SWIR], longwave infrared [LWIR] and synthetic aperture radar [SAR] exploration in the Srebrenica Magmatic Complex [SMC] of Eastern Bosnia and Herzegovina” (2020) [unpublished, archived at Terra Balcanica Resources Corp.].

Additional data collection for a new airborne magnetic and electromagnetic survey took place between May 1, 2021 and May 8, 2021, pursuant to which a total of 1267.3 line km was flown.

Sampling, Analysis and Data Verification

Sampling, Analysis, and Security of Samples

For currently on-going exploration programs, standard sampling procedures have been implemented. Coordinates of sampling points were generally recorded with a handheld GPS in the WGS84 UTM Zone 34N coordinate system. General metadata such as sampling date and sampler responsible are routinely being recorded. Field notes are taken by pen and paper and transcribed into a digital format (Microsoft Excel templates) on a daily basis.

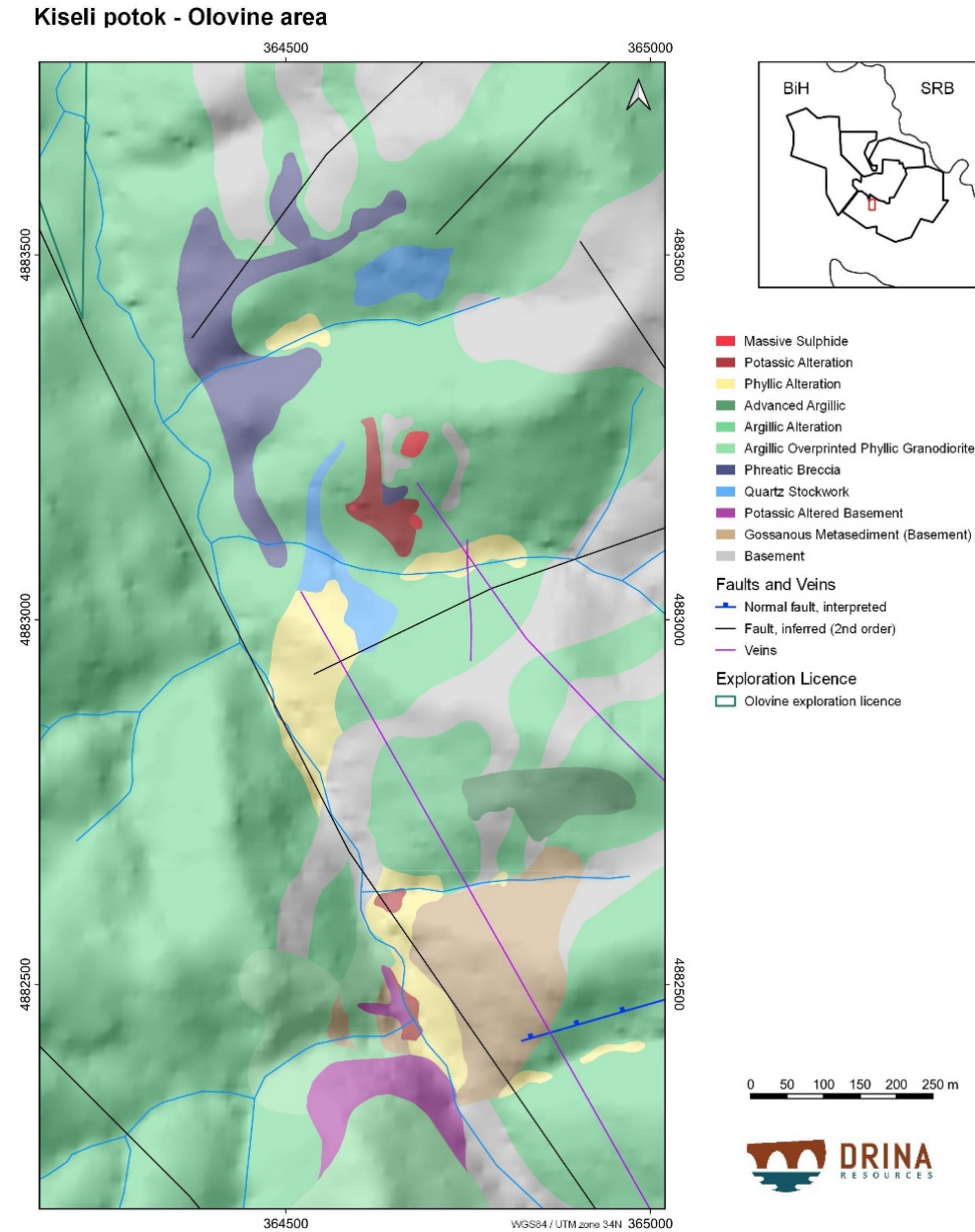


Figure 4. Detailed alteration mapping around Kiseli Potok-Olovine which is where soil and stream sediment geochemistry suggests a magmatic hydrothermal center. Inset shows location of the mapped area.

For stream sediment samples, sediment is collected over about 10 m in the active streams for a representative composite. Sampling points are located a minimum of 50 m away from roads or other obvious disturbances. The samples are taken at >10-20 cm depth to avoid spurious results related to Fe-Mn oxide coatings. Sediment samples are sieved to <2mm particle size in the field and about 0.5 kg of sieved material was sent to the laboratory. Information such as nature of the stream, directions, flow rate, organic content and description of the material sampled is recorded.

Rock chip and grab samples are collected from outcrops of interest. About 1-2 kg were collected from fine-grained, homogeneous lithologies whereas 2-4 kg were collected from more heterogeneous lithologies. Rock textures and mineralogy, as visible macroscopically, are described in the field.

Soil samples include ca. 1.5 kg un-sieved material and are collected from the B and BC horizon below the organic layer. Typical sampling depths are between 20-30 cm. The depth of sampling, soil horizon and color of sampled material as well as potential contaminants are recorded. In most places of the project area there is no evidence for significant transported cover on top of bedrock. Soil samples, thus, represent the underlying bedrock although the geochemical signal may have been dispersed significantly downslope. An additional consideration is the presence of historic mine dumps and old workings which may be overgrown and not readily be recognized. These features should be considered during data interpretation.

Each sample is marked with unique sample number on a cotton bag and with a paper sample tag put inside the bag. Samples are stored in a dry, lockable facility at the same location as where the crew is housed in Srebrenica. Batches of samples are put into larger sturdy plastic bags for shipping. Those are closed with zip ties for security. Documentation for export from Bosnia-Herzegovina and import into Serbia are filled and included with the samples which are couriered directly from Srebrenica to the ALS Laboratory in Bor, Serbia. A bar code is assigned to the samples at ALS Bor, Serbia where samples are prepared (crushed, pulverized and/or sieved depending on the type of material). Analytical work is performed by ALS Loughrea in Galway, Ireland. The analytical laboratory is independent of Terra Balcanica. ALS Loughrea in Galway is ISO 17025 certified by the Irish National Accreditation Board

Recommendations for Exploration

The geochemical, geophysical and structural analyses resulted in definition of three general zones of high prospectivity: 1) Olovine locality, more specifically the Kiseli Creek and Cicevac Creek areas, 2) the general Brezani village area, and 3) the Čumavići village zone. Seven drill pad locations were identified as most prospective with drilling done in a staged manner each step being conditional of the success of the previous one. A 1,200 m, first-pass drill program has been recommended to start at the Olovine locality in Q1 of 2022.

The drill core will be oriented, split, structurally and mineralogically logged after which composite 1-m homogenized samples derived from ½ half of the split core will be sent to the ALS laboratory facility in Bor, Serbia for crushing and grinding in advance of 4-acid (near total) digest geochemical analysis by ICP-MS. Gold will be determined by fire assay on a 30 g sample split.

In addition to the 1st pass drilling activities at the Viogor-Zanik project, the Company will undertake a program of exploration trenching in the locality of Brezani within the mineral exploration licence of Olovine. Ca. 290 m of 2-m deep trenches will be excavated, mapped, logged and samples in 2 m-long composite intervals to better understand the anomalous distribution of gold, silver, lead, zinc, arsenic and copper detected in the soil sampling activities from 2021.

Furthermore, the Company plans on completing the initial 400 meter of diamond core drilling at the Kaludra Project in Serbia targeting a historical, shallow Pb-Zn-Ag geochemical anomaly inclusive of structural and mineralogical logging and 4-acid digest analysis of 1-m composite samples of split core at the ALS laboratory facility in Bor, Serbia. Also, the Company plans to execute a 500 sample soil survey program on a 150m x 150m grid together with lithostratigraphic mapping of the gold target in the NW sector of the Ceovishte Project in Serbia in order to define targets for subsequent shallow drilling.

USE OF AVAILABLE FUNDS

Available Funds

The Company has received net proceeds of \$2,370,830 from the Private Placement. The estimated working capital of the Company as at April 30, 2022 is \$1,216,180, which is inclusive of the Private Placement.

The Company had a negative operating cash flow for the audited period ended January 31, 2022 and anticipates having negative operating cash flows for this fiscal year as well given its nature as a mineral exploration company. The net proceeds from the Private Placement will be used to fund the operation of the Company.

Funds Available

Source of funds	Amount
Estimated consolidated working capital as at April 30, 2022	\$1,216,180
Total funds available	\$1,216,180

Principal Purposes

The following table sets out how the Company expects to use the funds available to it after completion of the distribution.

Use of funds available after completion of distribution	Amount
Exploration and Development of the Viogor-Zanik Project	\$600,574
Exploration and Development of the Kaludra	\$45,000 ⁽¹⁾
Exploration and Development of the Ceovishte	\$20,000 ⁽²⁾
Estimated listing transaction costs	\$120,000
Marketing and Investor Relations	\$30,000
General and Administrative Expenses ⁽³⁾	\$294,000
Unallocated General Working Capital	\$106,606
TOTAL	\$1,216,180

Notes:

- (1) Estimate based on coordination with Serbian drilling subcontractors.
- (2) Estimate based on the standard ALS Serbia soil sample rates of \$48 USD.
- (3) General and administrative expenses are expected to include \$30,000 in legal fees, audit fees, accounting fees, and administrative expenses, \$222,000 in management, directors, and consultants fees, \$12,000 in office expenses including rent, phone service and similar items, \$10,000 for directors and officers insurance, and \$20,000 for regulatory compliance, filings and payments to the transfer agent for the Company.

The Company anticipates that it will have sufficient cash available to execute its business plan and to pay its operating and administrative costs for at least twelve months following the Listing on the CSE.

Unallocated funds are intended to be for contingency purposes. Unallocated funds will be deposited in the Company's bank account and added to the working capital of the Company. The Chief Financial Officer of the Company is responsible for the supervision of all financial assets of the Company. Based on the Company's requirements, management will determine the appropriate level of liquidity required for operations and will draw down such funds as necessary.

There may be circumstances, where for business reasons, a reallocation of funds may be necessary for the Company to achieve its stated business objectives. This may include reallocations as required to comply with operational changes or disruptions due to the COVID-19 pandemic, should the unallocated funds intended for contingency purposes be less than the costs of such changes or disruptions. The length or severity of any such disruptions, should they occur,

are unknown at this point in time. In order to ensure the Company's operations comply with all applicable health and safety guidelines associated with the COVID-19 pandemic, all operating procedures will need to be reviewed and adapted to incorporate physical distancing and enhanced hygiene protocols, as well as special travel protocols. These procedures may need to change over time, and should the Company fail to comply with such procedural requirements, it could have a detrimental effect on the business or operations of the Company. Please see "Risk Factors" for additional details with respect to risks related to the COVID-19 pandemic.

Business Objectives and Milestones

The Company expects to use its available working capital to finance the exploration and development of the Viogor-Zanik Project, to identify, evaluate and acquire other economic mineral resource opportunities, pursue business development opportunities, and for general working capital.

The Company intends to conduct the recommended work program for the Viogor-Zanik Project. An additional business objective is to begin early exploration on the Kaludra Project and the Ceovishte Project. The Company may, in the future, seek to complete additional property acquisitions.

Milestones:

The principal milestones to execute the work program for the Viogor-Zanik Project are approximately estimated below, along with the planned initial work in respect of each of the Kaludra Project and the Ceovishte Project.

<u>Milestone</u>	<u>Target Date</u>	<u>Cost</u>
<u>Viogor-Zanik Project Milestones</u>		
Completion of 1,200 meter, Phase I drill program at the Viogor-Zanik Project including the Olovine and Čumavići target areas. This also includes all assay costs, support costs, equipment costs, and personnel costs.	Q2, 2022	\$560,554
Completion of 290 meters of trenching at the Viogor-Zanik Project; includes all assay costs, support costs, equipment costs, and personnel costs.	Q3, 2022	\$40,020
<u>Kaludra Project Milestones</u>		
Completion of initial 400 meter drilling program at the Kaludra Project in Serbia; includes all assay costs, support costs, equipment costs, and personnel costs	Q3, 2022	\$45,000
<u>Ceovishte Project Milestones</u>		
Executing a 500 sample soil survey program together with lithostratigraphic mapping of the gold target in the NW sector of the Ceovishte Project in Serbia; includes all assay costs, support costs, equipment costs, and personnel costs	Q3, 2022	\$20,000

Dividends or Distributions

The Company has not declared or paid any dividends on the Common Shares.

There are no restrictions in the Company’s articles or elsewhere, other than customary general solvency requirements, which would prevent the Company from paying dividends. All of the Company’s shares will be entitled to an equal share in any dividends declared and paid. It is anticipated that all available funds will be invested to finance the growth of the Company’s business and accordingly it is not contemplated that any dividends will be paid on the Company’s shares in the immediate or foreseeable future. The directors of the Company will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company’s financial position at the relevant time.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

Selected Financial Information of the Company

The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of the Company for the year ended January 31, 2022, and notes thereto included in this Prospectus, and should be read in conjunction with such financial statements and the related notes thereto, along with the Management’s Discussion and Analysis (“MD&A”) included in “Schedule “F” of this Prospectus. All financial statements of the Company are prepared in accordance with IFRS.

All amounts referred to as being derived from the financial statements of the Company are denoted in Canadian Dollars.

	For the year ended January 31, 2022
	(audited)
Net loss for the period	2,904,497
Cash	1,652,607
Total assets	3,130,147
Total liabilities	285,396
Total shareholders’ equity	2,844,751

Management’s Discussion and Analysis

The MD&A of the Company for the year ended January 31, 2022 is included in Schedule “F” to this Prospectus.

The MD&A for the Company should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus. Certain information contained in the MD&A constitutes forward-looking statements. These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. See “*Note Regarding Forward-Looking Information*” and “*Risk Factors*”.

Additional Disclosure for IPO Venture Issuers without Significant Revenue

The components of expensed exploration costs are described in the schedule of exploration expenditures in the accompanying audited financial statements of the Company. The details of general and administrative expenses are included in the statement of operations, comprehensive loss and deficit in the financial statements of the Company.

Additional Disclosure for Junior Issuers

The Company expects its available funds of \$1,216,180 will fund operations for a minimum of 12 months after Listing. The estimated total operating costs necessary for the Company to achieve its stated business objectives during the 12

months subsequent to Listing is approximately \$1,109,574 including all material capital expenditures anticipated during that period.

The Company has not generated positive cash flow from operations, and is therefore reliant upon the issuance of its own securities to fund its operations. As of April 30, 2022, the company had a working capital of \$1,216,180. The Company expects that it will be able to meet its current obligations as they come due with its existing cash and other receivable balances.

The Company expects to incur losses for at least the next 24 months and there can be no assurance that the Company will ever make a profit. To achieve profitability, the Company must advance its property through further exploration in order to bring the Project into to a stage where the Issuer can attract the participation of a major resource company, which has the expertise and financial capability to place such property into commercial production.

The Company's ability to continue as a going-concern is dependent upon its ability to achieve profitability and fund any additional losses it may incur. The Company's financial statements are prepared on a going concern basis, which implies that the Issuer will realize its assets and discharge its liabilities in the normal course of business. The Company's financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary if the Issuer were unable to achieve and maintain profitable operations.

DESCRIPTION OF SECURITIES DISTRIBUTED

Authorized and Issued Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As of the date hereof, there are 72,612,223 Common Shares issued and outstanding.

Common Shares

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per Common Share at the meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. All Common Shares issued upon deemed exercise of the Special Warrants will be fully paid and non-assessable. Upon on the Special Warrant Exercise Date upon deemed exercise of the Special Warrants, it is expected that there will be 73,512,223 Common Shares issued and outstanding. See "*Consolidated Capitalization – Fully Diluted Share Capital.*"

CONSOLIDATED CAPITALIZATION

Consolidated Capitalization

The following table summarizes the Company's capitalization since incorporation and before and after giving effect to the deemed exercise of the Special Warrants. The table should be read in conjunction with the financial statements and the accompanying notes thereto included in this Prospectus.

	Amount Authorized	Outstanding as at the year ended January 31, 2022 (audited)	Outstanding as at the date of this Prospectus (unaudited)	Outstanding After Giving Effect to the Deemed Exercise of Special Warrants (unaudited) ⁽¹⁾
Common Shares	Unlimited	61,244,723	72,612,223	73,512,223

Notes:

(1) On an undiluted basis. Assumes the issuance of 900,000 Common Shares upon deemed exercise of 900,000 Special Warrants.

Fully Diluted Share Capital

The following table sets forth the anticipated fully diluted share capital of the Company after giving effect to the deemed exercise of the Special Warrants.

	Number of Common Shares Issued or Reserved for Issuance After Giving Effect to the Deemed Exercise of Special Warrants	Percentage of issued and outstanding Common Shares After Giving Effect to the Deemed Exercise of Special Warrants (fully-diluted)
Common Shares outstanding at the date of this Prospectus	72,612,223	93.30%
Common Shares to be issued upon deemed exercise of Special Warrants	900,000	1.16%
Common Shares issuable upon exercise of options ⁽¹⁾	3,900,000	5.01%
Common Shares issuable upon exercise of Finders Warrants	413,350	0.53%
	77,825,573	

Notes:

- (1) The Company currently has no options issued and outstanding, however prior to or upon completion of the Listing anticipates issuing an aggregate of 3,900,000 options for the purchase of an aggregate of up to 3,900,000 Common Shares for an exercise price of \$0.20 per Common Share to the directors, officers, employees, and advisors of the Company. These options expire as of the date that is five years from the date of Listing.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

A Stock Option Plan was approved by the Company’s Board of Directors effective as of February 4, 2022 (the “**Stock Option Plan**”). The principal purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Common Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

The Stock Option Plan provides that the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time.

The Stock Option Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise prices will be determined by the Board of Directors, but will, in no event, be less than the closing market price of Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. All Options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such Options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

As of the date of this Prospectus, the Company has no stock options issued and outstanding, however it anticipates issuing the following stock options at Listing:

Optionee	Number of Stock Options	Exercise Price	Expiry Date
All executive officers and past executive officers as a group	1,450,000	\$0.20	5 years after grant
All non-executive directors and past non-executive directors as a group	2,450,000	\$0.20	5 years after grant
All employees and past employees as a group	Nil	N/A	N/A
All consultants and past consultants as a group	Nil	N/A	N/A

See “*Executive Compensation – Stock Option Plan*”.

PRIOR SALES

The following table summarizes the sale of securities of the Company in the 12 months prior to the date of this Prospectus.

Date	Number of Securities	Issue Price or Exercise Price Per Security	Aggregate Issue Price	Type of Security
February 2, 2021	3,584,722	\$0.10	\$0.10	Common Shares
February 11, 2021	2,800,000	\$0.10	\$0.10	Common Shares
March 16, 2021	1,750,000	\$0.10	\$0.10	Common Shares
April 22, 2021	1,010,000	\$0.10	\$0.10	Common Shares
June 24, 2021	500,000	\$0.10	\$0.10	Common Shares
August 30, 2021	1,400,000	\$0.10	\$0.10	Common Shares
October 18, 2021	6,050,000	\$0.10	\$0.10	Common Shares
December 23, 2021	6,742,500	\$0.20	\$0.20	Special Warrants
January 26, 2022	4,625,000	\$0.20	\$0.20	Special Warrants
February 7, 2022	900,000	\$0.20	\$0.20	Special Warrants

ESCROWED SECURITIES AND RESALE RESTRICTIONS

Mandatory Escrow

Pursuant to the policies of the CSE, each Related Person (as such term is defined in the policies of the CSE) of the Company at the time of listing must enter into an agreement (an “**Escrow Agreement**”) to escrow their securities (the “**Escrowed Securities**”) in accordance with the form required pursuant to National Policy 46-201 - *Escrow for Initial Public Offerings*. Section 3.5 of National Policy 46-201 - *Escrow for Initial Public Offerings* provides that all securities of a company owned or controlled by principals will be escrowed at the time of the company’s initial public offering, unless the securities held by the principal or issuable to the principal upon conversion of convertible securities held by the principal collectively represent less than 1% of the total issued and outstanding shares of the company after giving effect to the initial public offering.

Directors, executive officers and certain shareholders of the Company (the “**Escrowed Holders**”) will enter into the Escrow Agreement with the Company pursuant to which the Escrow Shareholders have agreed to deposit the securities

of the Company which they hold with Computershare Trust Company of Canada, as escrow agent once appointed, until they are released in accordance with terms of their respective Escrow Agreements, the policies of the CSE and Applicable Securities Laws as follows:

Release Date	Amount of Securities to be Released
On the date the Company's securities are listed on the CSE	10% of Escrowed Securities
6 months after the listing date	15% of Escrowed Securities
12 months after the listing date	15% of Escrowed Securities
18 months after the listing date	15% of Escrowed Securities
24 months after the listing date	15% of Escrowed Securities
30 months after the listing date	15% of Escrowed Securities
36 months after the listing date	15% of Escrowed Securities

The Related Persons of the Company are Carl Desjardins, Giulio Bonifacio, Aleksandar Mišković, Aleksandar Ilić, Brandon Bonifacio, Kim Oishi, Stephen Brohman, and Catherine Cox. Each of Stephen Brohman and Catherine Cox hold less than 1% of the Common Shares on a partially diluted basis, and as such are not anticipated to have their securities escrowed. Carl Desjardins, Giulio Bonifacio, Aleksandar Mišković, Aleksandar Ilić, Brandon Bonifacio, and Kim Oishi would be subject to escrow as Related Persons.

The following securities of the Company will be subject to an Escrow Agreement prepared in accordance with NP 46-201 and the policies of the CSE among the Company, Computershare Trust Company of Canada, and the Escrowed Holders. The Escrow Agreement provides that 10% of the escrowed securities will be released from escrow upon the date of Listing and that an additional 15% will be released therefrom every 6-month interval thereafter, over a period of 36 months.

Name	Designation of class	Number of securities held in escrow	Percentage of class as at the date of this Prospectus	Percentage of class After Giving Effect to the Deemed Exercise of Special Warrants
Giulio Bonifacio	Common	2,196,250	3.02%	2.99%
Aleksandar Mišković	Common	9,000,000	12.39%	12.24%
Aleksandar Ilić	Common	9,096,875	12.53%	12.37%
Brandon Bonifacio	Common	2,000,000	2.75%	2.72%
Kim Oishi	Common	1,262,501	1.74%	1.72%
Carl Desjardins	Common	1,595,000	2.20%	2.17%
Paradox Equity Partners Ltd.	Common	541,250	0.75%	0.74%
Veronica Vinje	Common	1,000,000	1.38%	1.36%
Gus Palkovi	Common	75,000	0.10%	0.10%
Alicia Palkovi	Common	100,000	0.14%	0.14%
Dion Shea	Common	25,000	0.03%	0.03%
Total	Common	26,891,876 ⁽¹⁾	37.03%	36.58%

Notes:

- (1) Out of the aggregate 26,891,876 Common Shares, 741,250 Common Shares are being held in a 36-month voluntary escrow by: (i) Paradox Equity Partners Ltd.; (ii) Gus Palkovi; (iii) Alicia Palkovi; and (iv) Dion Shea.

