

**Terra Balcanica Resources Corp.**  
**Condensed Interim Consolidated Financial Statements**  
**For the nine months ended**  
**October 31, 2022**  
**Unaudited – Prepared by Management**  
**(Expressed in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW  
OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying condensed interim consolidated financial statements of Terra Balcanica Resources Corp. (the "Company") as at October 31, 2022, and for the nine months ended October 31, 2022 and October 31, 2021, have been prepared by the management of the Company and approved by the Company's Audit Committee.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA Canada for a review of the condensed interim financial statements by an entity's auditor.

**Terra Balcanica Resources Corp.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**Unaudited – Prepared by Management**

**As at October 31, 2022 and January 31, 2022**

	Note	October 31, 2022	January 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash	3	72,908	1,652,607
Prepaid expenses	4	64,608	246,212
Receivables	4	23,178	10,919
Short-term deposits	6	5,415	2,850
		<b>166,109</b>	<b>1,912,588</b>
<b>Non-current assets</b>			
Equipment	5	90,272	118,062
Mineral property interests	7	1,834,537	1,071,296
Right-of-use asset	6	-	28,201
		<b>1,924,809</b>	<b>1,217,559</b>
<b>Total assets</b>		<b>2,090,918</b>	<b>3,130,147</b>
<b>Liabilities and shareholders' equity (deficiency)</b>			
<b>Current liabilities</b>			
Accounts payable and accruals		281,954	242,757
Advances payable	8	19,688	20,723
Due to related parties	10	10,201	-
Lease liability	6	-	21,916
<b>Total liabilities</b>		<b>311,843</b>	<b>285,396</b>
<b>Shareholders' equity (deficiency)</b>			
Share capital	9	5,990,615	5,836,865
Reserves		959,787	48,200
Foreign currency reserve		(139,414)	28,893
Deficit		(5,050,021)	(3,039,894)
<b>Shareholders' equity (deficiency) attributable to owners of the Company</b>		<b>1,760,967</b>	<b>2,874,064</b>
Non-controlling interest	13	18,108	(29,313)
<b>Total shareholders' equity (deficiency)</b>		<b>1,779,075</b>	<b>2,844,751</b>
<b>Total liabilities and shareholders' equity (deficiency)</b>		<b>2,090,918</b>	<b>3,130,147</b>
Nature of operations and going concern	1		
Subsequent event	14		

Approved on behalf of the Board of Directors on December 19, 2022:

\_\_\_\_\_  
*"Aleksandar Miskovic"* Director

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*"Brandon Bonifacio"* Director

**Terra Balcanica Resources Corp.**

**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity (Deficiency)**

**Unaudited – Prepared by Management**

**For the nine months ended October 31, 2022 and October 31, 2021**

	Number of shares #	Share capital \$	Subscriptions received in advance \$	Foreign currency reserve \$	Deficit \$	Attributable to owners \$	Non-controlling interests \$	Total shareholders' equity \$
February 1, 2021	19,625,001	793,080	139,972	-	(50,074)	882,978	-	882,978
Acquisition - Tera Balkanika	24,525,000	2,452,500	-	-	-	2,452,500	342,519	2,795,019
Private placements	17,094,720	1,709,472	(139,972)	-	-	1,569,500	-	1,569,500
Share issuance costs - cash	-	(33,480)	-	-	-	(33,480)	-	(33,480)
Subscriptions received in advance	-	-	-	-	-	-	-	-
Loss and comprehensive loss for the period	-	-	-	18,904	(875,904)	(857,000)	(34,329)	(891,329)
<b>October 31, 2021</b>	<b>61,244,721</b>	<b>4,921,572</b>	<b>-</b>	<b>18,904</b>	<b>(925,978)</b>	<b>4,014,498</b>	<b>308,190</b>	<b>4,322,688</b>

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Reserves \$	Foreign currency reserve \$	Deficit \$	Attributable to owners \$	Non-controlling interests \$	shareholders' equity \$
February 1, 2022	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
Conversion of special warrants	12,267,500	(12,267,500)	2,370,840	(2,370,840)	-	-	-	-	-	-
Finders' fees - cash	-	-	-	(3,850)	-	-	-	(3,850)	-	(3,850)
Finders' warrants	-	-	(2,400)	-	2,400	-	-	-	-	-
Special warrants	-	800,000	-	160,000	-	-	-	160,000	-	160,000
Share-based payments	-	-	-	-	909,187	-	-	909,187	-	909,187
Loss and comprehensive loss for the period	-	-	-	-	-	(168,307)	(2,010,127)	(2,178,434)	47,421	(2,131,013)
<b>October 31, 2022</b>	<b>73,512,221</b>	<b>-</b>	<b>5,990,615</b>	<b>-</b>	<b>959,787</b>	<b>(139,414)</b>	<b>(5,050,021)</b>	<b>1,760,967</b>	<b>18,108</b>	<b>1,779,075</b>

**Terra Balcanica Resources Corp.**

**Condensed Interim Consolidated Statement of Loss and Comprehensive loss**

**Unaudited – Prepared by Management**

**For the nine months ended October 31, 2022 and October 31, 2021**

	Note	Three month ended		Nine months ended	
		October 31, 2022	October 31, 2021	October 31, 2022	October 31, 2021
<b>Expenses</b>					
Administrative		(714)	27,354	123,376	65,036
Business development		(39,813)	308	145,812	3,604
Consulting and salaries	10	(33,548)	30,681	138,920	147,825
Depreciation	5,6	(3,462