The Escrowed Holders hold, in the aggregate, 26,891,876 Common Shares, which are subject to escrow as outlined above.

Voluntary Escrow

Shareholders of the Company holding an aggregate of 741,250 Common Shares have agreed to enter their Common Shares into a voluntary pool restricting resale, administered by the Company, pursuant to which such Common Shares will be escrowed until released in accordance with the following release schedule:

Release Date	Amount of Securities to be Released
On the date the Company's securities are listed on the CSE	10% of Escrowed Securities
6 months after the listing date	15% of Escrowed Securities
12 months after the listing date	15% of Escrowed Securities
18 months after the listing date	15% of Escrowed Securities
24 months after the listing date	15% of Escrowed Securities
30 months after the listing date	15% of Escrowed Securities
36 months after the listing date	15% of Escrowed Securities

Shareholders of the Company holding an aggregate of 2,477,500 Common Shares have agreed to enter their Common Shares into a voluntary pool restricting resale, administered by the Company, pursuant to which such Common Shares will be escrowed until released in accordance with the following release schedule:

Release Date	Amount of Securities to be Released
On the date the Company's securities are listed on the CSE	10% of Escrowed Securities
3 months after the Listing Date	30% of the Escrowed Shares
6 months after the Listing Date	30% of the Escrowed Shares
12 months after the Listing Date	30% of the Escrowed Shares

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, there are no principal shareholders, who directly or indirectly beneficially owns, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attaching to all the outstanding Common Shares as at the date of this Prospectus except as outlined below:

Shareholder	Number of Common Shares Held	Percentage of Common Shares as of the date of this Prospectus	Percentage of class After Giving Effect to the Deemed Exercise of Special Warrants
Aleksandar Mišković	9,000,000	12.39%	12.24%
Aleksandar Ilić	9,096,875	12.53%	12.37%

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table sets out the names, provinces or states of residence, positions, principal occupations, and the number and percentage of Common Shares that are beneficially owned or controlled by each of the current directors and executive officers of the Company as at the date of this Prospectus. The current directors of the Company are Brandon Bonifacio, Giulio Bonifacio, Aleksandar Ilić, Aleksandar Mišković and Kim Oishi. The Company's directors are expected to hold office until the next annual general meeting of shareholders and are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, Age and City of Residence	Position(s)	Date Appointed	Principal Occupations Held During the Last 5 Years	Number and Percentage of Common Shares after giving effect to the Deemed Exercise of Special Warrants
Aleksandar Mišković, 44 Montreal, QC	CEO and Director	March 19, 2021	CEO of Terra Balcanica Resources Corp. March 2021 to Present; 2009 - 2021 Consulting Geoscientist for Geotarget Solutions Inc.; 2018-2020 Global R&D Director for US Borax Inc. (Rio Tinto plc.); 2016-2018 Regional Mineral Exploration Manager (Balkans) for Medgold Resources Corp.	9,000,000, 12.24%
Brandon Bonifacio ⁽¹⁾ 32 Vancouver, B.C.	Director	March 19, 2021	President and CEO of Nevgold Corp. October 27, 2020 to present; President Boni Mining Corp. April 2020 to present; Corporate Development at Goldcorp Inc. February 2016 to March 2020.	2,000,000, 2.72%
Giulio Bonifacio ⁽¹⁾ 61 Vancouver, B.C.	Non-Executive Chairman and Director	September 9, 2021	President and CEO of Sabre Gold Mines Corp. April 2019 to present; Non-Executive Chairman of Candente Copper Corp. December 2019 to present; Non-Executive Chairman of Nevgold Corp. June 2021 to present; President and CEO of Copperbank Corp. May 2018 to April 2019 and Non-Executive Chairman from April 2019 to September 2021; President and CEO of Nevada Copper Corp. June 2005 to February 2018.	2,196,250, 2.99%
Aleksandar Ilić, 44 Belgrade, Serbia	Director	March 19, 2021	Founder, Rockstone Group since 2012.	9,096,875, 12.37%
Kim Oishi ⁽¹⁾ , 58 Vancouver, B.C.	Director	May 19, 2020	President & CEO of Grand Rock Capital Inc. since May 1, 2007.	1,262,501 ⁽²⁾ , 1.72%
Stephen Brohman, 38 Vancouver, B.C.	CFO	April 5, 2021	Principal at Donaldson Brohman Martin, CPA.	Nil
Catherine Cox, 52 Vancouver, B.C.	Corporate Secretary	October 1, 2020	Corporate Secretary of Terra Balcanica Resources Corp. October 2020 to Present; President of CAT Corporate Services Inc. since April 2019; VP Corporate Secretary of Nevada Copper Corp. August 2005 to June 2019.	70,000, 0.1%

Notes:

(1) Denotes a member of the Audit Committee.

(2) Of the total 1,262,501 shares, 612,500 shares are held by Grand Rock Capital Inc., a private company 100% wholly owned by Mr. Oishi.

As of the date of this Prospectus, the directors and officers of the Company, as a group, own or control or exercise direction over 23,625,626 Common Shares, representing 32.54% of the issued and outstanding Common Shares as at such date and prior to the conversion of the Special Warrants.

Directors and Officers – Biographies

The following biographies provide information in respect of the current directors and officers of the Company.

Aleksandar Mišković, Age 44 – President, Chief Executive Officer and Director

Dr. Mišković is a geoscientist with 20 years of experience in igneous geochemistry and regional metallogeny with a proven track record of assembling and managing technical teams, rapid delivery of greenfield targets and advancement of brownfield projects for both junior explorers and world's largest mining companies. Dr. Mišković previously served as the exploration manager for Medgold Resources Corp. in Serbia where he was instrumental in early development of the 680,000 oz AuEq Tlamino deposit and was the global R&D Director with Rio Tinto. Dr. Mišković obtained his doctoral degree at the University of Geneva, Switzerland followed by a postdoctoral tenure at MIT.

Dr. Mišković is an employee of the Company and will devote 100% of his time to the business of the Company. As of the date of this Prospectus, Dr. Mišković has not entered into any non-competition or non-disclosure agreements.

Brandon Bonifacio, Age 32 – Director

Mr. Bonifacio is a mining executive with expertise in project development, mergers and acquisitions, and project evaluations with over 10 years of experience. He was the finance director of the Norte Abierto Joint Venture (Cerro Casale/Caspiche) in the Maricunga Region, Chile and a member of the corporate development team at Goldcorp Inc. (now Newmont Corporation). Mr. Bonifacio holds a MASc - Mining Engineering and MBA from the University of Nevada, Reno and a Bachelor of Commerce - Finance from the University of British Columbia.

Mr. Bonifacio is currently President & CEO of NevGold Corp., and Director of Angold Resources Ltd.

Mr. Bonifacio will devote 30% of his time to the Company. As of the date of this Prospectus, Mr. Bonifacio has not entered into any non-competition or non-disclosure agreements.

Giulio Bonifacio, Age 61 – Non-Executive Chairman

Mr. Bonifacio has over 35 years of experience in senior executive roles in the mining industry. Mr. Bonifacio is the Founder and former Director, President & CEO of Nevada Copper Corp. since its inception in 2005 until his retirement in February 2018. Among his many accomplishments, Mr. Bonifacio has raised directly over \$700 million through equity and project debt financings for projects of merit as well as being involved in corporate transactions aggregating in excess of a billion dollars. Mr. Bonifacio has led and directed efforts at every stage of development from exploration, development, permitting and construction.

Mr. Bonifacio is a Chartered Professional Accountant with extensive experience and knowledge of operations, capital markets, project finance and mergers & acquisitions. Mr. Bonifacio has held previous senior executive roles with Getty Resources Limited, TOTAL Energold Corp., an energy and gold producer and Vengold Inc., gold producer prior to founding Nevada Copper in 2005.

Mr. Bonifacio is currently, Non-Executive Chairman and Director of NevGold Corp. and Candente Copper Corp., Director of CopperBank Resources Corp. and CEO and Director of Sabre Gold Mines Corp. Giulio Bonifacio is the father of Brandon Bonifacio.

Mr. Bonifacio will devote 10% of his time to the Company. As of the date of this Prospectus, Mr. Bonifacio has not entered into any non-competition or non-disclosure agreements.

Aleksandar Ilić, Age 44 – Director

Mr. Ilić is the founder of Rockstone Group, a junior Serbian mineral exploration company focused on target generation in the Western Tethyan Belt. He was the initial developer of the Suva Ruda Cu-Au porphyry project through an option

agreement with Adriatic Metals plc. Aleksandar possesses a thorough understanding of regional markets and early-mover opportunities within the commodity sector. He has a track record of partnerships with major and junior mining companies.

Mr. Ilić will devote 10% of his time to the Company. As of the date of this Prospectus, Mr. Ilić has not entered into any non-competition or non-disclosure agreements.

Kim Oishi, Age 58 – Director

Mr. Oishi has over 20 years of experience in financing and advising growth companies and has served in senior management and board positions on a number of public and private companies. Mr. Oishi is the founder and President of Grand Rock Capital Inc., a company that invests in growth companies and provides consulting services regarding capital markets, corporate finance, investor relations, business development, mergers and acquisitions for companies listed on the Toronto Stock Exchange. Until February 2019 Mr. Oishi served as a director and the Chair of corporate governance & disclosure committee for Integrity Gaming Corp. (formerly, Poydras Gaming Finance Corp.) (TSXV: DAC) and currently serves as Chairman of the Board for Datable Technology Corporation (formerly 3TL Technologies Corp.) (TSXV: IGAM) and director of X-Terra Resources Inc. (TSXV: XTT), two companies listed on the TSX Venture Exchange. Mr. Oishi has been the Chief Marketing Officer of Valencia Capital Inc. since June 2019. Mr. Oishi obtained a Bachelor of Science degree (Biochemistry) from the University of British Columbia in 1989 and a Master of Business Administration degree from the University of British Columbia in 1993.

Mr. Oishi will devote 10% of his time to the Company. As of the date of this Prospectus, Mr. Oishi has not entered into any non-competition or non-disclosure agreements.

Stephen Brohman, Age 38 – Chief Financial Officer

Mr. Brohman has over 10 years of working experience in a variety of roles with public and private companies and has become experienced in corporate finance, project acquisition, executive management, corporate communications, corporate branding, shareholder relations and investor lead generation. Mr. Brohman is a founding principal of Donaldson Brohman Martin CPA, Inc. which provides accounting and tax services in British Columbia, Canada. Mr. Brohman serves as Chief Financial Officer and director of various public and private companies. Mr. Brohman obtained a Bachelor of Business Administration from Capilano University in 2008 and obtained his CPA, CA (Chartered Professional Accountant) designation in 2011.

Mr. Brohman is an independent contractor of the Company and will devote 20% of his time to the business of the Company. As of the date of this Prospectus, Mr. Brohman has not entered into any non-competition or non-disclosure agreements.

Catherine Cox, Age 52 – Corporate Secretary

Ms. Cox has over 20 years of experience working as Corporate Secretary to a variety of private and public companies, predominately in the resource sector at varying stages: incorporation, start-up, pre and post RTO, exploration, development, and production.

Ms. Cox is an independent contractor of the Company and will devote 33% of her time to the business of the Company. As of the date of this Prospectus, Ms. Cox has not entered into any non-competition or non-disclosure agreements.

Committees

The only committee of the Board of Directors is the Audit Committee, which consists of Giulio Bonifacio (Chair), Brandon Bonifacio, and Kim Oishi, all of whom are considered financially literate.

Corporate Cease Trade Orders

Other than as disclosed below, no director or executive officer of the Company is, as at the date of this Prospectus, or was within 10 years before the date of this Prospectus, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person as acting in the capacity as director, chief executive officer or chief financial officer.

Stephen Brohman was the Chief Financial Officer of Champignon Brands Inc. (“Champignon”) when the BCSC issued a series of cease trade orders against Champignon. The first cease trade order against Champignon was issued on June 19, 2020 due to a failure to file business acquisition reports related to its significant acquisitions of Artisan Growers Ltd., Novo Formulations Ltd. and Tassili Life Sciences Corp. Champignon subsequently filed the business acquisition reports and the cease trade order was revoked on August 26, 2020. Additionally, on August 26, 2020, the BCSC cease traded Champignon for failure to file a compliant material change report relating to one of the aforementioned acquisitions, which was revoked on April 22, 2021 upon completion of the required filing. Additionally, on October 27, 2020, the BCSC and the Ontario Securities Commission issued an additional cease trade order against Champignon for a failure to file the interim financial report for the period ended June 30, 2020 and associated management’s discussion and analysis, along with certifications of interim filings. Champignon completed the required filings in March 2021, and the cease trade order was revoked on April 22, 2021.

Bankruptcies

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of the Prospectus, or has been within the 10 years before the date of the Prospectus, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of the Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company

have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under British Columbia corporate law. Directors who are in a position of conflict will abstain from voting on any matters relating to the conflicting company.

EXECUTIVE COMPENSATION

In this section “Named Executive Officer” (an “NEO”) means each individual who acted as CEO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year, each individual who acted as CFO of the Company, or acted in a similar capacity, for any part of the most recently completed financial year and each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CDN\$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the most recently completed financial year ended January 31, 2022, Aleksandar Mišković, CEO, and Stephen Brohman, CFO, are the only current NEOs of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

The Company’s executive compensation is intended to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital. The Company’s executive compensation program is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Board of Directors determines the compensation of the Company’s directors and NEOs. The Board of Directors intends for executive compensation to be consistent with the Company’s business plans, strategies and goals, including the preservation of working capital as the Company seeks to devote funds to the exploration of the Project. Executive compensation is intended to provide appropriate compensation that permits the Company to attract and retain highly qualified and experienced senior executives and to encourage superior performance by the Company. The Company’s compensation policies are intended to motivate individuals to achieve and to award compensation based on corporate and individual results.

The Company has adopted a Stock Option Plan to assist the Company in attracting, retaining and motivating directors, officer, employees, consultants and contractors of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders. As of the date of this Prospectus, the Company has not granted any options though anticipates granting 3,900,000 Options on completion of the listing of the common shares of the Company on the CSE. See “Options to Purchase Securities.”

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The compensation paid to the NEOs of the Company during the period from May 19, 2020 (date of incorporation) to January 31, 2021, and February 1, 2021 to January 31, 2022, are set out below and expressed in Canadian dollars unless otherwise noted:

Table of Compensation Excluding Compensation Securities

Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Long-term incentive plans (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Kim Oishi, President ⁽¹⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil	

Aleksandar Mišković ⁽²⁾ , Chief Executive Officer	2021 2022	Nil 108,512	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 108,512
Stephen Brohman, Chief Financial Officer	2021 2022	Nil 42,260	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 42,260

Notes:

- (1) Ceased being a NEO on March 19, 2021.
- (2) Dr. Mišković became CEO on March 19, 2021 and has received \$108,512 in consulting fees for the year ended January, 31 2022. No other compensation has been paid to Dr. Mišković.
- (3) Mr. Brohman became CFO on April 5, 2021 and has received \$42,260 in consulting fees for the year ended January 31, 2022. No other compensation has been paid to Mr. Brohman.

On the Company becoming a reporting issuer, Dr. Mišković is anticipated to be paid a monthly salary of \$12,500. Ms. Cox is anticipated to be paid a monthly salary of \$3,000 Canadian dollars and Mr. Brohman is anticipated to be paid a monthly salary of \$3,000, as more particularly described under the subheading “Employment, Management, and Consulting Agreements”. Dr. Mišković will be granted 1,100,000 stock options with an exercise price of \$0.20 and expiry 5 years upon grant. Ms. Cox will be granted 350,000 stock options with an exercise price of \$0.20 and expiry 5 years upon grant. Additional grants of Options to members of the board of directors are also set forth under the subheading “Stock Options and other Compensation Securities”.

The anticipated compensation set out above is based on current conditions in the mineral exploration industry and on the associated approximate allocation of time for each NEO and director and is subject to adjustments based on changing market conditions and corresponding changes to required time commitments. Following the listing of the Common Shares on the Exchange, the Company will review its compensation policies and may adjust them if warranted by factors such as market conditions.

Stock Options and Other Compensation Securities

The Company was not a reporting Company at any time during its most recently completed financial year. The following table discloses all anticipated compensation securities the Company expects to grant or issue to each Named Executive Officer and director once the Company becomes a reporting Company:

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities and percentage of class	Date of issue or grant	Issue conversion of exercise price	Closing price of security on date of grant	Closing price of security at year-end	Expiry Date
Aleksandar Mišković, President, CEO and Director	Options	1,100,000	Listing Date	\$0.20	N/A	N/A	5 years from Grant Date
Brandon Bonifacio, Director	Options	800,000	Listing Date	\$0.20	N/A	N/A	5 years from Grant Date
Giulio Bonifacio, Non-Executive Chairman and Director	Options	650,000	Listing Date	\$0.20	N/A	N/A	5 years from Grant Date

Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities and percentage of class	Date of issue or grant	Issue conversion of exercise price	Closing price of security on date of grant	Closing price of security at year-end	Expiry Date
Aleksandar Ilić, Director	Options	500,000	Listing Date	\$0.20	N/A	N/A	5 years from Grant Date
Kim Oishi, Director	Options	500,000	Listing Date	\$0.20	N/A	N/A	5 years from Grant Date

Stock Option Plans and Other Incentive Plans

See “Options to Purchase Securities”.

Employment, Consulting and Management Agreements

As of the date of this Prospectus, there are no employment, consulting or management agreements entered into by the Company.

Aleksandar Mišković is anticipated to enter into an agreement with the Company in connection with his services as CEO, pursuant to which an aggregate of \$150,000 Canadian dollars will be payable annually to Dr. Mišković, in addition to allowing for his participation in any plans related to compensation securities, including those listed above under the sub-heading “Stock Options and Other Compensation Securities”. The Company does not anticipate that the agreement will have payments due to Aleksandar Mišković pursuant to changes of control of the Company, or have any payments due pursuant to severance, termination, or constructive dismissals outside of standard provisions in respect of such payments which may be approved by the board of directors in the future or may be required by applicable law. Aleksandar Mišković does not have a relationship with any of the directors or NEOs of the Company.

Catherine Cox is anticipated to enter into an agreement with the Company in connection with her services as Corporate Secretary, pursuant to which an aggregate of \$36,000 Canadian dollars will be payable annually to Ms. Cox, in addition to allowing for her participation in any plans related to compensation securities, including those listed above under the sub-heading “Stock Options and Other Compensation Securities”. The Company does not anticipate that the agreement will have payments due to Catherine Cox pursuant to changes of control of the Company, or have any payments due pursuant to severance, termination, or constructive dismissals outside of standard provisions in respect of such payments which may be approved by the board of directors in the future or may be required by applicable law. Catherine Cox does not have a relationship with any of the directors or NEOs of the Company.

Stephen Brohman is anticipated to enter into an agreement with the Company in connection with his services as CFO, pursuant to which an aggregate of \$36,000 Canadian dollars will be payable to Mr. Brohman, in addition to allowing for his participation in any plans related to compensation securities, including those listed above under the sub-heading “Stock Options and Other Compensation Securities”. The Company does not anticipate that the agreement will have payments due to Stephen Brohman pursuant to changes of control of the Company, or have any payments due pursuant to severance, termination, or constructive dismissals outside of standard provisions in respect of such payments which may be approved by the board of directors in the future or may be required by applicable law. Stephen Brohman does not have a relationship with any of the directors or NEOs of the Company.

Director Compensation

The Company did not pay any compensation to its non-executive directors during the period from May 19, 2020 (date of incorporation) to January 31, 2021, as more particularly described in this section under the sub-heading “Director Compensation - Employment, Consulting and Management Agreements”. Subsequent to January 31, 2021, certain directors received directors fees as follows:

Table of Compensation Excluding Compensation Securities

Director	Year	Director Fee (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Long-term incentive plans (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Giulio Bonifacio	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brandon Bonifacio ⁽¹⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	35,000	Nil	Nil	Nil	Nil	Nil	35,000
Aleksandar Ilić ⁽²⁾	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	35,000	Nil	Nil	Nil	Nil	Nil	35,000
Kim Oishi	2021	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2022	35,000	Nil	Nil	Nil	Nil	Nil	35,000

Notes:

- (1) Mr. B. Bonifacio became a director of the Company subsequent to January 31, 2021.
(2) Mr. Ilić became a director of the Company subsequent to January 31, 2021.

Pension Plan Benefits

The Company does not have a pension plan or provide any benefits following or in connection with retirement.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee, former director, former executive officer or former employee of the Company is or has within 30 days before the date of this Prospectus been indebted to the Company or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Company, except for routine indebtedness.

AUDIT COMMITTEE

The Audit Committee’s Mandate

The full text of the Audit Committee’s charter is attached as Schedule “G” to this Prospectus.

Mandate and Responsibilities of the Audit Committee

The Audit Committee’s mandate and responsibilities include: (i) reviewing and recommending for approval to the Board the financial statements, accounting policies that affect the statements, annual MD&A and associated press releases; (ii) being satisfied that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assessing those procedures; (iii) establishing and maintaining complaint procedures regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; (iv) overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing such other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting; (v) pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the external auditor; (vi) reviewing and monitoring the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company; and (vii) reviewing and approving the Company’s hiring policies regarding partners, employees, and former partners and employees of the present and former external auditor of the Company.

The Audit Committee is to meet at least quarterly to review financial statements and MD&A and to meet with the Company’s external auditors at least once a year.

Composition of the Audit Committee

	Independent/Not Independent ⁽¹⁾	Financially Literate ⁽²⁾
Giulio Bonifacio	Independent	Yes
Brandon Bonifacio	Independent	Yes
Kim Oishi	Not Independent ⁽³⁾	Yes

Notes:

- (1) A member is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of that member's independent judgment.
- (2) A member is financially literate if such member has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issued that can reasonably be expected to be raised by the Company's financial statements.
- (3) Mr. Oishi is not independent as defined by NI 52-110 due to his past role as sole director and officer of Terra Balcanica. Mr. Oishi holds no current executive positions in the Company or any of its subsidiaries.

All the proposed members of the Audit Committee are considered to be financially literate as required by section 1.6 of NI 52-110. Also see "Corporate Governance".

Relevant Education and Experience

For a summary of the experience and education of the Audit Committee members see "Directors and Executive Officers".

External Auditor Service Fees

The following table discloses the fees billed to the Company by its external auditor for the period from May 19, 2020 (date of incorporation) to January 31, 2021:

Financial Year Ended	Audit Fees	Audited-Related Fees	Tax Fees	All Other Fees
January 31, 2021	\$60,000	\$0	\$0	\$0

Reliance on Certain Exemptions

The Company is a "venture Company" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110.

CORPORATE GOVERNANCE

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The board of directors is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the opinion of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board of Directors facilitates its exercise of independent judgment in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Board of

Directors requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the mineral exploration industry in order to identify and manage risks. The Board of Directors is responsible for monitoring the Company's senior officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The independent members of the Board of Directors are Brandon Bonifacio and Giulio Bonifacio. The non-independent members of the Board of Directors are Aleksandar Mišković, as CEO, Kim Oishi, as the past sole officer of Terra Balcanica, and Aleksandar Ilić, due to his holding in excess of 10% of the voting securities of the Company.

Directorships

The following directors and officers of the Company are currently directors or officers of other reporting issuers (or equivalent in a foreign jurisdiction):

Name	Position	Name of Reporting Company	Exchange
Brandon Bonifacio	President and CEO	NevGold Corp.	TSX-V
	Director	Angold Resources Ltd.	TSX-V
Giulio Bonifacio	President and CEO	Sabre Gold Mines Corp.	TSX
	Director	CopperBank Resources Corp.	CSE
	Director	Candente Copper Corp.	TSX
	Non-Executive Chairman	NevGold Corp.	TSX-V
Kim Oishi	Chairman of the Board, and Director	Datable Technology Corporation (formerly 3TL Technologies Corp.)	TSX-V
	Director	X-Terra Resource Inc.	TSX-V
	Officer	Valencia Capital Inc.	TSX-V
Catherine Cox	Corporate Secretary	Nevgold Corp.	TSX-V
	Corporate Secretary	Sabre Gold Mines Corp.	TSX
Stephen Brohman	Chief Financial Officer	Highlander Silver Corp.	CSE
	Chief Financial Officer	Gelum Resources Corp.	CSE
	Chief Financial Officer	St. Anthony Gold Corp.	CSE
	Chief Financial Officer	Taurus Gold Corp.	Reporting issuer

Orientation and Continuing Education

The Board has not adopted formal policies respecting continuing education for Board members. Board members are encouraged to communicate with management, legal counsel, auditors, and consultants of the Company, to keep themselves current with industry trends and developments and changes in legislation with management's assistance, and to attend related industry seminars and visit the Company's operations. Board members will have full access to the Company's records.

Ethical Business Conduct

While the Company has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour.

Nomination of Directors

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management. The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Committees

The Company does not have any committees other than the Audit Committee.

Compensation

Compensation matters are currently determined by the board of directors.

Assessments

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers and takes into account: (1) in the case of the Board, its mandate; and (2) in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

PLAN OF DISTRIBUTION

This is a non-offering prospectus. No securities are offered pursuant to this Prospectus.

This Prospectus qualifies the distribution of the Common Shares issuable upon the deemed exercise of the previously issued 900,000 Special Warrants. The Special Warrants were issued to subscribers on February 7, 2022 at a price of \$0.20 per Special Warrant for gross proceeds of \$180,000. The proceeds from the sale of Special Warrants were immediately available to the Company upon closing, and no amounts remain held in escrow or otherwise segregated.

The Company intends to apply to list its Common Shares on the CSE. Listing will be subject to the Company fulfilling all the listing requirements of the CSE.

The Special Warrants were issued pursuant to the terms of the Special Warrant Certificates representing the Special Warrants. The Special Warrant Certificates provide, among other things, that holders of Special Warrants are entitled to receive in respect of each Special Warrant held, without additional consideration and without any further action on the part of the holder thereof, one Common Share. The Special Warrants will be deemed exercised for Common Shares on the date that is the third Business Day following the date on which Final Receipt for the Prospectus has been issued, which shall be the Special Warrant Exercise Date.

Certificates representing the Common Shares to be issued on the Special Warrant Exercise Date will be available for delivery upon the deemed exercise of the Special Warrants.

The Special Warrants and the underlying Common Shares have not been and will not be registered under the U.S. Securities Act or under any state securities laws. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities qualified for distribution hereunder within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act).

The Company is not a reporting Company in any province or territory of Canada.

As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock

Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

RISK FACTORS

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor. Investors should carefully consider these risk factors, together with all of the other information included in this Prospectus, before deciding to purchase securities of the Company. The occurrence of any of the following risks could materially adversely affect the Company's business, financial condition or operating results. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should carefully evaluate the following risk factors associated with an investment in the Company's securities prior to purchasing any of such securities.

Risks to Operations in the Bosnia and Herzegovina

The Company's exploration activities on the Viogor-Zanik Project may be affected by political instability, social unrest and government regulations relating to foreign investment, corporate activity, and the mining business in the Bosnia and Herzegovina. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation. The License granted by the Government of the Bosnia and Herzegovina enables the Company to conduct exploration and development activities. Notwithstanding this arrangement, the Company's ability to conduct exploration and development activities or to later expand its operations will be subject to obtaining and/or renewing licenses, permits or concessions, changes in laws or government regulations or shifts in political attitudes beyond its control.

The laws and regulations on mining in Bosnia and Herzegovina have experienced continued growth and development since the nation's recovery from the Bosnian War and surrounding conflict during the 1990s. As a result of the continual changes to the law, some areas of the mining laws and regulations are unclear. This lack of certainty in the laws and regulations may impact the Company's ability to ensure compliance with the same.

Political Instability

Bosnia and Herzegovina has experienced political difficulties in past years, including a civil war in the 1990s, with portions of the region still subject to hidden landmines including the area consisting of the Viogor-Zanik Project. Although the Company has retained demining consultants, there is no guarantee that the presence of landmines or other dangers resulting from the past civil war would not impede access, progress, or safety of operations.

The Company may consider carrying political risk insurance to cover its activities on the Viogor-Zanik Project. There can be no assurance that, if the Company chose to obtain it, political risk insurance would be available to it, or that particular losses the Company may suffer with respect to its foreign investments will be covered by any insurance that it may obtain in the future. Any such losses could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Governmental Regulations

The activities of the Company in connection with the Drina Licenses will be subject to Bosnia and Herzegovina approvals, various laws governing development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances, and other matters. Although the Issuer believes that activities on the Viogor-Zanik Project are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied

in a manner which could limit or curtail development or production. Amendments to current laws and regulations governing operations and activities of mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the Drina Licenses and any future licenses and permits may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses and permits. In the event of revocation, the value of the Company's investments in the Viogor-Zanik Project will decline. If the Reporting Issuer does not comply with the laws and regulations of the Bosnia and Herzegovina, the Government could conduct a review into the activities of the Reporting Issuer and may issue decrees to revoke land use rights of the Company.

Regulatory Requirements in the Bosnia and Herzegovina

The proposed or future activities of the Company will require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land and water use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on the Viogor-Zanik Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in development and production operations may be required to compensate those suffering loss or damage by reason of the development and production activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures and development costs or require abandonment or delays in the development of the Viogor-Zanik Project.

The Company may encounter regulatory and/or permitting delays. The Company will utilize its best efforts to ensure timely application for any government permits necessary for carrying out its operations in the Bosnia and Herzegovina. However, its past ability to obtain all necessary permits in a timely fashion is not a guarantee of future results as events like bureaucracy and minor changes in legislation that are beyond the Company's control could substantially impede the timing of receiving essential permits and delay or stall the Company's exploration efforts.

The Republic of Srpska in Bosnia and Herzegovina is currently in the process of adopting a new law relating to geological exploration activities, which is anticipated to prescribe new timelines whereby the deadline for conducting geological research will be extended to eight years rather than three. It is contemplated that license holders will have the ability to extend their licenses as prescribed by the new law. Should the new law come into effect, it may alter the application and renewal deadlines for Drina Resources required to keep its licenses in good standing to the benefit of Drina Resources, as the licenses will be in good standing for longer periods prior to the need for re-application. As this law has yet to be implemented, there is no assurance that such law will pass the legislative process as anticipated or at all. If the law does not come into effect, the Company would have to apply to extend its Licenses in accordance with the current law, which provides for the right to conduct detailed geological exploration to be valid for only three years from the date of grant.

Environmental Risks

The Company's exploration and development activities on the Viogor-Zanik Project will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach

may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

If the environmental laws and regulations relating to the Company's activities were to change, or the enforcement of such laws and regulations were to become more rigorous, the Company could be required to incur significant expenditures to comply, which could have a material adverse effect on its future cash, flows, earnings, results of operations and financial condition, its ability to develop projects further, and increase its reserves and resources.

The Company may also be required to establish a decommissioning and reclamation plan for the Viogor-Zanik Project. Provision made for the cost of decommissioning and reclamation can be significant and are subject to change. It cannot be predicted what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Canadian Regulatory Requirements

The Company will also be subject to Canadian regulations while operating in the Bosnia and Herzegovina, specifically the Corruption of Foreign Public Officials Act (the "Anti-Corruption Legislation"). The Anti-Corruption Legislation will prohibit the Company or any officer, director, employee or agent of the Company or any shareholder of the Company acting on its behalf from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The Anti-Corruption Legislation also requires Canadian public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls.

The Company's operations in the Bosnia and Herzegovina may create the risk of unauthorized payments or offers of payments by the Company's employees, consultants or agents. Any failure by the Company and its subsidiaries to adopt appropriate compliance procedures and ensure that its employees and agents comply with the Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on the Reporting Issuer's ability to conduct business in certain foreign jurisdictions, which may have a material adverse impact on the Reporting Issuer and its share price.

License for the Viogor-Zanik Project

The Company owns the Drina Licenses for the Viogor-Zanik Project through its subsidiary corporation, Drina Resources. The Company's right to maintain and exercise the Drina Licenses will require payments to the government pursuant to the terms of the Drina Licenses. There is no assurance that such rights provided for by the Drina Licenses will not be revoked or significantly altered to the detriment of the Company. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including local governments. Though the Company may not be aware of any uncertainties in the Drina Licenses, there is no assurance that such uncertainties will not arise and result in future losses or additional expenditures, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Pursuant to the terms of the Drina Licenses, the Company must meet the following ongoing requirements: (i) adhere to the length of the exploration period and submit a request for an extension within the prescribed time; (ii) pay the relevant fee for conducting geological research; (iii) adhere to the prescribed type and scope of exploration work; (iv) conduct research within the prescribed deadlines; (v) submit annual reports to the competent authority; (vi) return the land (on which research was conducted) to its original condition, and (vii) adhere to the amount of mineral raw material permitted to be taken for research. Failure to comply with the ongoing requirements under the Drina Licenses may result in enforcement actions, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Substantial Capital Requirements and Liquidity

The Company will have limited financial resources and no revenues. If the Company's exploration and development of the Viogor-Zanik Project is successful, substantial additional funds will be required for the purposes of further development and future operations. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities on acceptable terms or at all. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope and/or amend the timing of its development plans and/or operations.

No Mineral Resources or Reserves

The Viogor-Zanik Project is considered to be in the early exploration and development stage. As of the date of this Prospectus, no mineral resources have been defined at the Viogor-Zanik Project. There is no certainty that further exploration and development will result in the definition of indicated, or measured resources, or probable or proven reserves, at the Viogor-Zanik Project, the Kaludra Project, or any mineral exploration project that the Company pursues, or that if any mineral resources or reserves are defined at such projects that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

Development and Operating Risks

The development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals which may be disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral development and production are speculative in nature.

The Company's operations will be subject to all of the hazards and risks normally encountered in the development and production of mineral properties. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Reliance on Management and Dependence on Key Personnel

The success of the Company is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

The Company may also experience difficulty acquiring visas for foreign workers and key personnel which could have a material adverse effect on the Company and its operations.

Health and Safety Risks

The Company must comply with the health and safety laws, regulations, guidelines and permitting requirements in the Bosnia and Herzegovina. These laws are in place to protect the health and safety of employees while working at

the Viogor-Zanik Project. The possibility of more stringent laws or more rigorous enforcement of existing laws could have a material adverse effect on the Company's exploration activities and the viability of the Viogor-Zanik Project.

Limited Operating History

The Company will be a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. Terra Balcanica has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objectives.

Fluctuating Mineral Prices

The economics of mineral development are affected by many factors beyond the Company's control including, commodity prices, the cost of operations, and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is uneconomic to continue the Company's activities on the Viogor-Zanik Project.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any metals which may be identified on the Viogor-Zanik Project.

Currency Fluctuations

Currency fluctuations may materially affect the financial position and results of the Company. The Company's earnings and cash flow may also be affected by fluctuations in the exchange rate between the Canadian dollar and other currencies, such as the Bosnian mark, the Serbian dinar, and the Euro. The Company will not engage in currency hedging to offset any risk of currency fluctuations.

Supply Chain Interruptions

Due to limited suppliers of equipment, materials, supplies and services available in the Bosnia and Herzegovina and in Serbia, any disruption at supplier facilities could result in curtailment or suspension of activities. Any disruption in the transportation of or restriction in the flow of these goods or the imposition of customs clearance requirements may result in production delays.

The Company is also exposed to price volatility in respect of key inputs, such as fuel. Increases in global fuel prices can materially increase operating costs, erode operating margins and project investment returns, and potentially reduce viable reserves. Conversely, a significant and sustained decline in world oil prices may offset other costs and improve returns.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Risks of Foreign Operations

The Company operates in countries with varied political and economic environments. Any changes in regulations or shifts in the political environment are beyond the control of the Company and may adversely affect its operations. Within Canada, the Company's activities may be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. Beyond Canada's borders, the Company's foreign operations are subject to certain risks including extreme fluctuations in currency, political and economic instability, risks of war or civil unrest, labour unrest, expropriation and nationalization, acts of terrorism, illegal mining and mineral exploration, government

regulations that favour or require the country's domestic contractors, suppliers or resources, opposition from environmental or other non-governmental organizations and renegotiation or nullification of existing concessions, licenses, permits and contracts, all of which may affect the Company and its operations in varying degrees.

The Drina Licenses pertain to the Viogor-Zanik Project which is located in the Bosnia and Herzegovina. The Company's activities may be adversely affected by laws and policies of Canada affecting foreign trade, taxation, and investment. In the event of a dispute arising in connection with the Company's operations in the Bosnia and Herzegovina, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's development activities on the Viogor-Zanik Project could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company has a license application with respect to an additional exploration project in Serbia pending before the Ministry of Mines and Energy of the Republic of Serbia and may in the future acquire resource properties and operations outside of the Bosnia and Herzegovina as part of its strategy to develop a portfolio of properties in the Balkan region. Such expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

Conflicts of Interest

Certain of the proposed directors and officers of the Company engage in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

Uninsurable Risks

Development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company Shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Dividends

To date, Terra Balcanica has not generated any earnings and or paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions. If the Company generates earnings in the foreseeable future, it expects that they would be retained to finance growth.

Risks associated with COVID-19

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions which may adversely impact the Company's business and results of operations and the operations of contractors and service providers. The outbreak has spread throughout the world, including where the Company conducts its principal business operations. The Company's plans to advance the exploration and evaluation of its mineral properties are dependent upon its ability to complete the work required in connection with these activities through its employees and contractors. Due to government efforts to curtail the COVID-19 outbreak, personnel may be delayed in completing the work that it is pursuing in connection with these

activities due to quarantine, self-isolation, social distancing, restrictions on travel, restrictions on meetings and work from home requirements. The extent to which the COVID-19 pandemic impacts its operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. Moreover, the spread of the coronavirus globally is expected to have a material adverse effect on global and regional economies and to continue to negatively impact stock markets, including the trading price of the Company's Common Shares. These adverse effects on the economy, the stock market and the Company's Common Share price could adversely impact the Company's ability to raise capital, with the result that its ability to explore its mineral properties could be adversely impacted, both through delays and through increased costs. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations and could delay its plans for exploration and evaluation of our mineral properties.

PROMOTERS

The Company has determined that Kim Oishi, Carl Desjardins, Aleksandar Mišković, and Aleksandar Ilić are promoters of the Company. Carl Desjardins and Kim Oishi originally organized Terra Balcanica prior to its acquisition of Tera Balkanika. Aleksandar Mišković, and Aleksandar Ilić were responsible for organizing the business and formation of Tera Balkanika prior to its acquisition by Terra Balcanica. Please see additional information regarding Aleksandar Mišković's role in the Company under "*Executive Compensation*".

Kim Oishi holds 1,262,501 Common Shares, representing approximately 1.74% of the issued and outstanding Common Shares. Carl Desjardin holds 1,595,000 Common Shares, representing approximately 2.20% of the issued and outstanding Common Shares. Aleksandar Mišković holds 9,000,000 Common Shares, representing approximately 12.39% of the issued and outstanding Common Shares, acquired pursuant to the Purchase Agreement whereby the Company acquired Tera Balkanika. Aleksandar Ilić holds 9,096,875 Common Shares, representing approximately 12.53% of the issued and outstanding Common Shares, acquired pursuant to the Purchase Agreement whereby the Company acquired Tera Balkanika. Each of Dr. Mišković and Mr. Ilić founded and organized Tera Balkanika prior to its acquisition by the Company pursuant to the terms of the Purchase Agreement.

No person who was a promoter of the Company within the last two years:

- has been a director, chief executive officer or chief financial officer of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;
- has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;
- has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or
- has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings outstanding, threatened or pending, as of the date hereof, by or against the Company or to which the Company is a party or to which its properties are subject, nor to the Company's knowledge are any such legal proceedings contemplated which could become material to a purchaser of Common Shares.

The Company is not currently aware of any:

- (a) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority since its incorporation;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Company, the disclosure of which are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; or
- (c) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority since its incorporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No insider, director or executive officer of the Company and no associate or affiliate of any director, executive officer or insider has any material interest, direct or indirect, in any transaction since incorporation that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The financial statements for the period from May 19, 2020 (date of incorporation) to January 31, 2021 incorporated into this Prospectus have been audited by Davidson & Company LLP, an independent registered accounting firm, as indicated in their report dated June 1, 2022.

Effective March 21, 2022, Davidson & Company LLP resigned as auditors of the Company, and the directors of the Company appointed Kreston GTA LLP, 8953 Woodbine Avenue, Markham, ON L3R 0J9, as successor auditors in their place.

The financial statements for the year ended January 31, 2022 incorporated into this Prospectus have been audited by Kreston GTA LLP, an independent registered accounting firm, as indicated in their report dated June 1, 2022.

REGISTRAR AND TRANSFER AGENT

Prior to filing the final prospectus, the Company intends to appoint Computershare Trust Company of Canada as the transfer agent and registrar for the Company's Common Shares at its Vancouver office located at 510 Burrard Street, 3rd Floor, Vancouver, B.C. V6C 3B9.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company, other than as set forth below:

- the Purchase Agreement; and
- the Escrow Agreement.

EXPERTS AND INTERESTS OF EXPERTS

Information of a scientific or technical nature regarding the Project included in this Prospectus is excerpted or derived from the Technical Report. As at the date hereof, the author of the Technical Report, Dr. Thomas Bissig, Professional Geologist, does not beneficially own, directly or indirectly, any of the outstanding securities of the Company.

The former independent auditor of the Company, Davidson & Company LLP, has informed the Company that it is independent with respect to the Company in accordance with applicable Canadian auditing standards.

The independent auditor of the Company, Kreston GTA LLP, has informed the Company that it is independent with respect to the Company in accordance with applicable Canadian auditing standards.

AGENT FOR SERVICE OF PROCESS

Aleksandar Ilić, a director of the Company, appointed the Company's counsel, McMillan LLP, located at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, as their respective agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RESCISSION

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires Common Shares on the exercise or deemed exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this prospectus or an amendment to this prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise or deemed exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired,
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant, and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

OTHER MATERIAL FACTS

There are no material facts about the Company or the Private Placement that are not otherwise disclosed in this Prospectus.

LIST OF EXEMPTIONS FROM INSTRUMENT

Pursuant to a decision of the Autorité des marchés financiers dated February 9, 2022, the Company was granted a permanent exemption from the requirement to translate this Prospectus into French and any of the documents incorporated by reference herein into French.

SCHEDULE "A"

**FINANCIAL STATEMENTS OF THE COMPANY
FOR THE YEAR ENDED JANUARY 31, 2022 AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Terra Balcanica Resources Corp.
Consolidated Financial Statements

For the thirteen months ended January 31, 2022 and period ended December 31, 2020
(Expressed in Canadian Dollars)



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Terra Balcanica Resources Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statement of financial position of Terra Balcanica Resources Corp. (the “Company”) as of January 31, 2022, and the related consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders’ equity, and consolidated statements of cash flows for the periods then ended, and the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of January 31, 2022, and its consolidated financial performance and its consolidated cash flows for the periods then ended, in conformity with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, as a whole in forming our opinion thereon, and we do not provide separate opinion on these matters.

Accounting for reverse takeover transaction

Key Audit Matter Description

On March 19, 2021, Terra Balcanica Resources Corp. completed a reverse takeover transaction (“RTO Transaction”). The RTO Transaction was structured as issuance of 46.91% Terra (Legal acquiror) shares to owners of Tera (Legal acquiree) to acquire the company’s mining claims and rights. For accounting purposes, the Terra is treated as the accounting acquiree and Tera Balkanidka as the accounting acquiror, therefore, Tera is deemed to have issued \$2,775,972 as consideration to obtain 46.91% of Terra. The Company accounted for the acquisition in accordance with IFRS 2 Share-based Payment. The company disclosed the significant judgements, estimates, and assumptions and the results of their analyses on reverse takeover in Note 2 and Note 14 on the consolidated financial statements.



We considered the accounting of this acquisition to be a key audit matter as it is a significant transaction during the period and involved significant management judgments. Changes in these assumptions may have a material impact on the fair values.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures focused on valuation and allocation of purchase price. The procedures included, amongst others, the following:

- We reviewed the purchase agreement in relation to this acquisition to obtain an understanding of the transactions and key terms to identify necessary accounting considerations and identification of assets acquired and liabilities assumed at the acquisition date.
- We validated the consideration paid and the valuation and reviewed the identification of the acquired assets and liabilities by corroborating this identification based on our discussion with management and understanding of the business of the entity acquired.
- We evaluated management's assessment of the accounting treatment of the transaction.
- We have assessed the adequacy of the Company's disclosure included in Note 2 – Significant Accounting Policies and Note 14 – Purchase Price Allocation, of the accompanying consolidated financial statements regarding these acquisitions.

The accounting and measurement methods applied are in accordance with IFRS 2. We consider the underlying assumptions and measurement parameters to be reasonable.

Assessment of Impairment indicators on mineral property interest

Description of the Matter

We identified the impairment assessment of mineral property interest as a key audit matter due to significant management judgment required in assessing whether indicators of impairment exist that would necessitate impairment testing. As disclosed in Note 7 to the consolidated financial statements, the carrying value of the Company's mineral properties were \$1,071,296 as at January 31, 2022. As discussed in Note 2 to the consolidated financial statements, the carrying value of mineral properties is reviewed each reporting period to determine whether there is any indication of impairment or reversal of impairment.

We considered this a key audit matter due to (i) the significance of the mineral property interest balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the internal and external factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.



Audit Response

Our primary procedures to address this key audit matter included evaluation of management's assessment of indicators of impairment, which included the following: i) assessed the completeness of external or internal factors that could be considered indicators of impairment of the Company's mineral property interest; ii) assessed the changes in demand for the recoverable reserves, commodity prices, capital and operating costs, foreign exchange and interest rates by considering external market data, current funding available for the exploration and development of the mineral property interest and evidence obtained in other areas of the audit, as applicable; and iii) evaluating the reasonableness of the significant assumptions used by management. We also assessed the competence, capabilities and objectivity of the Company's personnel involved in preparing the impairment assessment.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on the report dated June 1, 2022.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Spence Walker.

Kreston GTA LLP

Chartered Professional Accountants

Markham, Canada

June 01, 2022

Terra Balcanica Resources Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

	Note	January 31, 2022	December 31, 2020
Assets			
Current assets			
Cash	3	1,652,607	19,207
Prepaid expenses	4	246,212	475
Receivables	4	10,919	7,982
Long-term deposits	6	2,850	3,124
		1,912,588	30,788
Non-current assets			
Equipment	5	118,062	13,029
Mineral property interests	7	1,071,296	355,732
Right-of-use asset	6	28,201	64,432
		1,217,559	433,193
Total assets		3,130,147	463,981
Liabilities and shareholders' equity (deficiency)			
Current liabilities			
Accounts payable and accruals		242,757	59,872
Lease liability	6	21,916	34,021
Advances payable	8	20,723	480,385
		285,396	574,278
Non-current liabilities			
Lease liability	6	-	25,517
Total liabilities		285,396	599,795
Shareholders' equity (deficiency)			
Share capital	9	5,836,865	3
Reserves		48,200	-
Foreign currency reserve		28,893	-
Deficit		(3,039,894)	(156,064)
Shareholders' equity (deficiency) attributable to owners of the Company		2,874,064	(156,061)
Non-controlling interest	14	(29,313)	20,247
Total shareholders' equity (deficiency)		2,844,751	(135,814)
Total liabilities and shareholders' equity (deficiency)		3,130,147	463,981
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors on June 1, 2022:

"Aleksandar Miskovic" Director

"Brandon Bonifacio" Director

Terra Balcanica Resources Corp.

Consolidated Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

	Share capital	Deficit	Attributed to owners	Non-controlling interests	Total shareholders' deficiency
January 1, 2020	3	-	3	-	3
Non-controlling interest (Note 14)	-	-	-	20,247	20,247
Loss and comprehensive for the year	-	(156,064)	(156,064)	-	(156,064)
December 31, 2020	3	(156,064)	(156,061)	20,247	(135,814)

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Reserves \$	Foreign currency reserve \$	Deficit \$	Attributed to owners \$	Non-controlling interests \$	Total shareholders' deficiency \$
January 1, 2021	1	-	3	-	-	-	(156,064)	(156,061)	20,247	(135,814)
Reverse acquisition transactions (Note 14)										
Equity of Terra Balcanica Resources Corp.	27,759,721	-	1,574,672	-	-	-	(1,201,300)	373,372	-	373,372
Elimination of equity of Terra Balcanica Resources Corp.	-	-	(1,251,200)	-	-	-	1,201,300	(49,900)	-	(49,900)
Shares acquired of legal parent	(1)	-	-	-	-	-	-	-	-	-
Issuance of shares pursuant to reverse acquisition	24,525,000	-	2,452,500	-	-	-	-	2,452,500	-	2,452,500
Private placement	7,710,000	-	771,000	-	-	-	-	771,000	-	771,000
Share issuance costs - cash	-	-	(1,600)	-	-	-	-	(1,600)	-	(1,600)
Special warrants	-	11,467,500	-	2,293,510	-	-	-	2,293,510	-	2,293,510
Finders' fees - cash	-	-	-	(78,820)	-	-	-	(78,820)	-	(78,820)
Finders' warrants	-	-	(48,200)	-	48,200	-	-	-	-	-
Shares issued for settlement of debt	1,250,000	-	125,000	-	-	-	-	125,000	-	125,000
Loss and comprehensive loss for the period	-	-	-	-	-	28,893	(2,883,830)	(2,854,937)	(49,560)	(2,904,497)
December 31, 2019	61,244,721	11,467,500	3,622,175	2,214,690	48,200	28,893	(3,039,894)	2,874,064	(29,313)	2,844,751

Terra Balcanica Resources Corp.
Consolidated Statement of Loss and Comprehensive loss
(Expressed in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

	Note	January 31, 2022	December 31, 2020
Expenses			
Administrative		103,381	4,109
Advertising		39,287	376
Consulting		170,818	3,801
Depreciation	5,6	57,096	3,030
Transaction cost	14	1,290,446	
Finance costs	6	4,405	1,617
Foreign exchange gain		168,121	(150)
Miscellaneous		197,818	18,701
Professional fees		324,185	10,874
Project costs		135,301	146
Transportation costs		48,825	832
Wages and salaries		393,707	112,728
Loss from operating expenses		(2,933,390)	(156,064)
Foreign currency translation adjustment		28,893	-
Loss and comprehensive loss for the period		(2,904,497)	(156,064)
Loss and comprehensive loss for the period attributable to:			
Owners of the Company		(2,854,937)	(156,064)
Non-controlling interests		(49,560)	-
		(2,904,497)	(156,064)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #		48,971,866	200
- Diluted #		48,971,866	200
Basic loss per share \$		(0.06)	(780)
Diluted loss per share \$		(0.06)	(780)

Terra Balcanica Resources Corp.
Consolidated Statement of Cash Flows
(Express in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

	Note	January 31, 2022	December 31, 2020
Operating activities			
Loss for the period		(2,883,830)	(156,064)
Adjustments for non-cash items:			
Depreciation		55,511	3,031
Foreign exchange		5,922	-
Accretion		4,405	1,617
Transaction cost		1,290,446	-
Changes in non-cash working capital items:			
Receivables		7,063	(7,985)
Prepaid expenses		(245,734)	(475)
Accounts payable and accruals		847,389	20,356
		(918,828)	(139,520)
Financing activities			
Proceeds from advances		-	480,566
Lease payments		(42,029)	(9,317)
Proceeds from common share issuance and special warrants, net of share issuance		2,984,090	-
		2,942,061	471,249
Investing activities			
Acquisition of equipment		(129,962)	(13,258)
Mineral property interests		(715,564)	(97,071)
Cash acquired on Tera Balkanikda acquisition		429,925	-
Cash acquired on Drina Resources acquisition		-	(199,069)
Lease deposit		(3,125)	(3,125)
		(418,726)	(312,524)
Effect of foreign exchange on cash		28,893	-
Increase in cash		1,633,400	19,204
Cash, beginning of period		19,207	3
Cash, end of period		1,652,607	19,207

Supplemental cash flow information

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1. Nature of operations and going concern

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (“Terra” or the “Company”) was incorporated on May 19, 2020 under the laws of the Province of British Columbia, Canada. In March 2021, the Company changed its name to Terra Balcanica Resources Corp. Head office is located at 910 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The principal business of the Company is the identification, evaluation and acquisition of mineral property assets.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete the exploration of the mineral property interests.

These consolidated financial statements (“financial statements”) are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on advances payable to cover its operating expenses. As at January 31, 2022, the Company had working capital of \$1,627,192 and shareholders' equity of \$2,844,751. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly.

On September 14, 2020, the Company acquired, through acquisition of common shares, a 90% interest in Drina Resources D.O.O. Banja Luka (“Drina”) a corporation existing under the laws of Bosnia which holds certain mineral property interests in Bosnia (Note 14).

On January 25, 2021, the Company entered a definitive Share Purchase Agreement (the “Agreement”) closed on March 19, 2021, for Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (“Terra Balcanica”) to acquire the Company a corporation existing under the laws of the Republic of Serbia mineral exploration company which holds certain mineral property interests in Serbia and Bosnia (Note 14).

2. Significant accounting policies

(a) Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported expenses during the period. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Deferred tax assets and liabilities

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

2. Significant accounting policies (continued)

Acquisitions

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset requires the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 Business Combinations. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Based on an assessment of relevant facts and circumstances, the Company concluded that the acquisition disclosed in Note 14 was an acquisition of assets. The values assigned and the allocation of the purchase price to the net liabilities in the acquisition are based on numerous estimates and judgments of the relative fair values of net liabilities.

(b) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the consolidated financial statements are presented in Canadian Dollars (CDN); the functional currency of the Company is Canadian Dollar (CDN). The Company consolidated the operations of Tera Balkanikda Doo Beograd ("Tera Balkanikda"), which has a functional currency of the Serbian Dinar ("RSD") and Drina Resources D.O.O. ("Drina"), which has a functional currency of the Bosnian Marks ("BAM") on December 31, 2020 (Note 14).

(c) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

<u>Entity</u>	<u>Incorporation</u>	<u>Status</u>	<u>Functional Currency</u>	<u>Ownership Percentage</u>
Tera Balkanika	Serbia	Active	Serbian Dinar	100%
Drina	Bosnia	Active	Bosnian Mark	90%

(d) Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. No depreciation is recorded in the year of disposal.

Depreciation is recognized over the following terms, intended to depreciate the cost of equipment, less its residual values if any, over its estimated useful lives:

Computer equipment	20% declining balance
Computer software	33% declining balance
Vehicles	15.5% declining balance

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period they are incurred. Any gain or loss on the disposal or retirement of equipment is recognized in profit or loss.

2. Significant accounting policies (continued)

(e) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVOCI"), financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Financial assets

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and are accounted for at fair value. Receivables are at amortized cost.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: accounts payable and accruals, and advances payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

2. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(h) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

2. Significant accounting policies (continued)

(i) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding seed shares which are held in escrow. Diluted LPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potentially dilutive common shares related to outstanding stock options and warrants issued by the Company. For periods in which the Company reports a loss, this calculation proves to be anti-dilutive.

(j) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after February 1, 2022. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

(k) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(l) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

As at January 31, 2022 and December 31, 2020, there was no material provision for environmental rehabilitation.

2. Significant accounting policies (continued)

(m) Leases

The Company leases an office premises. Under IFRS 16, the Company assesses whether a contract contains a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

Pursuant to IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable under any residual value guarantees; and
- Exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is remeasured in the following circumstances:

- If there is a change in the future lease payments resulting from a change in index or rate;
- If there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and
- If the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company's accounting policy will not recognize any right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets. As at January 31, 2022, the Company does not have any leases that would fall into this category.

(n) Foreign currency translation

Foreign currency transactions are translated into the functional currency at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction (historical rate).

Assets and liabilities of foreign operations are translated into Canadian Dollars (the presentation currency) at period end exchange rates and any revenue and expenses are translated at the average exchange rate for the period. The resulting exchange differences will be recognized in accumulated other comprehensive income (loss).

Terra Balcanica Resources Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

3. Cash

Cash consist of the following:

	January 31, 2022	December 31, 2020
Cash	1,652,607	19,207

4. Receivables and prepaid expenses

Receivable and prepaid expenses consists of the following:

	January 31, 2022	December 31, 2020
VAT Receivable	10,919	7,982
Prepaid expenses	276,212	475
	287,131	8,457

Value Added Tax (VAT) receivable consists of amounts paid on business related expenses in the year ending December 31, 2020.

5. Equipment

Cost	Software	Computer Equipment	Vehicle	Total
Balance - December 31, 2019	-	-	-	-
Additions	1,308	11,946	-	13,253
Balance - December 31, 2020	1,308	11,946	-	13,253
Additions	42,866	2,931	85,327	131,123
FX adjustment	(115)	(1,047)	-	(1,162)
Balance - January 31, 2022	44,059	13,829	85,327	143,215
Accumulated Depreciation				
Balance - December 31, 2019	-	-	-	-
Additions	36	189	-	225
Balance - December 31, 2020	36	189	-	225
Additions	10,809	2,644	11,495	24,948
FX adjustment	(3)	(17)	-	(20)
Balance - January 31, 2022	10,842	2,816	11,495	25,153
Carrying Value				
Balance - December 31, 2019	-	-	-	-
Balance - December 31, 2020	1,272	11,757	-	13,029
Balance - January 31, 2022	33,217	11,013	73,832	118,062

6. Right-of-use asset

Under IFRS 16 Leases, the Company is required to assess whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company had identified one contract that was a lease as defined under IFRS 16. In analyzing the agreement, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract. A lease liability was calculated with a discount rate of 10%. Based on all the facts and circumstances at the inception of the contract, the Company had determined that the identified office lease in Belgrade contained a lease as defined by IFRS 16.

A continuity of the carrying amount of the right-of-use asset for the periods ended December 31, 2020 and January 31, 2022 is as follows:

	Office Lease
Balance - December 31, 2019	-
Additions	66,856
Depreciation	(2,805)
FX adjustment	381
Balance - December 31, 2020	64,432
Additions	-
Depreciation	(30,583)
FX adjustment	(5,648)
Balance - January 31, 2022	28,201

Right-of-use ("ROU") asset relates to the lease of the Company's head office which commenced on October 1, 2020 and is for the period of two years. Additionally, the Company provided a lease deposit of \$2,850 which is classified as a short-term deposit, as it is refundable at the end of the lease term.

Lease liability

The following is a reconciliation of the carrying amount of the lease liability as at January 31, 2022. The lease commenced on October 1, 2020.

	Office Lease
Balance - December 31, 2020	-
Additions	(66,856)
Interest expense	(1,617)
Lease payments	9,314
FX adjustment	(381)
Balance - December 31, 2020	(59,540)
Additions	-
Interest expense	(4,405)
Lease payments	37,853
FX adjustment	4,176
Balance - January 31, 2022	(21,916)

6. Right-of-use asset (continued)

As at January 31, 2022, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liability over the remaining lease term is 16,000 Euros for year 2022. As at January 31, 2022, the deposit of \$2,850 represents a security deposit on the office premises, which the Company expects to have refunded. Short-term leases are leases with a lease term of twelve months or less.

7. Mineral property interests

Kaludra License

Ministry of Mining and Energy passed approval on September 28, 2017 approving Rockstone Group DOO Kač ("RSG") a company related by virtue of common director, to conduct geological research of lead (Pb), zinc (Zn), copper (Cu), gold (Au), Antimony (Sb) and accompanying metals in the exploration area "Kauldra", municipality Novi Pazar.

On January 25, 2021, Tera entered into an option agreement with RSG to purchase all the interests in the Kaludra License located central Serbia. In order to exercise the option, Tera must make a \$50,000 cash payment within 30 days from the January 25, 2021 (completed March 4, 2021). On January 26, 2022, the Company and RSG amended the option agreement as follows

In addition, the Company must make the following share issuances to RSG:

- 500,000 common shares of Terra on or before the second anniversary of the Grant Date ("Grant Date") which is the date the Ministry of Mining and Energy in the Republic of Serbia grants a new license over the Kaludra License area in the name of the Company.

RSG is eligible to receive bonus payments as follows from the Company:

- \$1,000,000 within 90 days of the commencement of commercial production.

Upon commencement of commercial production, the Company will pay RSG a Net Smelter Royalty ("NSR") being equal to 0.5% of the Net Smelter Returns.

Ceoviste License

On March 2, 2020, Tera acquired the right for applied geological research of lead (Pb), zinc (Zn), silver (Ag), copper (Cu), gold (Au) at the Ceoviste site.

On January 25, 2021, Tera entered into a finders' fee agreement with RSG whereby RSG had previously located and introduced the Company to the Ceovishte Project. On January 26, 2022, the Company amended the agreement as follows:

The finder's fee obligated Tera to make a \$50,000 cash payment within 30 days of the closing of the Company's first equity financing after February 1, 2022. On or before the second anniversary, issue 500,000 common shares of Terra and grant a 0.5% NSR within 30 days from which the Ministry of Mines and Energy of the Republic of Serbia grants the licenses.

Drina Licenses

On August 5, 2019, Drina received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Čumavići" and "Olovina". The deadline for completion of the research is May 8, 2022 at the site "Čumavići" and October 2, 2023, at the site "Olovine".

Drina paid 7,758 BAM, for the site "Čumavići" (paid in fiscal 2019) and 8,941 BAM for the site "Olovine" (paid in fiscal 2019).

On March 26, 2021, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Caus" for 11,368 BAM. The deadline for completion of the research is March 26, 2024.

Terra Balcanica Resources Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)

For the thirteen months ended January 31, 2022 and period ended December 31, 2020

7. Mineral property interests (continued)

	Ceoviste Project \$	Kaludra Project \$	Drina Projects \$	Total \$
Balance, February 1, 2020	-	-	-	-
Administration	-	-	27,608	27,608
Drilling	-	-	33,654	33,654
Equipment rentals	-	-	29,570	29,570
Geologist and consulting	-	-	16,719	16,719
Acquisition of Drina (Note)	-	-	248,315	248,315
Balance, December 31, 2020	-	-	355,866	355,866
Balance, February 1, 2021	-	-	355,866	355,866
Administration	-	34,009	56,819	90,828
Assay testing	-	36,728	70,810	107,538
Equipment rentals	-	1,020	38,536	39,556
Geologist and consulting	-	93,374	116,213	209,587
Geophysics	-	-	267,921	267,921
Balance, January 31, 2022	-	165,131	906,165	1,071,296

8. Advances payable

Total advances payable of \$480,385 comprise funds advanced from Grand Rock Capital, Gestion Carl Desjardins, and Terra to finance operations during the year ended December 31, 2020. All advances are non-interest bearing and were due on close of the acquisition of the Company by Terra (Note 14).

During the year ended January 31, 2022, the Company entered into a Share Exchange Agreement (“SEA”) with Terra. Terra agreed to purchase all the shares in the capital of the Company by issuing 24,525,000 common shares of Terra representing approximately 46.95% of Terra total issued and outstanding shares on March 19, 2021. The Company has subsequently accounted for this transaction as an acquisition of assets, under the guidance of IFRS 2 and the Company is now a consolidated subsidiary of Terra. All advances payable were classified to intercompany payables and eliminated upon consolidation. Total advances from Terra to the Company amount to \$740,000 Canadian dollars as at the acquisition date March 19, 2021.

9. Share Capital

No transactions for the issue of share capital during the period ended December 31, 2020

Transactions for the issue of share capital during the period ended January 31, 2022:

- On January 25, 2021, the Company entered into a Share Exchange Agreement (“SEA”) with Terra. The Company agreed to purchase all the shares in the capital of Tera (“TB Shares”) by issuing 24,525,000 common shares of the Company representing approximately 46.95% of the Company total issued and outstanding shares on March 19, 2021 (Note 14).
- In multiple tranches on April 22, 2021, June 24, 2021, August 30, 2021 and October 18, 2021, the Company completed a non-brokered private placement of 7,710,000 common shares at \$0.10 per common share for gross aggregate proceeds of \$771,000. The Company paid cash finders’ fees of \$1,600.
- 6,742,500 Special Warrants were issued on December 23, 2021, 4,625,000 Special Warrants of the Company issued on January 26, 2022 for a total of 11,467,500 Special Warrants of at a price of \$0.20 per Special Warrant for gross proceeds of \$2,293,510. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. The Company paid \$78,820 in finders fees and issued 394,100 finders’ warrants, exercisable at \$0.20 convertible into one common share of the Company for two years from the date of issuance.

The Company measured the fair value of the finders’ warrants using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants – two years, stock price volatility – 120%, no dividend yield, and a risk-free interest rate yield – 2%.

9. Share capital (continued)

Warrants

As an incentive to complete a private placement the Company may issue units which include common shares and common share purchase warrants. Using the residual value method, the Company determines whether a value should be allocated to the warrants attached to private placement units. Finders' warrants may be issued as a private placement share issue cost and are valued using the Black-Scholes option pricing model.

A summary of the status of the Company's warrants as at January 31, 2022 and December 31, 2020 and changes during the years then ended is as follows:

	Year ended January 31, 2022		Year ended December 31, 2020	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	-	-	-	-
Issued	394,100	0.20	-	-
Warrants outstanding, end of year	394,100	0.20	-	-

As at January 31, 2022, the Company had warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
135,100	135,100	0.20	December 23, 2023
259,000	259,000	0.20	January 26, 2024
394,100	394,100	0.20	

10. Related party payables and transactions

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence for the period ended December 31, 2020, and Directors receive no salaries, non-cash benefits, or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. Key management personnel and Directors can participate in the Company's stock option plan. During the period that ended December 31, 2020 and the period that ended January 31, 2022 no stock options were granted to Officers or Directors.

As at January 31, 2022, upon acquisition of Tera, Rockstone Group D.O.O. is wholly held by Aleksandar Ilić, who was the project vendor pursuant to the option agreements on mineral property interests. Mr. Ilić is a current director of the Company. Mr. Ilić was paid \$50,000 on March 4, 2021 for the option of the Kaludra License. (see Note 7) Mr. Ilić is also due another \$50,000 as a finder's fee for the Ceoviste License within 30 days of the closing of the Company's first equity financing after February 1, 2022. (see Note 7) The Company also paid or accrued \$35,000 in wages and salaries of which \$22,913 is currently in accounts payable as at January 31, 2022.

During the period ended January 31, 2022, the Company paid or accrued \$35,000 in management and consulting fees to Brandon Bonifacio, a Director of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$35,000 in professional fees to Grand Rock Capital Corp., a company controlled by Kim Oishi, a Director of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$108,512 in consulting fees to Geotarget Solutions Inc, a company controlled by Alex Miskovic, the CEO and Director of the Company.

10. Related party payables and transactions (continued)

During the period ended January 31, 2022, the Company paid or accrued \$50,450 in consulting fees to Catherine Cox, the Corporate Secretary of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$42,260 in consulting fees to Donaldson Brohman Martin CPA Corp., a Company controlled by Stephen Brohman, the Chief Financial Officer of the Company, included in prepaids as at January 31, 2022.

11. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	January 31, 2022	December 31 2020
Loss for the year before income taxes	(2,904,497)	(156,064)
Statutory Canadian corporate tax rate	27.00%	15.00%
Anticipated income tax recovery	(784,214)	(23,400)
Change in tax resulting from:		
Change in statutory, foreign tax, foreign exchange rates and other	159,095	-
Permanent differences	(7,801)	-
Impact of asset acquisition	-	(4,400)
Change in unrecognized deductible temporary difference	632,920	27,800
Net deferred income tax recovery	-	-

The significant components of the Company's net deferred income tax liability are as follows:

	January 31, 2022	December 31, 2020
Mineral property interests	(45,414)	(107,550)
Share issue costs	1,445	-
Property and equipment	(4,366)	-
Lease	3,393	(4,903)
Non-capital loss carry forwards	719,934	312,130

As at January 31, 2022, the Company has non-capital loss carry forwards of approximately \$3,484,284 (December 31, 2020 – \$312,130) which expire five years from initial recognition.

Tax attributes are subject to review, and potential adjustment by tax authorities.

12. Supplemental cash flow information

The Company did not incur any non-cash investing activities during the period ended January 31, 2022 and December 31, 2020

During the period ended January 31, 2022 and December 31, 2020 there were no amounts paid on account of interest or income taxes.

13. Financial risk management**Capital management**

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. As at January 31, 2022, the Company's capital structure is comprised of shareholders' deficiency of \$2,874,064.

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, receivables, accounts payable and accruals, and advances payable.

The carrying value of receivables, accounts payable and accruals, and advances payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
January 31, 2022				
Cash	1,652,607	-	-	1,652,607
	1,652,607	-	-	1,652,607
December 31, 2020				
Cash	19,207	-	-	19,207
	19,207	-	-	19,207

13. Financial risk management (continued)

Financial instruments – risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company has minimal receivables exposure as its refundable credits are due from the Serbian government.

b) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources (Note 1).

14. Purchase price allocation

On September 14, 2020, the Company acquired, through purchase of common shares, 90% interest in Drina for a cash payment of \$138,938 USD. The shareholders' structure of Drina comprises three shareholders. Drina is a corporation existing under the laws of Bosnia and is a mineral exploration company which holds certain mineral property interests in Bosnia.

This acquisition has been accounted for as an asset acquisition as Drina does not meet the definition of a business under IFRS 3, Business Combinations.

	September 14, 2020
Net assets (liabilities) of Drina acquired:	\$
Cash	3,264
Mineral interests	248,315
Accounts payable	(28,992)
Advances	(20,047)
Non-controlling interest	(20,254)
Net assets acquired	182,286
Consideration paid in acquisition of Drina:	\$
Cash (\$138,938 USD equivalent)	182,286
Total consideration paid	182,286

As described in Note 1, on March 19, 2021, the Company completed a Transaction which constituted a reverse acquisition.

The Transaction resulted in the shareholders of the Company obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entities.

14. Purchase price allocation (continued)

The Transaction constitutes an RTO of the Company and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares by the Company for the net assets Tera Balkanikda, with the Company as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, the Company is treated as the accounting subsidiary (legal parent) and Tera Balkanikda as the accounting parent (legal subsidiary) in these financial statements. As Tera Balkanikda was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. The Company's results of operations have been included from March 19, 2021.

	March 19, 2021
Net assets (liabilities) of Tera acquired:	\$
Cash	429,925
Accounts receivable	10,000
Advances	1,065,000
Accounts payable	(19,399)
Net assets acquired	1,485,526
Consideration paid for reverse acquisition of the Company:	\$
Common shares issued (27,759,721 fair value price per share \$0.10)	2,775,972
Total consideration paid	2,775,972
Transaction cost	1,290,446

15. Events after the reporting period

On April 24, 2022, the 6,742,500 Special Warrants issued on December 23, 2021 were converted into 6,742,500 common shares.

On May 27, 2022, the 4,625,000 Special Warrants issued on January 26, 2022 were converted into 4,625,000 common shares.

On February 7, 2022 for a total of 900,000 Special Warrants of at a price of \$0.20 per Special Warrant for gross proceeds of \$180,000 were issued. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. The Company paid \$3,850 in finders fees and issued 19,250 finders' warrants, exercisable at \$0.20 convertible into one common share of the Company for two years from the date of issuance.

SCHEDULE "B"

FINANCIAL STATEMENTS OF THE COMPANY FROM INCORPORATION TO JANUARY 31, 2021

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)
Financial Statements
From May 19, 2020 (incorporation) to January 31, 2021
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Opinion

We have audited the accompanying financial statements of Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (the "Company"), which comprise the statements of financial position as at January 31, 2021, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on May 19, 2020 to January 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

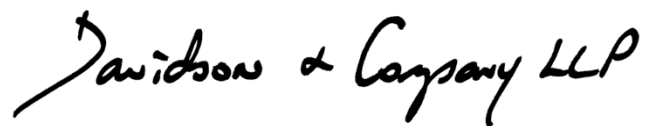
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.



Vancouver, Canada

Chartered Professional Accountants

June 1, 2022

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)**Statements of Financial Position**

As at

	Note	January 31, 2021 \$
Assets		
Current assets		
Cash		173,402
		173,402
Non-current assets		
Advances	1	740,000
		740,000
Total assets		913,402
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities		30,424
Total liabilities		30,424
Shareholders' equity		
Share capital	3	793,080
Subscriptions received in advance	3	139,972
Deficit		(50,074)
Total shareholders' equity		882,978
Total liabilities and shareholders' equity		913,402

Approved on behalf of the Board of Directors on June 1, 2022:

"Aleksandar Miskovic"

Director

"Brandon Bonifacio"

Director

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)**Statements of Changes in Shareholders' Equity**

From May 19, 2020 incorporation to January 31, 2021

	Number of shares #	Share capital \$	Subscriptions received in advance \$	Deficit \$	Total shareholders' equity \$
May 19, 2020 (incorporation)	1	-	-	-	-
Shares issued for service	5,000,000	100,000	-	-	100,000
Share issuance costs - non-cash	-	(100,000)	-	-	(100,000)
Private placements	14,625,000	802,000	-	-	802,000
Share issuance costs - cash	-	(8,920)	-	-	(8,920)
Subscriptions received in advance	-	-	139,972	-	139,972
Loss and comprehensive loss for the period	-	-	-	(50,074)	(50,074)
January 31, 2021	19,625,001	793,080	139,972	(50,074)	882,978

The accompanying notes are an integral part of these financial statements.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)**Statements of Loss and Comprehensive Loss**

From May 19, 2020 incorporation to January 31, 2021

	Note	\$
Expenses		
Consulting fees		14,525
Office fees		1,240
Professional fees		34,360
Loss from operating expenses		(50,125)
Interest income		51
Loss and comprehensive loss for the period		(50,074)
Loss per share		
Weighted average number of common shares outstanding		
- Basic #		7,564,280
- Diluted #		7,564,280
Basic loss per share \$		(0.01)
Diluted loss per share \$		(0.01)

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)**Statements of Cash Flows**

From May 19, 2020 incorporation to January 31, 2021

	Note	\$
Operating activities		
Loss for the period		(50,074)
Adjustments for:		
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities		30,424
		(19,650)
Financing activities		
Issue of common shares for cash, net of share issuance costs		793,080
Subscriptions received in advance		139,972
		933,052
Investing activities		
Advances		(740,000)
		(740,000)
Net increase in cash and cash equivalents		173,402
Cash, beginning of period		-
Cash, end of period		173,402

Supplemental cash flow information

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Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

1. Nature of operations and going concern

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (the “Company”) was incorporated on May 19, 2020 under the laws of the Province of British Columbia, Canada. In March 2021, the Company changed its name to Terra Balcanica Resources Corp. Head office is located at 910 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The principal business of the Company is the identification, evaluation and acquisition of assets, or a business.

On January 25, 2021, the Company entered a definitive Share Purchase Agreement (the “Agreement”) closed on March 19, 2021, to acquire Tera Balkanika D.O.O. Beograd – Novi Beograd (“Terra”), a corporation existing under the laws of the Republic of Serbia mineral exploration company which holds certain mineral property interests in Serbia (Note 9).

Pursuant to the Agreement, the Company acquired 100% of the issued and outstanding common shares of Terra in exchange for the issuance of 24,525,000 common shares of the Company (the “Transaction”) to the shareholders of Terra. (Note 9). The Company has advanced \$740,000 in connection with the agreement, these advances are non-interest bearing and have been classified as intercompany advances going forward.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Company does not have revenues and has incurred operating losses since incorporation. As at January 31, 2021, the Company had working capital of \$142,978, and shareholders’ equity of \$882,978. Additionally, the Company has completed subsequent equity financings (Note 9). Management has assessed that this working capital is sufficient for the Company to continue as a going concern beyond one year. If the going concern assumption were not appropriate for these financial statements, it would be necessary to restate the Company’s assets and liabilities on a liquidation basis.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Canadian dollars which is the functional currency of the Company.

(b) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVOCI"), financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Financial assets

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and are accounted for at fair value.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: accounts payable and accrued liabilities.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

From May 19, 2020 incorporation to January 31, 2021

2. Significant accounting policies (continued)

(c) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(e) Share-based payment transactions

The Company has a stock option plan that provides for the granting of options to Officers, Directors, related company employees and consultants to acquire shares of the Company. The fair value of the options is measured on grant date and is recognized as an expense with a corresponding increase in reserves as the options vest.

Options granted to employees and others providing similar services are measured on grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Over the vesting period, share-based payments are recorded as an operating expense and as reserves. When options are exercised, the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as reserves are transferred to share capital. When an option is cancelled, or expires, the initial recorded value is reversed from reserves and credited to deficit.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

2. Significant accounting policies (continued)

(f) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

(g) Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Company for the years presented, except if their inclusion proves to be anti-dilutive. For the period ended January 31, 2021, this calculation proved to be anti-dilutive.

(h) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after February 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

3. Share capital

The authorized share capital of the Company consists of unlimited common shares without par value. All issued shares are fully paid.

Transactions for the issue of share capital during the period ended January 31, 2021:

- On May 19, 2020, the Company issued 1 common share for \$1 on incorporation;
- On October 1, 2020, the Company issued 5,000,000 shares at a value of \$0.02 per share to settle a debt of \$100,000 for services performed by consultants for share issuance services. The fair value of the shares was \$0.02 on the date of the share issuance;
- On October 2, 2020, the Company closed a private placement for the issuance of 5,000,000 common shares at a price of \$0.02 per share for gross proceeds of \$100,000;
- On October 5, 2020, the Company closed a private placement for the issuance of 5,210,000 common shares at a price of \$0.05 per share for gross proceeds of \$260,500;
- On December 11, 2020, the Company closed a private placement for the issuance of 1,890,000 common shares at a price of \$0.10 per share for gross proceeds of \$189,000. The Company paid finders fees totalling \$8,320 in cash.
- On January 7, 2021, the Company closed a private placement for the issuance of 275,000 common shares at a price of \$0.10 per share for gross proceeds of \$27,500. The Company paid finders fees totalling \$600 in cash.
- On January 26, 2021, the Company closed a private placement for the issuance of 2,250,000 common shares at a price of \$0.10 per share for gross proceeds of \$225,000.
- On January 31, 2021, the Company received \$139,972 for subscriptions received in advance (Note 9).

Stock options

Subsequent to January 31, 2021, the Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding common shares. Options may be granted under the Plan to such service providers of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise prices and vesting terms will be determined by the Board of Directors, but will, in no event, be less than the closing market price of common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. All Options granted under the Plan will expire not later than the date that is ten years from the date that such options are granted. Options granted under the Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

4. Related party payables and transactions

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, from May 19, 2020 incorporation to January 31, 2021 and Directors receive no salaries, non-cash benefits, or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. Key management personnel and Directors can participate in the Company's stock option plan. During the period from May 19, 2020 incorporation to January 31, 2021 no stock options were granted to Officers or Directors.

The Company has not incurred transactions with related parties during the period from May 18, 2020 incorporation to January 31, 2021.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)**Notes to the Financial Statements**

From May 19, 2020 incorporation to January 31, 2021

5. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	31-Jan-21
	2021
	\$
Loss for the year before income taxes	(50,074)
Statutory Canadian corporate tax rate	27.0%
Anticipated income tax recovery	13,520
Change in tax resulting from:	
Tax benefits on losses and share issue costs not recognized	(13,520)
Net deferred income tax recovery	-

As at January 31, 2021, the Company has unused non-capital losses of \$51,858 expiring by January 31, 2041.

As at January 31, 2021, the Company has unclaimed share issue costs of \$7,136 which may be carried forward to reduce taxable income in future years.

As at January 31, 2021, the tax benefit of \$13,520 on the losses and share issue costs has not been recognized for tax purposes as there is no certainty that there will be adequate taxable income to utilize the losses and share issue costs.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

6. Supplemental cash flow information

The Company did not incur any non-cash investing activities during the period ended May 18, 2020 incorporation to January 31, 2021.

The Company incurred \$100,000 non-cash share issuance cost financing activities during the period ended May 18, 2020 incorporation to January 31, 2021.

During the period ended May 18, 2020 incorporation to January 31, 2021, there were no amounts paid on account of interest or income taxes.

7. Financial risk management

Capital management

The Company is a private company and considers items included in shareholders' equity as capital. The Company has no long-term debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets.

In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital during the period ended May 18, 2020, incorporation to January 31, 2021 is comprised of shareholders' equity of \$882,978. There were no changes to the Company's approach to capital management during the period ended January 31, 2021.

The Company currently has no source of revenues. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is dependent upon the continuing financial support of shareholders.

Financial instruments - fair value

The Company's financial instruments consist of cash and accounts payable and accrued liabilities. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash are measured using Level 1 inputs.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

8. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments can be exposed to certain financial risks, including credit risk, liquidity risk and interest rate risk.

(a) Credit risk

The Company is exposed to credit risk by holding cash, which are held in a financial institution in Canada. Management believes the exposure to credit risk with respect to such institutions is not significant.

(b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

(c) Interest rate risk

The Company is not exposed to interest risk as it does not hold financial securities or debt that would be impacted by fluctuating interest rates.

9. Events after the reporting period

- (a) On January 25, 2021, the Company entered into a Share Exchange Agreement ("SEA") with Terra. The Company agreed to purchase all the shares in the capital of Terra ("TB Shares") by issuing 24,525,000 common shares of the Company representing approximately 46.95% of the Company's total issued and outstanding shares on March 19, 2021. The Company completed the Transaction which constituted a reverse takeover ("RTO").

The Transaction constitutes an RTO of the Company and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares of Terra to acquire the net assets of the Company, with Terra as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

For accounting purposes, the Company is treated as the accounting subsidiary (legal parent) and Terra as the accounting parent (legal subsidiary) in these financial statements.

- (b) On January 25, 2021, the Company entered into an option agreement with Rockstone Group DOO Kać ("RSG") a company related by virtue of common director, to purchase all the interests in the Kaludra License located central Serbia. In order to exercise the option, the Company must make a \$50,000 cash payment within 30 days from the January 25, 2021 (completed March 4, 2021). On January 26, 2022, the Company and RSG amended the option agreement as follows:

In addition, the Company must make the following share issuances to RSG:

- 500,000 common shares of the Company on or before the second anniversary of the Grant Date ("Grant Date") which is the date the Ministry of Mining and Energy in the Republic of Serbia grants a new license over the Kaludra License area in the name of the Company.

RSG is eligible to receive bonus payments as follows from the Company:

- \$1,000,000 within 90 days of the commencement of commercial production.

Upon commencement of commercial production, the Company will pay RSG a Net Smelter Royalty ("NSR") being equal to 0.5% of the Net Smelter Returns.

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)

Notes to the Financial Statements

From May 19, 2020 incorporation to January 31, 2021

9. Events after the reporting period (continued)

- (c) On January 25, 2021, the Company entered into a finders' fee agreement with RSG whereby RSG had previously located and introduced Terra to the Ceovishte Project. On January 26, 2022, the Company amended the agreement as follows:

The finder's fee obligated the Company to make a \$50,000 cash payment within 30 days of the closing of the Company's first equity financing after February 1, 2022. On or before the second anniversary, issue 500,000 common shares of the Company and grant a 0.5% NSR within 30 days from which the Ministry of Mines and Energy of the Republic of Serbia grants the licenses.

- (d) In multiple tranches on February 2, 2021, February 11, 2021, March 16, 2021, April 22, 2021, June 24, 2021, August 30, 2021 and October 18, 2021, the Company completed a non-brokered private placement of 17,094,722 common shares at \$0.10 per common share for gross aggregate proceeds of \$1,709,472. Subscriptions received in advance of \$139,972 as at January 31, 2021 were part of the February 2, 2021 tranche of financing.
- (e) 6,742,500 Special Warrants were issued on December 23, 2021 (converted to common shares on April 24, 2022), 4,625,000 Special Warrants of the Company issued on January 26, 2022 (converted to common shares on May 27, 2022) and 900,000 Special Warrants of the Company on February 7, 2022 for a total of 12,267,500 Special Warrants of at a price of \$0.20 per Special Warrant for gross proceeds of \$2,453,500. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. The Company paid \$82,670 in finders fees and issued 413,350 finders' warrants, exercisable at \$0.20 convertible into one common share of the Company for two years from the date of issuance.

SCHEDULE "C"

FINANCIAL STATEMENTS OF DRINA FOR THE YEAR ENDED DECEMBER 31, 2019

Drina Resources Doo
Financial Statements
December 31, 2019
(Expressed in Bosnian Marks)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Drina Resources Doo

Opinion

We have audited the accompanying financial statements of Drina Resources Doo (the “Company”), which comprise the statement of financial position as at December 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders’ deficiency and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that as at December 31, 2019 the Company’s current liabilities exceeded its current assets by 28,352 BAM. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

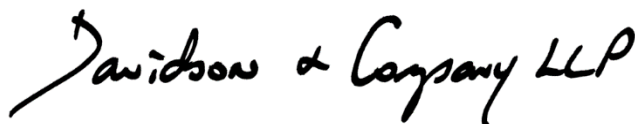
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

June 1, 2022

Drina Resources Doo
Statements of Financial Position
(Expressed in Bosnian Marks)

As at December 31, 2019

	Note	December 31, 2019	December 31, 2018 (Unaudited)
Assets			
Current assets			
Cash	3	405	10,022
		405	10,022
Non-current assets			
Mineral property interests	4	16,699	-
		16,699	-
Total assets		17,104	10,022
Liabilities and shareholders' deficiency			
Current liabilities			
Loans payable	6	28,757	12,515
Total liabilities		28,757	12,515
Shareholders' deficiency			
Share capital	5	20	20
Deficit		(11,673)	(2,513)
Total shareholders' deficiency		(11,653)	(2,493)
Total liabilities and shareholders' deficiency		17,104	10,022
Nature of operations and going concern	1		

Approved on behalf of the Board of Directors on June 1, 2022:

"Aleksandar Miskovic" Director

"Pero Jokanovic" Director

Drina Resources Doo
Statements of Changes in Shareholders' Deficiency
(Expressed in Bosnian Marks)

For the periods ended December 31

	Share capital	Deficit	Total shareholders' deficiency
August 14, 2018 (incorporation) (unaudited)	20	-	20
Loss and comprehensive for the period	-	(2,513)	(2,513)
December 31, 2018 (unaudited)	20	(2,513)	(2,493)

	Share capital	Deficit	Total shareholders' deficiency
January 1, 2019	20	(2,513)	(2,493)
Loss and comprehensive for the year	-	(9,160)	(9,160)
December 31, 2019	20	(11,673)	(11,653)

Drina Resources Doo**Statements of Loss and Comprehensive loss****(Expressed in Bosnian Marks)**

For the periods ended December 31

	Note	December 31, 2019	December 31, 2018 (unaudited)
Expenses			
Bank charges		208	490
Office supplies		892	270
Professional fees		8,060	1,753
Loss and comprehensive loss for the period		(9,160)	(2,513)
Loss per share			
Weighted average number of common shares outstanding			
- Basic #		20	20
- Diluted #		20	20
Basic loss per share BAM		(458)	(126)
Diluted loss per share BAM		(458)	(126)

Drina Resources Doo
Statements of Cash Flows
(Expressed in Bosnian Marks)

For the periods ended December 31

	Note	December 31, 2019	December 31, 2018 (unaudited)
Operating activities			
Loss for the year		(9,160)	(2,513)
Changes in non-cash working capital items:			
Wages payable		2,467	-
		(6,693)	(2,513)
Financing activities			
Loans payable		13,775	12,535
		13,775	12,535
Investing activities			
Deferred exploration and evaluation expenditures		(16,699)	-
		(16,699)	-
Change in cash		(9,617)	10,022
Cash, beginning of period		10,022	-
Cash, end of period		405	10,022

Supplemental cash flow information

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Drina Resources Doo

Notes to the Financial Statements

(Expressed in Bosnian Marks)

For the year ended December 31, 2019

1. Nature of operations and going concern

Drina Resources Doo Banja Luka (the "Company" or "Drina") was incorporated under the laws of the Banja Luka, Bosnia on August 14, 2018. The Company's head office is located in Carice Milice 11, Banja Luka, Bosnia and Herzegovina. Its main business activity is the acquisition and exploration of mineral properties.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete the exploration of the mineral property interests

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on property option or sale proceeds and share capital financing to cover its operating expenses. As at December 31, 2019, the Company had working capital deficit of 28,352 BAM and shareholders' deficiency of 11,653 BAM. Management has assessed that the Company has recurring losses and has a working capital deficit. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly.

On September 14, 2020, the Company was acquired through consolidation of shares outstanding. The shareholders' structure comprises three shareholders. The shareholders and members of the Company are Tera Balkanika D.O.O. Beograd ("Tera") with 90% of shares, Mr. Nenad Toholj with 5% of shares and Mr. Boban Jolović with 5% of shares. Tera a corporation existing under the laws of the Republic of Serbia mineral exploration company which holds certain mineral property interests in Serbia will consolidate the Company based on their 90% acquisition during the period going forward. The capital contributions during the period of 25,264 BAM will be classified as intercompany payables. Total consideration paid by Tera was \$138,938 USD for their 90% share acquisition from the existing shareholders.

The Company has determined that it has one operating segment, being the exploration of mineral interests, in Bosnia.

2. Significant accounting policies

(a) Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported expenses during the period. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Deferred tax assets and liabilities

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

2. Significant accounting policies (continued)

(b) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Bosnian Marks ("BAM") which is the functional currency of the Company.

(c) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVOCI"), financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Financial assets

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and is accounted for at fair value.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: loans and wages payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

2. Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(f) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

2. Significant accounting policies (continued)

(g) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding seed shares which are held in escrow. Diluted LPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potentially dilutive common shares related to outstanding stock options and warrants issued by the Company. For periods in which the Company reports a loss, this calculation proves to be anti-dilutive.

(h) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

(i) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(j) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

As at December 31, 2019 and 2018, there was no material provision for environmental rehabilitation.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	December 31, 2019	December 31, 2018
Bank balance	405	10,022
	405	10,022

4. Mineral property interests

On August 5, 2019, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Čumavići" and "Olovina". The deadline for completion of the research is August 5, 2022 at the site "Čumavići" and October 2, 2023, at the site "Olovine".

The Company is obliged to pay fee for detailed geological research in the amount of 7,758 BAM, for the site "Čumavići" (paid in fiscal 2019) and in the amount of 8,941 BAM for the site "Olovine" (paid in fiscal 2019).

On March 26, 2021, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Caus" for 11,368 BAM. The deadline for completion of the research is March 26, 2024.

5. Share Capital

Transactions for the issue of share capital during the during the period ended December 31, 2018 included 20 incorporation shares (unaudited).

No transactions for the issue of share capital during the during the year ended December 31, 2019.

6. Related party payables and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

No related party transactions in fiscal 2019 and fiscal 2018 (unaudited).

During the year ended December 31, 2019, the Company received various operating loans from shareholders for a total of 13,775 BAM (2018 – 11,700 BAM (unaudited)) included in loans and wages payable. These are interest free loans due on demand.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

7. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31 2019	December 31 2018 (unaudited)
Loss for the year before income taxes	(9,160)	(2,513)
Statutory Canadian corporate tax rate	10.00%	10.00%
Anticipated income tax recovery	(1,000)	(300)
Change in tax resulting from:		
Unrecognized items for tax purposes	1,000	300
Net deferred income tax recovery	-	-

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included on the statement of financial position are as follows:

	December 31, 2019	December 31, 2018 (unaudited)
Mineral property interests	(17,000)	-
Non-capital loss carry forwards	26,000	2,500
	9,000	2,500

As at December 31, 2019, the Company has non-capital loss carry forwards of approximately 26,000 BAM (December 31, 2018 – 2,500 BAM (unaudited)) which expire five years from initial recognition.

Tax attributes are subject to review, and potential adjustment by tax authorities.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

8. Supplemental cash flow information

The Company did not incur non-cash financing and investing activities during the year ended December 31, 2019 and period ended December 31, 2018 (unaudited).

9. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. As at December 31, 2019, the Company's capital structure is comprised of shareholders' deficiency of 11,653 BAM.

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash and loans and wages payable.

The carrying value of loans and wages payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Cash	405	-	-	405
	405	-	-	405

	Level 1	Level 2	Level 3	Total
December 31, 2018				
Cash	10,022	-	-	10,022
	10,022	-	-	10,022

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the year ended December 31, 2019

9. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the funds in a Bosnian bank. The Company has no receivables exposure.

b) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources (Note 1).

SCHEDULE "D"

FINANCIAL STATEMENTS OF DRINA FOR THE YEAR ENDED DECEMBER 31, 2020

Drina Resources Doo
Financial Statements
December 31, 2020
(Expressed in Bosnian Marks)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Drina Resources Doo

Opinion

We have audited the accompanying financial statements of Drina Resources Doo (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that as at December 31, 2020, the Company's current liabilities exceeded its current assets by 32,423 BAM. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

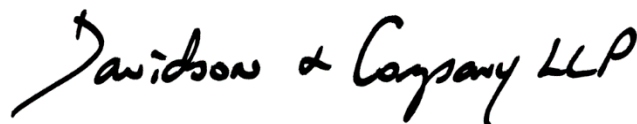
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.



Vancouver, Canada

Chartered Professional Accountants

June 1, 2022

Drina Resources Doo
Statements of Financial Position
(Expressed in Bosnian Marks)

As at December 31, 2020 and December 31, 2019

	Note	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash	3	4,113	405
		4,113	405
Non-current assets			
Mineral properties	4	22,026	16,699
		22,026	16,699
Total assets		26,139	17,104
Liabilities and shareholders' deficiency			
Current liabilities			
Loans & wages payable	6	36,536	28,757
Total liabilities		36,536	28,757
Shareholders' deficiency			
Share capital	5	20	20
Reserves	5	25,264	-
Deficit		(35,681)	(11,673)
Total shareholders' deficiency		(10,397)	(11,653)
Total liabilities and shareholders' deficiency		26,139	17,104

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors on June 1, 2022:

"Aleksandar Miskovic" Director

"Pero Jokanovic" Director

Drina Resources Doo**Statements of Changes in Shareholders' Deficiency****(Expressed in Bosnian Marks)**

For the years ended December 31, 2020 and December 31, 2019

	Share capital	Reserves	Deficit	Total shareholders' deficiency
January 1, 2019	20	-	(2,513)	(2,493)
Loss and comprehensive for the year	-	-	(9,160)	(9,160)
December 31, 2019	20	-	(11,673)	(11,653)

	Share capital	Reserves	Deficit	Total shareholders' deficiency
January 1, 2020	20	-	(11,673)	(11,653)
Capital contributions	-	25,264	-	25,264
Loss and comprehensive for the year	-	-	(24,008)	(24,008)
December 31, 2020	20	25,264	(35,681)	(10,397)

Drina Resources Doo**Statements of Loss and Comprehensive loss****(Expressed in Bosnian Marks)**

For the years ended December 31, 2020 and December 31, 2019

	December 31, 2020	December 31, 2019
<hr/> Expenses		
Bank charges	-	208
Filing fees	1,018	-
Foreign exchange loss	735	-
Office supplies	445	892
Professional fees	7,563	8,060
Wages expense	14,247	-
Loss and comprehensive loss for the year	(24,008)	(9,160)
<hr/>		
Loss per share		
Weighted average number of common shares outstanding		
- Basic #	20	20
- Diluted #	20	20
Basic loss per share BAM	(1,200)	(458)
Diluted loss per share BAM	(1,200)	(458)

Drina Resources Doo
Statements of Cash Flows
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

	December 31, 2020	December 31, 2019
	Note	
Operating activities		
Loss for the year	(24,008)	(9,160)
Changes in non-cash working capital items		
Wages payable	4,679	2,467
	(19,329)	(6,693)
Financing activities		
Capital contributions	25,264	-
Loans	3,100	13,775
	28,364	13,775
Investing activities		
Deferred exploration and evaluation expenditures	(5,327)	(16,699)
	(5,327)	(16,699)
Change in cash	3,708	(9,617)
Cash, beginning of year	405	10,022
Cash, end of year	4,113	405

Supplemental cash flow information

8

Drina Resources Doo

Notes to the Financial Statements

(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

1. Nature of operations and going concern

Drina Resources Doo Banja Luka (the "Company" or "Drina") was incorporated under the laws of the Banja Luka, Bosnia on August 14, 2018. The Company's head office is located in Carice Milice 11, Banja Luka, Bosnia and Herzegovina. Its main business activity is the acquisition and exploration of mineral properties.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete the exploration of the mineral property interests

These financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on share capital financing to cover its operating expenses. As at December 31, 2020, the Company had working capital deficit of 32,423 BAM (December 31, 2019 - 28,352 BAM) and shareholders' deficiency of 10,397 BAM (December 31, 2019 - 11,653 BAM). Management has assessed that the Company has recurring losses and has a working capital deficit. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly.

On September 14, 2020, the Company was acquired through consolidation of shares outstanding. The shareholders' structure comprises three shareholders. The shareholders and members of the Company are Tera Balkanika D.O.O. Beograd ("Tera") with 90% of shares, Mr. Nenad Toholj with 5% of shares and Mr. Boban Jolović with 5% of shares. Tera a corporation existing under the laws of the Republic of Serbia mineral exploration company which holds certain mineral property interests in Serbia will consolidate the Company based on their 90% acquisition during the period going forward. The capital contributions during the period of 25,264 BAM will be classified as intercompany payables. Total consideration paid by Tera was \$138,938 USD for their 90% share acquisition from the existing shareholders.

The Company has determined that it has one operating segment, being the exploration of mineral interests, in Bosnia.

2. Significant accounting policies

(a) Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported expenses during the period. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Deferred tax assets and liabilities

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

2. Significant accounting policies (continued)

(b) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Bosnian Marks ("BAM") which is the functional currency of the Company.

(c) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVOCI"), financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Financial assets

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and

(b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and is accounted for at fair value.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: loans and wages payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

2. Significant accounting policies (continued)

(d) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(f) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

2. Significant accounting policies (continued)

(g) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding seed shares which are held in escrow. Diluted LPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potentially dilutive common shares related to outstanding stock options and warrants issued by the Company. For periods in which the Company reports a loss, this calculation proves to be anti-dilutive.

(h) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

(i) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(j) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

As at December 31, 2020 and 2019, there was no material provision for environmental rehabilitation.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

3. Cash

Cash consist of the following:

	December 31, 2020	December 31, 2019
Bank balance	4,113	405

4. Mineral property interests

On August 5, 2019, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Čumavići" and "Olovina". The deadline for completion of the research is May 8, 2022 at the site "Čumavići" and October 2, 2023, at the site "Olovine".

The Company paid 7,758 BAM, for the site "Čumavići" (paid in fiscal 2019) and 8,941 BAM for the site "Olovine" (paid in fiscal 2019).

On March 26, 2021, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Caus" for 11,368 BAM. The deadline for completion of the research is March 26, 2024.

5. Share Capital

Transactions for the issue of share capital during the during the year ended December 31, 2020:

During the year ended December 31, 2020, the Company received capital contributions of 25,264 BAM. These amounts were received from Tera during the acquisition period.

No transactions for the issue of share capital during the during the year ended December 31, 2019.

6. Related party payables and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

No related party transactions in fiscal 2020 and fiscal 2019.

During the year ended December 31, 2020, the Company received various operating loans from shareholders for a total of 3,100 BAM (2019 – 13,775 BAM) included in loans and wages payable. These are interest free loans due on demand.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

7. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31 2020	December 31 2019
Loss for the year before income taxes	(24,008)	(9,160)
Statutory Canadian corporate tax rate	10.00%	10.00%
Anticipated income tax recovery	(3,000)	(1,000)
Change in tax resulting from:		
Unrecognized items for tax purposes	3,000	1,000
Net deferred income tax recovery	-	-

The significant components of the Company's temporary differences, unused tax credits, and unused tax losses that have not been included on the statement of financial position are as follows:

	December 31, 2020	December 31, 2019
Mineral property interests	(22,000)	(17,000)
Non-capital loss carry forwards	55,000	26,000
	33,000	9,000

As at December 31, 2020, the Company has non-capital loss carry forwards of approximately 55,000 BAM (December 31, 2019 – 26,000 BAM) which expire five years from initial recognition.

Tax attributes are subject to review, and potential adjustment by tax authorities.

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

8. Supplemental cash flow information

The Company did not incur non-cash financing and investing activities during the year ended December 31, 2020 and 2019.

9. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' deficiency as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. As at December 31, 2020, the Company's capital structure is comprised of shareholders' deficiency of 10,397 BAM (December 31, 2019 - 11,653 BAM).

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash and loans and wages payable.

The carrying value of loans and wages payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Cash	4,113	-	-	4,113
	4,113	-	-	4,113

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Cash	405	-	-	405
	405	-	-	405

Drina Resources Doo
Notes to the Financial Statements
(Expressed in Bosnian Marks)

For the years ended December 31, 2020 and December 31, 2019

9. Financial risk management (continued)

Financial instruments - risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

The Company is exposed to credit risk by holding cash. This risk is minimized by holding the funds in a Bosnian bank. The Company has no receivables exposure.

b) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources (Note 1).

SCHEDULE “E”

**CONSOLIDATED FINANCIAL STATEMENTS OF TERA BALKANIKA
FROM INCORPORATION TO DECEMBER 31, 2019 AND FOR THE YEAR END DECEMBER 31, 2020**

Tera Balkanika Doo Beograd
Consolidated Financial Statements
December 31, 2020
(Expressed in Serbian Dinar)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Tera Balkanika Doo Beograd

Opinion

We have audited the accompanying consolidated financial statements of Tera Balkanika Doo Beograd (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the year ended December 31, 2020 and for period from incorporation on December 9, 2019 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at December 31, 2020, the Company's current liabilities exceeded its current assets by 41,269,583 RSD. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

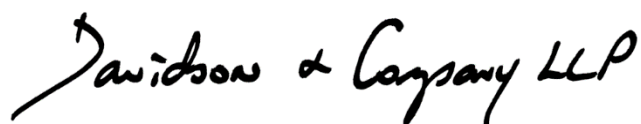
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

June 1, 2022

Tera Balkanikda Doo Beograd
Consolidated Statements of Financial Position
(Expressed in Serbian Dinar)

As at December 31

	Note	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash	3	1,450,130	200
Prepaid expenses	4	35,844	-
Receivables	4	602,651	-
		2,088,625	200
Non-current assets			
Equipment	5	983,666	-
Long-term deposits	6	235,870	-
Mineral property interests	7	26,857,847	-
Right-of-use asset	6	4,864,649	-
		32,942,032	-
Total assets		35,030,657	200
Liabilities and shareholders' equity (deficiency)			
Current liabilities			
Accounts payable and accruals		4,520,359	-
Lease liability	6	2,568,724	-
Advances payable	8	36,269,125	-
		43,358,208	-
Non-current liabilities			
Lease liability	6	1,926,544	-
Total liabilities		45,284,752	-
Shareholders' equity (deficiency)			
Share capital	9	200	200
Deficit		(11,782,896)	-
Shareholders' equity (deficiency) attributable to owners of the Company		(11,782,696)	200
Non-controlling interest	14	1,528,601	-
Total shareholders' equity (deficiency)		(10,254,095)	200
Total liabilities and shareholders' equity (deficiency)		35,030,657	200

Nature of operations and going concern 1

Approved on behalf of the Board of Directors on June 1, 2022:

"Aleksandar Miskovic" Director

"Aleksandar Ilic" Director

Tera Balkanikda Doo Beograd**Consolidated Statement of Changes in Shareholders' Equity (Deficiency)****(Expressed in Serbian Dinar)**

For the periods ended December 31

	Share capital	Deficit	Attributal to owners	Non-controlling interests	Total shareholders' deficiency
December 9, 2019 (incorporation)	200	-	200	-	200
Loss and comprehensive for the period	-	-	-	-	-
December 31, 2019	200	-	200	-	200

	Share capital	Deficit	Attributal to owners	Non-controlling interests	Total shareholders' deficiency
January 1, 2020	200	-	200	-	200
Non-controlling interest (Note 14)	-	-	-	1,528,601	1,528,601
Loss and comprehensive for the year	-	(11,782,896)	(11,782,896)	-	(11,782,896)
December 31, 2020	200	(11,782,896)	(11,782,696)	1,528,601	(10,254,095)

Tera Balkanikda Doo Beograd**Consolidated Statement of Loss and Comprehensive loss****(Expressed in Serbian Dinar)**

For the periods ended December 31

	Note	December 31, 2020	December 31, 2019
Expenses			
Administrative		310,252	-
Advertising		28,354	-
Consulting		286,959	-
Depreciation	5,6	228,731	-
Finance costs	6	122,063	-
Foreign exchange gain		(11,138)	-
Miscellaneous		1,411,939	-
Professional fees		821,011	-
Project costs		10,986	-
Transportation costs		62,791	-
Wages and salaries		8,510,948	-
Loss and comprehensive loss for the period		11,782,896	-
Loss and comprehensive loss for the year attributable to:			
Owners of the Company		11,782,896	-
Non-controlling interests		-	-
		11,782,896	-
Loss per share			
Weighted average number of common shares outstanding			
- Basic #		200	200
- Diluted #		200	200
Basic loss per share \$		58,914	-
Diluted loss per share \$		58,914	-

Tera Balkanikda Doo Beograd
Consolidated Statement of Cash Flows
(Express in Serbian Dinar)

For the periods ended December 31

	December 31, 2020	December 31, 2019
Note		
Operating activities		
Loss for the period	(11,782,896)	-
Adjustments for non-cash items:		
Depreciation	228,731	-
Accretion	122,063	-
Changes in non-cash working capital items:		
Receivables	(602,651)	-
Prepaid expenses	(35,844)	-
Accounts payable and accruals	1,541,353	-
	(10,529,244)	-
Financing activities		
Proceeds from advances	36,269,125	-
Lease payments	(703,200)	-
Share issuance on incorporation	-	200
	35,565,925	200
Investing activities		
Acquisition of equipment	(1,000,641)	-
Mineral property interests	(7,326,142)	-
Cash acquired on Drina Resources acquisition	(15,024,098)	-
Lease deposit	(235,870)	-
	(23,586,751)	-
Increase in cash	1,449,930	200
Cash, beginning of period	200	-
Cash, end of period	1,450,130	200

Supplemental cash flow information

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Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

1. Nature of operations and going concern

Tera Balkanida Doo Beograd – Stari Grad (the “Company” or “Tera”) was incorporated under the laws of the Beograd, Serbia on December 9, 2019. The Company’s head office is located in Cara Urosa 26, Beograd, Serbia. Its main business activity is the exploration and exploitation of other ores.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the amounts shown for mineral property interests are entirely dependent upon the existence of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete the exploration of the mineral property interests.

These consolidated financial statements are prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. As an exploration stage company, the Company does not have traditional sources of revenue, and historically has relied on advances payable to cover its operating expenses. As at December 31, 2020, the Company had working capital deficit of 41,269,583 RSD and shareholders’ deficiency of 10,254,095 RSD. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise capital or conduct exploration activities. There are various community travel restrictions and health and safety concerns that may prohibit or delay exploration programs from proceeding. Operations will depend on obtaining necessary field supplies, obtaining contractor services and safeguarding all personnel during the outbreak, which may be prohibitive or too costly.

On September 14, 2020, the Company acquired, through acquisition of common shares, a 90% interest in Drina Resources D.O.O. Banja Luka (“Drina”) a corporation existing under the laws of Bosnia which holds certain mineral property interests in Bosnia (Note 14).

Subsequent to December 31, 2020, the Company acquired Terra Balcanica Resources Corp. (“Terra”) pursuant to a share exchange agreement (Note 8).

2. Significant accounting policies

(a) Use of estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported expenses during the period. Actual results could differ from these estimates. The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1.

Deferred tax assets and liabilities

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

2. Significant accounting policies (continued)

Acquisitions

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset requires the Company to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 Business Combinations. If an acquired set of assets and liabilities includes goodwill, the set is presumed to be a business. Based on an assessment of relevant facts and circumstances, the Company concluded that the acquisition disclosed in Note 14 was an acquisition of assets. The values assigned and the allocation of the purchase price to the net liabilities in the acquisition are based on numerous estimates and judgments of the relative fair values of net liabilities.

(b) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively, "IFRS"), as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on an historical cost basis, except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

All amounts on the financial statements are presented in Serbian Dinar (RSD) which is the functional currency of the Company. The Company consolidated the operations of Drina Resources D.O.O. ("Drina"), which has a functional currency of the Bosnian Marks ("BAM") on December 31, 2020 (Note 14).

(c) Basis of consolidation

These financial statements include the accounts of the Company and its subsidiary. The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Entity	Incorporation	Status	Functional Currency	Ownership Percentage
Drina	Bosnia	Active	Bosnian	90%

(d) Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. No depreciation is recorded in the year of disposal.

Depreciation is recognized over the following terms, intended to depreciate the cost of equipment, less its residual values if any, over its estimated useful lives:

Computer equipment 20% declining balance

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period they are incurred. Any gain or loss on the disposal or retirement of equipment is recognized in profit or loss.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

2. Significant accounting policies (continued)

(e) Financial instruments

The Company classifies its financial instruments in the following categories: as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income (loss) ("FVOCI"), financial assets at amortized cost, and financial liabilities at amortized cost. The classification depends on the purpose for which the financial assets or liabilities were acquired. Management determines the classification of financial assets and liabilities at initial recognition.

(i) Financial assets

Recognition

The Company recognizes financial assets and financial liabilities on the date the Company becomes a party to the contractual provisions of the instruments.

Classification

The Company classifies its financial assets and financial liabilities using the following measurement categories:

- (a) Those to be measured subsequently at fair value (either through other comprehensive income (loss) or through profit or loss); and
- (b) Those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (an irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income (loss).

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Cash is classified as FVTPL and are accounted for at fair value. Receivables are at amortized cost.

(ii) Financial liabilities

The Company has the following financial liabilities at amortized cost: accounts payable and accruals, and advances payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded to profit or loss.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

2. Significant accounting policies (continued)

(f) Impairment

(i) Financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

(ii) Non-financial assets

Non-financial assets are reviewed quarterly by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present the recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent that the carrying amount exceeds the recoverable amount.

(g) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their fair value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

(h) Income taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

2. Significant accounting policies (continued)

(i) Loss per share

The Company presents basic and diluted loss per share ("LPS") data for its common shares. Basic LPS is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year, excluding seed shares which are held in escrow. Diluted LPS is determined by dividing the profit or loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for the effects of all potentially dilutive common shares related to outstanding stock options and warrants issued by the Company. For periods in which the Company reports a loss, this calculation proves to be anti-dilutive.

(j) New accounting policies

Certain pronouncements have been issued by the IASB or IFRIC that are effective for accounting periods beginning on or after January 1, 2021. The Company has reviewed these updates and determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion within these significant accounting policies.

(k) Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

(l) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset.

As at December 31, 2020 and 2019, there was no material provision for environmental rehabilitation.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

2. Significant accounting policies (continued)

(m) Leases

The Company leases an office premises. Under IFRS 16, the Company assesses whether a contract contains a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

Pursuant to IFRS 16 lessee accounting model, the right-of-use asset is initially measured at cost, which includes the initial amount of the liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimates of costs to remove or dismantle the underlying asset or to restore the underlying asset or site on which the asset is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the rate implicit in the lease or, if the implicit rate cannot be readily determined, the Company's incremental borrowing rate.

The measurement of lease liabilities includes the following types of lease payments:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- Amounts expected to be payable under any residual value guarantees; and
- Exercise price for options that the Company is reasonably certain to exercise for an extension or option to buy, and penalties for early termination of a lease unless the Company is reasonably certain that it will not terminate the lease early. The lease liability is measured at amortized cost using the effective interest method.

The lease liability is remeasured in the following circumstances:

- If there is a change in the future lease payments resulting from a change in index or rate;
- If there is a change in the Company's estimation of the amount expected to be payable under a residual value guarantee; and
- If the Company changes its assessment of whether it will exercise an option to purchase, extend or terminate.

The Company's accounting policy will not recognize any right-of-use assets and liabilities for short-term leases that have a term of 12 months or less and for low-value assets. As at December 31, 2020, the Company does not have any leases that would fall into this category.

(n) Foreign currency translation

Foreign currency transactions are translated into the functional currency at exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction (historical rate).

Assets and liabilities of foreign operations are translated into Serbian Dinar (the presentation currency) at period end exchange rates and any revenue and expenses are translated at the average exchange rate for the period. The resulting exchange differences will be recognized in accumulated other comprehensive income (loss).

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

3. Cash

Cash consist of the following:

	December 31, 2020	December 31, 2019
Cash	1,450,130	200

4. Receivables and prepaid expenses

Receivable and prepaid expenses consists of the following:

	December 31, 2020	December 31, 2019
VAT Receivable	602,651	-
Prepaid expenses	35,844	-
	638,495	-

Value Added Tax (VAT) receivable consists of amounts paid on business related expenses in the year ending December 31, 2020.

5. Equipment

Computer equipment

Cost

December 31, 2019	-
Additions	1,000,641
December 31, 2020	1,000,641

Accumulated depreciation

December 31, 2019	-
Depreciation	16,975
December 31, 2020	16,975

Net book value

December 31, 2019	-
December 31, 2020	983,666

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

6. Right-of-use asset

Under IFRS 16 Leases, the Company is required to assess whether a contract is, or contains, a lease. For contracts that are, or contain, leases, the Company recognizes a right-of-use asset and lease liability at the commencement date.

The Company had identified one contract that was a lease as defined under IFRS 16. In analyzing the agreement, the Company applied the lessee accounting model pursuant to IFRS 16 and considered all of the facts and circumstances surrounding the inception of the contract. A lease liability was calculated with a discount rate of 10%. Based on all the facts and circumstances at the inception of the contract, the Company had determined that the identified office lease in Belgrade contained a lease as defined by IFRS 16.

A continuity of the carrying amount of the right-of-use asset for the years ended December 31, 2019 and December 31, 2020 is as follows:

	Right-of-use asset
	RSD
<u>Cost</u>	
December 31, 2019	-
Additions	5,076,405
December 31, 2020	5,076,405
<u>Accumulated depreciation</u>	
December 31, 2019	-
Depreciation	211,756
December 31, 2020	211,756
<u>Net book value</u>	
December 31, 2019	-
December 31, 2020	4,864,649

Right-of-use ("ROU") asset relates to the lease of the Company's head office which commenced on October 1, 2020 and is for the period of two years. Additionally, the Company provided a lease deposit of 235,870 RSD which is classified as a long-term deposit, as it is refundable at the end of the lease term.

Lease liability

The following is a reconciliation of the carrying amount of the lease liability as at December 31, 2020. The lease commenced on October 1, 2020.

	December 31,	December 31,
	2020	2019
Balance, beginning of year	-	-
Additions	(5,076,405)	-
Lease payments	703,200	-
Lease interest (finance costs)	(122,063)	-
Balance, end of year	(4,495,268)	-
Current portion of lease liability	2,568,724	-
Non-current portion of lease liability	1,926,544	-
	4,495,268	-

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

6. Right-of-use asset (continued)

As at December 31, 2020, the total undiscounted amount of the estimated future cash flows to settle the Company's lease liability over the remaining lease term is 24,000 Euros for year 2021 and 18,000 Euros for year 2022 (December 31, 2019 - nil). As at December 31, 2020 and December 31, 2019, the deposit of 235,870 RSD represents a security deposit on the office premises, which the Company expects to have refunded. Short-term leases are leases with a lease term of twelve months or less.

As at December 31, 2020 and December 31, 2019, the Company did not have any short-term leases.

7. Mineral property interests

Kaludra License

Ministry of Mining and Energy passed approval on September 28, 2017 approving Rockstone Group DOO Kać ("RSG") a company related by virtue of common director, to conduct geological research of lead (Pb), zinc (Zn), copper (Cu), gold (Au), Antimony (Sb) and accompanying metals in the exploration area "Kauldra", municipality Novi Pazar.

On January 25, 2021, the Company entered into an option agreement with RSG to purchase all the interests in the Kaludra License located central Serbia. In order to exercise the option, the Company must make a \$50,000 CAD cash payment within 30 days from the January 25, 2021 (completed March 4, 2021). On January 26, 2022, the Company and RSG amended the option agreement as follows

In addition, the Company must make the following share issuances to RSG:

- 500,000 common shares of Terra on or before the second anniversary of the Grant Date ("Grant Date") which is the date the Ministry of Mining and Energy in the Republic of Serbia grants a new license over the Kaludra License area in the name of the Company.

RSG is eligible to receive bonus payments as follows from the Company:

- \$1,000,000 CAD within 90 days of the commencement of commercial production.

Upon commencement of commercial production, the Company will pay RSG a Net Smelter Royalty ("NSR") being equal to 0.5% of the Net Smelter Returns.

Ceoviste License

On March 2, 2020, the Company acquired the right for applied geological research of lead (Pb), zinc (Zn), silver (Ag), copper (Cu), gold (Au) at the Ceoviste site.

On January 25, 2021, the Company entered into a finders' fee agreement with RSG whereby RSG had previously located and introduced the Company to the Ceovishte Project. On January 26, 2022, the Company amended the agreement as follows:

The finder's fee obligated the Company to make a \$50,000 CAD cash payment within 30 days of the closing of the Company's first equity financing after February 1, 2022. On or before the second anniversary, issue 500,000 common shares of Terra and grant a 0.5% NSR within 30 days from which the Ministry of Mines and Energy of the Republic of Serbia grants the licenses.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
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For the year ended December 31, 2020

7. Mineral property interests (continued)

Drina Licenses

On August 5, 2019, Drina received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Čumavići" and "Olovina". The deadline for completion of the research is May 8, 2022 at the site "Čumavići" and October 2, 2023, at the site "Olovine".

Drina paid 7,758 BAM, for the site "Čumavići" (paid in fiscal 2019) and 8,941 BAM for the site "Olovine" (paid in fiscal 2019).

On March 26, 2021, the Company received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Caus" for 11,368 BAM. The deadline for completion of the research is March 26, 2024.

Changes in the project carrying amounts for the year ended December 31, 2020 are summarized as follows:

	Ceoviste Project \$	Kaludra Project \$	Drina Projects \$	Total \$
Balance, December 31, 2019	-	-	-	-
Balance, January 1, 2020	-	-	-	-
Acquisition	-	-	-	-
Administration	-	-	2,083,656	2,083,656
Equipment rentals	-	-	2,231,727	2,231,727
Drilling	-	-	2,539,913	2,539,913
Geologist and consulting	-	-	1,261,784	1,261,784
Acquisition of Drina (Note 14)	-	-	18,740,767	18,740,767
Balance, December 31, 2020	-	-	26,857,847	26,857,847

8. Advances payable

Total advances payable of 36,269,125 (\$485,676 Canadian dollars) comprise funds advanced from Grand Rock Capital, Gestion Carl Desjardins, and Terra to finance operations during the year ended December 31, 2020. All advances are non-interest bearing and are due on close of the acquisition of the Company by Terra (Note 14).

Subsequent to the year ended December 31, 2020, the Company entered into a Share Exchange Agreement ("SEA") with Terra. Terra agreed to purchase all the shares in the capital of the Company by issuing 24,525,000 common shares of Terra representing approximately 46.95% of Terra total issued and outstanding shares on March 19, 2021. The transaction constitutes a reverse takeover ("RTO") of Terra by the company. The transaction constitutes an RTO of the Company and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As Terra did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares of the Company to acquire the net assets of Terra, with the Company as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

All advances payable were classified to intercompany payables and eliminated upon consolidation. Subsequent to December 31, 2020, the Company received an additional \$254,324 Canadian dollars from Terra. Total advances from Terra to the Company amount to \$740,000 Canadian dollars as at the acquisition date March 19, 2021.

9. Share Capital

Transactions for the issue of share capital during the during the period ended December 31, 2019 included 200 incorporation shares.

No transactions for the issue of share capital during the during the year ended December 31, 2020.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
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For the year ended December 31, 2020

10. Related party payables and transactions

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of its Executive Officers and Directors. Other related parties to the Company include companies in which key management have control or significant influence. Key management personnel receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company.

No related party transactions in fiscal 2020 and fiscal 2019. Rockstone Group D.O.O. is wholly held by Aleksandar Ilić, who was the project vendor pursuant to the option agreements on mineral property interests. Mr Ilić is a current director of the Company as well as a promoter of Terra.

11. Income taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial income tax rate to loss before income taxes as follows:

	December 31 2020	December 31 2019
Loss for the year before income taxes	(11,782,896)	-
Statutory Canadian corporate tax rate	15.00%	15.00%
Anticipated income tax recovery	(1,767,000)	-
Change in tax resulting from:		
Other	3,000	-
Impact of asset acquisition	(331,000)	-
Change in unrecognized deductible temporary difference	2,095,000	-
Net deferred income tax recovery	-	-

The significant components of the Company's net deferred income tax liability are as follows:

	December 31, 2020	December 31, 2019
Mineral property interests	(8,117,000)	-
Lease	(370,000)	-
Non-capital loss carry forwards	23,557,000	-

As at December 31, 2020, the Company has non-capital loss carry forwards of approximately 23,557,000 (December 31, 2019 – nil) which expire five years from initial recognition.

Tax attributes are subject to review, and potential adjustment by tax authorities.

12. Supplemental cash flow information

The Company incurred no non-cash financing activities during the years ended December 31, 2020.

The Company incurred non-cash investing activities during the years ended December 31, 2020 as follows:

	December 31, 2020
	\$
Right-of-use asset	5,076,405
Exploration expenditures included in accounts payable	790,938

The Company did not incur non-cash financing and investing activities during the periods ended December 31, 2019.

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
(Expressed in Serbian Dinar)

For the year ended December 31, 2020

13. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. As at December 31, 2020, the Company's capital structure is comprised of shareholders' deficiency of 10,254,095 RSD.

The Company currently has no source of revenues. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to sell or option its mineral properties and its ability to borrow or raise additional financing from equity markets.

Financial instruments - fair value

The Company's financial instruments consist of cash, receivables, accounts payable and accruals, and advances payable.

The carrying value of receivables, accounts payable and accruals, and advances payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Cash	1,450,130	-	-	1,450,130
	1,450,130	-	-	1,450,130

	Level 1	Level 2	Level 3	Total
December 31, 2019				
Cash	200	-	-	200
	200	-	-	200

Tera Balkanikda Doo Beograd
Notes to the Consolidated Financial Statements
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For the year ended December 31, 2020

13. Financial risk management (continued)

Financial instruments – risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company has minimal receivables exposure as its refundable credits are due from the Serbian government.

b) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources (Note 1).

14. Purchase price allocation

On September 14, 2020, the Company acquired, through purchase of common shares, 90% interest in Drina for a cash payment of \$138,938 USD. The shareholders' structure of Drina comprises three shareholders. Drina is a corporation existing under the laws of Bosnia and is a mineral exploration company which holds certain mineral property interests in Bosnia.

This acquisition has been accounted for as an asset acquisition as Drina does not meet the definition of a business under IFRS 3, Business Combinations.

	September 14, 2020
Net assets (liabilities) of Drina acquired:	\$
Cash	246,319
Mineral interests	18,740,767
Accounts payable	(2,188,068)
Advances	(1,513,010)
Non-controlling interest	(1,528,601)
Net assets acquired	13,757,407
Consideration paid in acquisition of Drina:	\$
Cash (\$138,938 USD equivalent)	13,757,407
Total consideration paid	13,757,407

SCHEDULE “F”

**MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY
FOR THE YEAR ENDED JANUARY 31, 2022**

Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.)
Management Discussion and Analysis
For the thirteen months ended January 31, 2022 and
period ended December 31, 2020

The following discussion and analysis of the results of operations and financial condition of Terra Balcanica Resources Corp. (formerly 1250598 B.C. Ltd.) (the “Company”) for the thirteen month period ended January 31, 2022 and the period ended December 31, 2020 and should be read in conjunction with the Company audited financial statements and related notes for the period ended December 31, 2020. The Company financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Management is responsible for the preparation and integrity of the financial statements including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and this Management Discussion and Analysis document (“MD&A”) is complete and accurate.

The Company financial statements, MD&A and all other continuous disclosure documents are filed with Canadian securities regulators and are available for review under the Company profile at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by The Company’s use of certain terminology, including “will”, “believes”, “may”, “expects”, “should”, “seeks”, “anticipates” or “intends” or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause The Company’s actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements.

Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of The Company’s business model; future operations, products and services; the impact of regulatory initiatives on The Company’s operations; the size of and opportunities related to the market for The Company’s products; general industry and macroeconomic growth rates; expectations related to possible joint or strategic ventures; and statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of The Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this MD&A are not a prediction of future events or circumstances and those future events or circumstances may not occur. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements. The Company disclosure of a technical or scientific nature has been reviewed and approved by Aleksandar Miskovic, PhD, P. Geo, a Qualified Person (“QP”) under the definition of National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

DESCRIPTION OF BUSINESS

The Company was incorporated on May 19, 2020 under the laws of British Columbia. The registered office is located at 910 - 800 West Pender Street, Vancouver, BC V6C 2V6, and its principal business address is Suite 250 – 200 Burrard Street, Vancouver, BC, Canada, V6C 3L6.

On January 25, 2021, the Company entered into a Share Exchange Agreement (“SEA”) with Tera. The Company agreed to purchase all the shares in the capital of Tera (“TB Shares”) by issuing 24,525,000 common shares of the Company representing approximately 46.95% of the Company total issued and outstanding shares on March 19, 2021.

In connection to the agreement the Company acquired two subsidiaries – Tera Balkanika d.o.o., in which it holds 100% interest, and Drina Resources d.o.o in which it holds a 90% interest. Tera Balkanika d.o.o. is located at 87 Generala Mihajla Nedeljkovica Street, 11077 Belgrade, Serbia. Drina Resources d.o.o. is located at Marsala Tita bb, 75430 Srebrenica, Republic of Srpska, Bosnia and Herzegovina.

The Company is a natural resource corporation principally engaged in the exploration and development of the Viogor-Zanik Project located in eastern Bosnia and Herzegovina. It also seeks to identify, investigate, evaluate and acquire other mineral property opportunities located in the Balkan region of Eastern Europe, and currently has one mineral property under option in Serbia, being the Kaludra Project, as well as an application for a mineral exploration license from the Ministry of Mines and Energy of the Republic of Serbia regarding applied geological research of lead, zinc, silver, copper, gold and any accompanying metals by Terra on March 2nd, 2020 for the location named Ceovishte in SW Serbia, which has not been granted and for which remains subject to appropriate regulatory approval. It is the intention of the Company to build a portfolio of properties in the Balkan region.

MINERAL PROPERTY INTEREST

Terra Balcanica Resources Corp., through its Bosnian and Serbian subsidiaries, has been granted three separate exploration licenses in both Bosnia and Herzegovina and Serbia.

Viogor-Zanik, Bosnia and Herzegovina

The Viogor-Zanik Project comprises 3 mineral exploration licences (Čauš, Čumavići, Olovine) totalling 367 km². The project overlaps the Srebrenica Magmatic Complex as the northwesternmost extension of the Serbo-Macedonian Metallogenic Province of SE Europe. The Srebrenica district is hosted by Oligo-Miocene, intermediate to mafic subvolcanic rocks emplaced into Paleozoic slates and covered by Neogene felsic pyroclastics. The district hosts two types of mineralization, including greisen mineralization related to quartz-tourmaline-muscovite facies, and Pb-Zn-Ag bearing hydrothermal veins with variable additional concentrations of Sn and Sb. The Srebrenica district shares many mineralogical similarities to those of the Andean Ag-Sn belt, the Lavrion deposit in Greece, and the Baia Mare Metallogenic District of East Carpathians, in Romania.

Terra Balcanica has completed detailed surface geology work at Viogor-Zanik including geophysical analysis, geochemical analysis, surface mapping, and structural analysis and has identified a number of drill-ready targets.

Kaludra, Serbia

The Kaludra mineral exploration licence in Serbia totals 50 km². The license is situated in the Rashka District which is a northerly extension of the world class Trepča Pb-Zn-Ag skarn deposit of northern Kosovo, as well as the Rudnica Cu-Au porphyry district. Kaludra features key targets of polymetallic, vein hosted Pb-Zn-Ag sulfide mineralization.

Ceovishte, Serbia

The Ceovishte mineral license in Serbia totals 100 km². The mineral license claims straddle the northern edge of the Kopaonik metallogenic zone, a 10 x 20 km area of the Serbo-Macedonian Metallogenic Province that features many Pb and Zn deposits, as well as Cu-Au porphyries and satellite epithermal deposits hosted by Tertiary andesitic to dacitic volcanics and granodiorites. Historical exploration is minimal, and no exploration drilling has been completed in the modern era.

OVERALL PERFORMANCE AND RISK FACTORS

The Company does not own interests in any producing mines. At present, management is concentrating most of its efforts on advancing its subsequent acquisition in Terra. See "Property Transactions and Exploration" for additional information.

SELECTED ANNUAL INFORMATION

	Thirteen months ended January 31, 2022	December 31, 2020
Revenues	Nil	Nil
Net (Loss)	(\$2,904,497)	(\$156,064)
Net (Loss) per Share - Basic and Diluted	(\$0.06)	(\$780)
Total Assets	\$3,130,147	\$463,981
Total Long-term Financial Liabilities	Nil	\$25,517
Cash Dividends Declared per Share	Nil	Nil

Total assets increased from December 31, 2020 to January 31, 2022 by approximately \$2,666,166, mainly due to proceeds received from equity financings, which have been advanced to Terra and spent on property acquisition and exploration.

SUMMARY FINANCIAL INFORMATION

The following table shows the results for the last quarter compared to those from the previous seven quarters

Period Ending	Revenues	Loss	Loss per Share
January 31, 2022	Nil	\$2,904,497	\$0.06
October 31, 2021	Nil	Nil	Nil
July 31, 2021	Nil	Nil	Nil
April 30, 2021	Nil	Nil	Nil
January 31, 2021	Nil	Nil	Nil
October 31, 2020	Nil	Nil	Nil
July 31, 2020	Nil	Nil	Nil
April 30, 2020	Nil	Nil	Nil

RESULTS OF OPERATIONS

The loss from operating expenses for the thirteen months and period ended January 31, 2022 compared to the 12 months and period ended December 31, 2020 increased by approximately \$2,777,326. The activity for the period ended January 31, 2022 was caused, for the most part, by an increase in all expense accounts, primarily costs related to the Reverse Takeover transaction of approximately 1,290,446, consulting fees of approximately \$170,818, an increase in professional fees by approximately \$313,311, an increase in wages and salaries by \$280,979 which were directly attributed with the Company's preparation of acquisition as well as engaging in a prospectus application in addition to the acquisition of Tera and their administrative staff which is facilitating exploration activities on the mineral interests.

On January 25, 2021, the Company entered into a Share Exchange Agreement ("SEA") with Tera. The Company agreed to purchase all the shares in the capital of Tera ("TB Shares") by issuing 24,525,000 common shares of the Company representing approximately 46.95% of the Company total issued and outstanding shares on March 19, 2021.

The Transaction constitutes an RTO of the Company and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares by the Company for the net assets Tera Balkanika, with the Company as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the Transaction as it does not constitute a business.

	March 19, 2021
Net assets (liabilities) of Tera acquired:	\$
Cash	429,925
Accounts receivable	10,000
Advances	1,065,000
Accounts payable	(19,399)
Net assets acquired	1,485,526
Consideration paid for reverse acquisition of the Company:	\$
Common shares issued (27,759,721 fair value price per share \$0.10)	2,775,972
Total consideration paid	2,775,972
Transaction cost	1,290,446

LIQUIDITY AND CAPITAL RESOURCES**(a) Working Capital**

The Company has working capital in the amount of \$1,627,192 as at January 31, 2022.

In multiple tranches on April 22, 2021, June 24, 2021, August 30, 2021 and October 18, 2021, the Company completed a non-brokered private placement of 7,710,000 common shares at \$0.10 per common share for gross aggregate proceeds of \$771,000. The Company paid cash finders' fees of \$1,600.

6,742,500 Special Warrants were issued on December 23, 2021, 4,625,000 Special Warrants of the Company issued on January 26, 2022 for a total of 11,467,500 Special Warrants of at a price of \$0.20 per Special Warrant for gross proceeds of \$2,293,510. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. The Company paid \$78,820 in finders fees and issued 394,100 finders' warrants, exercisable at \$0.20 convertible into one common share of the Company for two years from the date of issuance.

The Company measured the fair value of the finders' warrants using the Black-Scholes option pricing model with the following weighted average assumptions: expected life of warrants – two years, stock price volatility – 120%, no dividend yield, and a risk-free interest rate yield – 2%.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include key management personnel and Directors and companies in which they have control or significant influence over the financial or operating policies. There were no loans to management personnel or Directors, or entities over which they have control or significant influence for the period ended December 31, 2020, and Directors receive no salaries, non-cash benefits, or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice. Key management personnel and Directors can participate in the Company's stock option plan. During the period that ended December 31, 2020 and the period that ended January 31, 2022 no stock options were granted to Officers or Directors.

As at January 31, 2022, upon acquisition of Tera, Rockstone Group D.O.O. is wholly held by Aleksandar Ilić, who was the project vendor pursuant to the option agreements on mineral property interests. Mr. Ilić is a current director of the Company. Mr. Ilić was paid \$50,000 on March 4, 2021 for the option of the Kaludra License. Mr. Ilić is also due another \$50,000 as a finder's fee for the Ceoviste License within 30 days of the closing of the Company's first equity financing after February 1, 2022. The Company also paid or accrued \$35,000 in wages and salaries of which \$22,913 is currently in accounts payable as at January 31, 2022.

During the period ended January 31, 2022, the Company paid or accrued \$35,000 in management and consulting fees to Brandon Bonifacio, a Director of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$35,000 in professional fees to Grand Rock Capital Corp., a company controlled by Kim Oishi, a Director of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$108,512 in consulting fees to Geotarget Solutions Inc., a company controlled by Alex Miskovic, the CEO and Director of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$50,450 in consulting fees to Catherine Cox, the Corporate Secretary of the Company.

During the period ended January 31, 2022, the Company paid or accrued \$42,260 in consulting fees to Donaldson Brohman Martin CPA Corp., a Company controlled by Stephen Brohman, the Chief Financial Officer of the Company, included in prepaids as at January 31, 2022.

RISKS AND UNCERTAINTIES

In conducting its business, the Company faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land title, exploration and development, government and environmental regulations, permits and licenses, competition, fluctuating metal prices, the requirement and ability to raise additional capital through future financings and price volatility of publicly traded securities. See "Risk Factors" in the Prospectus (as defined below).

Risks to Operations in the Bosnia and Herzegovina

The Company's exploration activities on the Viogor-Zanik Project may be affected by political instability, social unrest and government regulations relating to foreign investment, corporate activity, and the mining business in the Bosnia and Herzegovina. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation. The License granted by the Government of the Bosnia and Herzegovina enables the Company to conduct exploration and development activities. Notwithstanding this arrangement, the Company's ability to conduct exploration and development activities or to later expand its operations will be subject to obtaining and/or renewing licenses, permits or concessions, changes in laws or government regulations or shifts in political attitudes beyond its control.

The laws and regulations on mining in Bosnia and Herzegovina have experienced continued growth and development since the nation's recovery from the Bosnian War and surrounding conflict during the 1990s. As a result of the continual changes to the law, some areas of the mining laws and regulations are unclear. This lack of certainty in the laws and regulations may impact the Company's ability to ensure compliance with the same.

Political Instability

The Bosnia and Herzegovina has experienced political difficulties in past years, including a civil war in the 1990s, with portions of the region still subject to hidden landmines including the area consisting of the Viogor-Zanik Project. Although the Company has retained demining consultants, there is no guarantee that the presence of landmines or other dangers resulting from the past civil war would not impede access, progress, or safety of operations.

The Company may consider carrying political risk insurance to cover its activities on the Viogor-Zanik Project. There can be no assurance that, if the Company chose to obtain it, political risk insurance would be available to it, or that particular losses the Company may suffer with respect to its foreign investments will be covered by any insurance that it may obtain in the future. Any such losses could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Governmental Regulations

The activities of the Company in connection with the Drina Licenses will be subject to Bosnia and Herzegovina approvals, various laws governing development, land resumptions, production taxes, labour standards and occupational health, mine safety, toxic substances, and other matters. Although the Issuer believes that activities on the Viogor-Zanik Project are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or production. Amendments to current laws and regulations governing operations and activities of mining, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the Drina Licenses and any future licenses and permits may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses and permits. In the event of revocation, the value of the Company's investments in the Viogor-Zanik Project will decline. If the Reporting Issuer does not comply with the laws and regulations of the Bosnia and Herzegovina, the Government could conduct a review into the activities of the Reporting Issuer and may issue decrees to revoke land use rights of the Company.

Regulatory Requirements in the Bosnia and Herzegovina

The proposed or future activities of the Company will require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land and water use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for the facilities and conduct of development operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on the Viogor-Zanik Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in development and production operations may be required to compensate those suffering loss or damage by reason of the development and production activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures and development costs or require abandonment or delays in the development of the Viogor-Zanik Project.

The Company may encounter regulatory and/or permitting delays. The Company will utilize its best efforts to ensure timely application for any government permits necessary for carrying out its operations in the Bosnia and Herzegovina. However, its past ability to obtain all necessary permits in a timely fashion is not a guarantee of future results as events like bureaucracy

and minor changes in legislation that are beyond the Company's control could substantially impede the timing of receiving essential permits and delay or stall the Company's exploration efforts.

Environmental Risks

The Company's exploration and development activities on the Viogor-Zanik Project will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

If the environmental laws and regulations relating to the Company's activities were to change, or the enforcement of such laws and regulations were to become more rigorous, the Company could be required to incur significant expenditures to comply, which could have a material adverse effect on its future cash, flows, earnings, results of operations and financial condition, its ability to develop projects further, and increase its reserves and resources.

The Company may also be required to establish a decommissioning and reclamation plan for the Viogor-Zanik Project. Provision made for the cost of decommissioning and reclamation can be significant and are subject to change. It cannot be predicted what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Canadian Regulatory Requirements

The Company will also be subject to Canadian regulations while operating in the Bosnia and Herzegovina, specifically the Corruption of Foreign Public Officials Act (the "Anti-Corruption Legislation"). The Anti-Corruption Legislation will prohibit the Company or any officer, director, employee or agent of the Company or any shareholder of the Company acting on its behalf from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The Anti-Corruption Legislation also requires Canadian public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls.

The Company's operations in the Bosnia and Herzegovina may create the risk of unauthorized payments or offers of payments by the Company's employees, consultants or agents. Any failure by the Company and its subsidiaries to adopt appropriate compliance procedures and ensure that its employees and agents comply with the Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on the Reporting Issuer's ability to conduct business in certain foreign jurisdictions, which may have a material adverse impact on the Reporting Issuer and its share price.

License for the Viogor-Zanik Project

The Company owns the Drina Licenses for the Viogor-Zanik Project through its subsidiary corporation, Drina Resources. The Company's right to maintain and exercise the Drina Licenses will require payments to the government pursuant to the terms of the Drina Licenses. There is no assurance that such rights provided for by the Drina Licenses will not be revoked or significantly altered to the detriment of the Company. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including local governments. Though the Company may not be aware of any uncertainties in the Drina Licenses, there is no assurance that such uncertainties will not arise and result in future losses or additional expenditures, which could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Substantial Capital Requirements and Liquidity

The Company will have limited financial resources and no revenues. If the Company's exploration and development of the Viogor-Zanik Project is successful, substantial additional funds will be required for the purposes of further development and future operations. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities on acceptable terms or at all. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope and/or amend the timing of its development plans and/or operations.

No Mineral Resources or Reserves

The Viogor-Zanik Project is considered to be in the early exploration and development stage. As of the date of this Prospectus, no 43-101 compliant mineral resources have been defined at the Viogor-Zanik Project. There is no certainty that further exploration and development will result in the definition of indicated, or measured resources, or probable or proven reserves, at the Viogor-Zanik Project, the Kaludra Project, or any mineral exploration project that the Company pursues, or that if any mineral resources or reserves are defined at such projects that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized.

Development and Operating Risks

The development of minerals involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. There can be no guarantee that the estimates of quantities and qualities of minerals which may be disclosed will be economically recoverable. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral development and production are speculative in nature.

The Company's operations will be subject to all of the hazards and risks normally encountered in the development and production of mineral properties. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.

Reliance on Management and Dependence on Key Personnel

The success of the Company is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers, or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

The Company may also experience difficulty acquiring visas for foreign workers and key personnel which could have a material adverse effect on the Company and its operations.

Health and Safety Risks

The Company must comply with the health and safety laws, regulations, guidelines and permitting requirements in the Bosnia and Herzegovina. These laws are in place to protect the health and safety of employees while working at the Viogor-Zanik Project. The possibility of more stringent laws or more rigorous enforcement of existing laws could have a material adverse effect on the Company's exploration activities and the viability of the Viogor-Zanik Project.

Limited Operating History

The Company will be a relatively new company with limited operating history and no history of business or mining operations, revenue generation or production history. The Company has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objectives.

Fluctuating Mineral Prices

The economics of mineral development are affected by many factors beyond the Company's control including, commodity prices, the cost of operations, and fluctuations in the market price of minerals. Depending on the price of minerals, it may be determined that it is uneconomic to continue the Company's activities on the Viogor-Zanik Project.

Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any metals which may be identified on the Viogor-Zanik Project.

Currency Fluctuations

Currency fluctuations may materially affect the financial position and results of the Company. The Company's earnings and cash flow may also be affected by fluctuations in the exchange rate between the Canadian dollar and other currencies, such as the Bosnian mark, the Serbian dinar, and the Euro. The Company will not engage in currency hedging to offset any risk

of currency fluctuations.

Supply Chain Interruptions

Due to limited suppliers of equipment, materials, supplies and services available in the Bosnia and Herzegovina and in Serbia, any disruption at supplier facilities could result in curtailment or suspension of activities. Any disruption in the transportation of or restriction in the flow of these goods or the imposition of customs clearance requirements may result in production delays.

The Company is also exposed to price volatility in respect of key inputs, such as fuel. Increases in global fuel prices can materially increase operating costs, erode operating margins and project investment returns, and potentially reduce viable reserves. Conversely, a significant and sustained decline in world oil prices may offset other costs and improve returns.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Risks of Foreign Operations

The Company operates in countries with varied political and economic environments. Any changes in regulations or shifts in the political environment are beyond the control of the Company and may adversely affect its operations. Within Canada, the Company's activities may be adversely affected by laws and policies of Canada affecting foreign trade, taxation and investment. Beyond Canada's borders, the Company's foreign operations are subject to certain risks including extreme fluctuations in currency, political and economic instability, risks of war or civil unrest, labour unrest, expropriation and nationalization, acts of terrorism, illegal mining and mineral exploration, government regulations that favour or require the country's domestic contractors, suppliers or resources, opposition from environmental or other non-governmental organizations and renegotiation or nullification of existing concessions, licenses, permits and contracts, all of which may affect the Company and its operations in varying degrees.

The Drina Licenses pertain to the Viogor-Zanik Project which is located in the Bosnia and Herzegovina. The Company's activities may be adversely affected by laws and policies of Canada affecting foreign trade, taxation, and investment. In the event of a dispute arising in connection with the Company's operations in the Bosnia and Herzegovina, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's development activities on the Viogor-Zanik Project could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on the Company.

The Company has a license application with respect to an additional exploration project in Serbia pending before the Ministry of Mines and Energy of the Republic of Serbia and may in the future acquire resource properties and operations outside of the Bosnia and Herzegovina as part of its strategy to develop a portfolio of properties in the Balkan region. Such expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

Conflicts of Interest

Certain of the proposed directors and officers of the Company engage in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest.

Uninsurable Risks

Development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company Shares. The Company does not intend to maintain insurance against environmental risks.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

Dividends

To date, the Company has not generated any earnings and or paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Company will be made by its board of directors on the basis of the Company's earnings, financial requirements and other conditions. If the Company generates earnings in the foreseeable future, it expects that they would be retained to finance growth.

Risks associated with COVID-19

The current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions which may adversely impact the Company's business and results of operations and the operations of contractors and service providers. The outbreak has spread throughout the world, including where the Company conducts its principal business operations. The Company's plans to advance the exploration and evaluation of its mineral properties are dependent upon its ability to complete the work required in connection with these activities through its employees and contractors. Due to government efforts to curtail the COVID-19 outbreak, personnel may be delayed in completing the work that it is pursuing in connection with these activities due to quarantine, self-isolation, social distancing, restrictions on travel, restrictions on meetings and work from home requirements. The extent to which the COVID-19 pandemic impacts its operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. Moreover, the spread of the coronavirus globally is expected to have a material adverse effect on global and regional economies and to continue to negatively impact stock markets, including the trading price of the Company's Common Shares. These adverse effects on the economy, the stock market and the Company's common share price could adversely impact the Company's ability to raise capital, with the result that its ability to explore its mineral properties could be adversely impacted, both through delays and through increased costs. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations and could delay its plans for exploration and evaluation of our mineral properties.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments - fair value

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, and advances payable.

The carrying value of receivables, accounts payable and accrued liabilities, and advances payable approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
January 31, 2022				
Cash	1,652,607	-	-	1,652,607
	1,652,607	-	-	1,652,607

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Cash	19,207	-	-	19,207
	19,207	-	-	19,207

Financial instruments – risk

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, and liquidity risk.

(a) Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company has minimal receivables exposure as its refundable credits are due from the Serbian government.

(b) Interest rate risk

The Company is not exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations due to the short term to maturity.

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources.

CRITICAL ACCOUNTING ESTIMATES

The Company's significant and future accounting policies are detailed in Note 2 to the audited financial statements for the period from December 30, 2020 to January 31, 2022.

INVESTOR RELATIONS

All investor relations functions are performed by The Company management and employees.

PROPERTY TRANSACTIONS AND EXPLORATION

The Company is focused on growth through the acquisition and systematic advancement of established mineral exploration projects. The Company is a natural resource corporation principally engaged in the exploration and development of the Viogor-Zanik Project located in eastern Bosnia and Herzegovina. It also seeks to identify, investigate, evaluate and acquire other mineral property opportunities located in the Balkan region of Eastern Europe, and currently has one mineral property under option in Serbia, being the Kaludra Project, as well as an application for a mineral exploration license from the Ministry of Mines and Energy of the Republic of Serbia regarding applied geological research of lead, zinc, silver, copper, gold and any accompanying metals by Tera on March 2nd, 2020 for the location named Ceovishte in SW Serbia, which has not been granted and for which remains subject to appropriate regulatory approval. It is the intention of the Company to build a portfolio of properties in the Balkan region.

TECHNICAL REVIEW

Technical information disclosed in this MD&A has been approved by the Aleksandar Miskovic, PhD., a "Qualified Person" as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

SHARE CAPITAL INFORMATION

The authorized share capital of The Company consists of the following classes of shares:

- (a) an unlimited number of common shares and preferred shares without par value.

As of June 1, 2022, the Company issued share capital consisted of 72,612,223 common shares.

Stock Options

As of June 1, 2022, The Company had no stock options outstanding.

Warrants

As of June 1, 2022, The Company had 900,000 special share purchase warrants outstanding and 413,350 brokers' warrants outstanding.

The Special Warrants were issued pursuant to the terms of the Special Warrant Certificates representing the Special Warrants. The Special Warrant Certificates provide, among other things, that holders of Special Warrants are entitled to receive in respect of each Special Warrant held, without additional consideration and without any further action on the part of the holder thereof, one Common Share. The Special Warrants will be deemed exercised for Common Shares on the date that is the third Business Day following the date on which Final Receipt for the Prospectus has been issued, which shall be the Special Warrant Exercise Date.

SUBSEQUENT EVENTS

On April 24, 2022, the 6,742,500 Special Warrants issued on December 23, 2021 were converted into 6,742,500 common shares.

On May 27, 2022, the 4,625,000 Special Warrants issued on January 26, 2022 were converted into 4,625,000 common shares.

On February 7, 2022 for a total of 900,000 Special Warrants of at a price of \$0.20 per Special Warrant for gross proceeds of \$180,000 were issued. Each Special Warrant will be deemed exercised for one Common Share upon satisfaction of the conditions contained in the Special Warrant Certificate. The Company paid \$3,850 in finders fees and issued 19,250 finders' warrants, exercisable at \$0.20 convertible into one common share of the Company for two years from the date of issuance.

CORPORATE INFORMATION

Aleksandar Miskovic, Montreal, QC
Giulio Bonifacio, Vancouver, BC
Brandon Bonifacio, Vancouver, BC
Kim Oishi, Vancouver, BC
Catherine Cox, Vancouver, BC
Stephen Brohman, Port Moody, BC

Chief Executive Officer and Director
Chairman and Director
Director
Director
Corporate Secretary
Chief Financial Officer

Auditors

Kreston GTA LLP
8953 Woodbine Avenue
Markham, Ontario L3R 0J9

SCHEDULE "G"
AUDIT COMMITTEE CHARTER

TERRA BALCANICA RESOURCES CORP.
(the “Corporation” or the “Company”)

AUDIT COMMITTEE CHARTER

1. Purpose

The Audit Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Corporation with the responsibility under the governing legislation of the Company to review the financial statements, accounting policies and reporting procedures of the Company.

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental body or the public, the systems of internal controls of the Company regarding finance, accounting and legal compliance that management and the Board have established, and the auditing, accounting and financial reporting processes of the Company generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the policies, procedures and practices at all levels of the Company.

The primary duties and responsibilities of the Committee are to:

- Serve as an independent and objective party to monitor the financial reporting process and the system of internal controls of the Company.
- Monitor the independence and performance of the auditor of the Company (the “Auditor”) and the accounting and financial reporting function of the Company.
- Provide an open avenue of communication among the Auditor, financial and senior management and the Board of Directors.

The Committee will primarily fulfill these responsibilities by carrying out the activities set out in Section 4 of this Charter.

2. Composition

- The Committee shall be comprised of two or more directors as determined by the Board of Directors. The composition of the Committee shall adhere to all applicable corporate and securities laws and all requirements of the stock exchanges on which shares of the Company are listed. In particular, the composition of the Committee shall be in accordance with Multilateral Instrument 52-110 – Audit Committees, and the required qualifications and experience of the members of the Committee, subject to any exemptions or other relief that may be granted from time to time.
- All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall be a "financial expert" in accordance with applicable laws and all requirements of the stock exchanges on which shares of the Company are listed.
- Members of the Committee shall be elected by the Board at the meeting of the Board held immediately after the annual meeting of shareholders or such other times as shall be determined by the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified.
- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.

- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

3. Meetings

- The Committee may appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Committee or a director and can be changed by written notice from the Chairman.
- No business may be transacted by the Committee except at a meeting at which a quorum of the Committee is present or by a consent resolution in writing signed by all members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.
- The Committee will meet as many times as is necessary to carry out its responsibilities, but in no event will the Committee meet less than four times a year. The Committee shall meet at least once annually with the Auditor. As part of its duty to foster open communication, the Committee should meet at least annually with management and the Auditor in separate executive sessions to discuss any matters that the Committee or each of these parties believe should be discussed privately. In addition, the Committee shall meet with the Auditor and management at least quarterly to review the financial statements of the Company.
- The time at which, and the place where, the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Chairman, unless otherwise provided for in the Articles of the Company or otherwise determined by resolution of the Board of Directors.
- The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of the Company, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities. They should also be requested or required to attend meetings of the Committee and make presentations to the Committee as appropriate.
- Subject to the provisions of the governing legislation of the Company and applicable regulations the Chairman of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chairman shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

4. Responsibilities and Duties

To fulfill its responsibilities and duties the Committee shall:

Documents/Reports Review

- Review and recommend for approval to the Board of Directors of the Company any revisions or updates to this Charter. This review should be done periodically, but at least annually, as conditions dictate.
- Review the interim unaudited quarterly financial statements and the annual audited financial statements, and the related press releases of the Company and report on them to the Board of Directors.
- Satisfy itself, on behalf of the Board of Directors, that the unaudited quarterly financial statements and annual audited financial statements of the Company are fairly presented both in accordance with

generally accepted accounting principles and otherwise, and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.

- Satisfy itself, on behalf of the Board of Directors, that the information contained in the quarterly financial statements of the Company, annual report to shareholders and similar documentation required pursuant to the laws of Canada does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading, in light of the circumstances under which it was made.
- Review any reports or other financial information of the Company submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the Auditor.
- Review, and if deemed advisable, approve all related party transactions as defined in the governing legislation of the Company.
- Have the right, for the purpose of performing their duties: (i) to inspect all the books and records of the Company and its subsidiaries; (ii) to discuss such accounts and records and any matters relating to the financial position of the Company with the officers and auditors of the Company and its subsidiaries and the Auditor; (iii) to commission reports or supplemental information relating to the financial information; (iv) to require the Auditor to attend any or every meeting of the Committee; and (v) to engage such independent counsel and other advisors as are necessary in the determination of the Committee.
- Permit the Board of Directors to refer to the Committee such matters and questions relating to the financial position of the Company and its affiliates or the reporting related to it as the Board of Directors may from time to time see fit.

Independent Auditor

- Be directly and solely responsible for the appointment, compensation, and oversight of the work of the Auditor upon shareholder approval of the appointment, with such Auditor being ultimately accountable to the shareholders, the Board and the Committee.
- Act as the Auditor's channel of direct communication to the Company. In this regard, the Committee shall, among other things, receive all reports from the Auditor, including timely reports of:
 1. all critical accounting policies and practices to be used;
 2. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditor; and
 3. other material written communications between the Auditor and the management of the Company, including, but not limited to, any management letter or schedule of unadjusted differences.
- Satisfy itself, on behalf of the Board of Directors that the Auditor is "independent" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and the Company, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Auditor.
- Be responsible for pre-approving all audit and non-audit services provided by the Auditor; provided,

however, that the Committee shall have the authority to delegate such responsibility to one or more of its members to the extent permitted under applicable law and stock exchange rules.

- Review the performance of the Auditor and make recommendations to the Board of Directors as to whether or not to continue to engage the Auditor.
- Determine and review the remuneration of the Auditor and any independent advisors (including independent counsel) to the Committee.
- Satisfy itself, on behalf of the Board of Directors, that the internal audit function has been effectively carried out and that any matter which the Auditor wishes to bring to the attention of the Board of Directors has been addressed and that there are no "unresolved differences" with the Auditor.

Financial Reporting Process and Risk Management

- Review the audit plan of the Auditor for the current year and review advice from the Auditor relating to management and internal controls and the responses of the Company to the suggestions made put forth.
- Monitor the internal accounting controls, informational gathering systems and management reporting on internal controls of the Company.
- Review with management and the Auditor the relevance and appropriateness of the accounting policies of the Company and review and approve all significant changes to such policies.
- Satisfy itself, on behalf of the Board of Directors, that the Company has implemented appropriate systems of internal control over financial reporting and the safeguarding of the assets of the Company and other "risk management" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the assets of the Company, management, financial and business operations and the health and safety of employees and that these systems are operating effectively.
- Review and approve the investment and treasury policies of the Company and monitor compliance with such policies.
- Establish procedures for the receipt and treatment of (i) complaints received by the Company regarding accounting, controls, or auditing matters and (ii) confidential, anonymous submissions by employees of the Company as to concerns regarding questionable accounting or auditing.

Legal and Regulatory Compliance

- Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by the Company and remitted to the appropriate authorities.
- Without limiting its rights to engage counsel generally, review, with the principal legal external counsel of the Company, any legal matter that could have a significant impact on the financial statements of the Company.
- Satisfy itself, on behalf of the Board of Directors, that all regulatory compliance issues have been identified and addressed.

Budgets

- Assist the Board of Directors in the review and approval of operational, capital and other budgets proposed by management.

General

- Perform any other activities consistent with this Charter, the By-laws and governing law, as the

Committee or the Board of Directors deem necessary or appropriate.

As adopted by the Board of Directors on January 18, 2022

CERTIFICATE OF THE COMPANY

Dated: June 1, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Yukon, Ontario and Quebec.

(Signed) "Aleksandar Mišković"
Aleksandar Mišković
Chief Executive Officer

(Signed) "Stephen Brohman"
Stephen Brohman
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) "Brandon Bonifacio"
Brandon Bonifacio
Director

(Signed) "Giulio Bonifacio"
Giulio Bonifacio
Director

CERTIFICATE OF THE PROMOTERS

Dated: June 1, 2022

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of British Columbia, Alberta, Yukon, Ontario and Quebec.

(Signed) "*Kim Oishi*"

Kim Oishi

(Signed) "*Carl Desjardins*"

Carl Desjardins

(Signed) "*Aleksandar Mišković*"

Aleksandar Mišković

(Signed) "*Aleksandar Ilić*"

Aleksandar Ilić

APPENDIX B

Exchange Listing Statement Disclosure – Additional Information

CAPITALIZATION

Issued Capital

	Number of Securities (non-diluted) On Listing	Number of Securities (fully-diluted) On Listing	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	73,512,223 ⁽¹⁾	77,825,573 ⁽⁶⁾	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	25,220,626 ⁽²⁾	30,733,126 ⁽⁷⁾	34.31%	39.49%
Total Public Float (A-B)	48,291,597	47,092,447	65.69%	60.51%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	29,369,376 ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	29,369,376	39.95%	37.74%
Total Tradeable Float (A-C)	44,142,847	48,456,197	60.05%	62.26%

Notes:

- (1) Includes 12,267,500 common shares issued after deemed exercise of the Special Warrants.
- (2) Includes a total of 25,150,626 common shares held by Related Persons in escrow pursuant to which 10% of such shares will be released on the listing date and 15% of the shares will be released every 6 months over a period of 36

- month; 70,000 common shares held by a Related Person is less than 1% of the Common Shares on a partially diluted basis, and as such is not anticipated to have their securities escrowed.
- (3) Includes an aggregate of 18,096,875 common shares held by 5% shareholders who are Related Parties.
 - (4) Includes 741,250 common shares issued at \$0.01 per share pursuant to a private placement that are subject to voluntary escrow pursuant to which 10% of such shares will be released on the listing date and 15% of the shares will be released every 6 months over a period of 36 months.
 - (5) Includes 2,477,500 common shares issued at \$0.02 per share pursuant to a private placement that are subject to voluntary escrow pursuant to which 10% of such shares will be released on the listing date and 30% of the shares will be released at 3 months, 30% at 6 months and 30% at 12 months from the listing date.
 - (6) Includes 413,350 warrants and 3,900,000 options.
 - (7) Includes 3,900,000 options to be granted to Related Persons on the listing date, subject to vesting provisions.

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	_____	_____
100 – 499 securities	_____	_____
500 – 999 securities	_____	_____
1,000 – 1,999 securities	4	4,000
2,000 – 2,999 securities	_____	_____
3,000 – 3,999 securities	_____	_____
4,000 – 4,999 securities	_____	_____
5,000 or more securities	79	48,287,597
	<u>83</u>	<u>48,291,597</u>

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	_____	_____
100 – 499 securities	_____	_____
500 – 999 securities	_____	_____
1,000 – 1,999 securities	4	4,000
2,000 – 2,999 securities	_____	_____
3,000 – 3,999 securities	_____	_____
4,000 – 4,999 securities	_____	_____
5,000 or more securities	150	48,287,597
Total:	<u>154</u>	<u>48,291,597</u>

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	_____	_____
100 – 499 securities	_____	_____
500 – 999 securities	_____	_____
1,000 – 1,999 securities	_____	_____
2,000 – 2,999 securities	_____	_____
3,000 – 3,999 securities	_____	_____
4,000 – 4,999 securities	_____	_____
5,000 or more securities	7	25,220,626
Total:	<u>7</u>	<u>25,220,626</u>

CONVERTIBLE SECURITIES

The Company currently has the following securities which are convertible or exchangeable into common shares:

Type of Convertible Security	Amount
Options ⁽¹⁾	3,900,000
Finder Warrants ⁽²⁾	413,350
Total:	4,313,350

Notes:

(1) The Company issued on June 8, 2022 an aggregate of 3,900,000 options for the purchase of an aggregate of up to 3,900,000 Common Shares for an exercise price of \$0.20 per Common Share to the directors and officers of the Company. These options expire as of the date that is five years from the date of Listing.

(2) The Company issued: (i) 135,100 Finder Warrants on December 23, 2021 with an expiry date of December 23, 2023; (ii) 259,000 Finder Warrants on January 26, 2022 with an expiry date of January 26, 2024; and (iii) 19,250 Finder Warrants on February 7, 2022 with an expiry date of February 7, 2024. Each Finder Warrant is exercisable to acquire one common share at an exercise price of \$0.20 per share until the respective expiry date.

On Listing, the Company will have the following securities which are convertible or exchangeable into common shares:

Type of Convertible Security	Amount
Options ⁽¹⁾	3,900,000
Finder Warrants ⁽²⁾	413,350
Total:	4,313,350

Notes:

(1) 3,900,000 options for the purchase of an aggregate of up to 3,900,000 Common Shares for an exercise price of \$0.20 per Common Share to the directors, officers, employees, and advisors of the Company. These options expire as of the date that is five years from the date of Listing

(2) The Company issued: (i) 135,100 Finder Warrants on December 23, 2021 with an expiry date of December 23, 2023; (ii) 259,000 Finder Warrants on January 26, 2022 with an expiry date of January 26, 2024; and (iii) 19,250 Finder Warrants on February 7, 2022 with an expiry date of February 7, 2024. Each Finder Warrant is exercisable to acquire one common share at an exercise price of \$0.20 per share until the respective expiry date.

**SCHEDULE A
CERTIFICATE OF THE ISSUER**

The first certificate below must be signed by the CEO, CFO, any person or company who is a promoter of the Issuer and two directors of the Issuer. In the case of an Issuer re-qualifying following a fundamental change, the second certificate must also be signed by the CEO, CFO, any person or company who is a promoter of the target and two directors of the target.

Pursuant to a resolution duly passed by its Board of Directors, Terra Balcanica Resources Corp. hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Terra Balcanica Resources Corp. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, BC, this 8th day of June, 2022.

(Signed) “Aleksander Mišković”

Aleksander Mišković
Chief Executive Officer

(Signed) “Stephen Brohman”

Stephen Brohman
Chief Financial Officer

(Signed) “Aleksander Ilić”

Aleksandar Ilić
Promoter

(Signed) “Kim Oishi”

Kim Oishi
Promoter

(Signed) “Carl Desjardins”

Carl Desjardins
Promoter

(Signed) “Brandon Bonifacio”

Brandon Bonifacio
Director

(Signed) “Giulio Bonifacio”

Giulio Bonifacio
Director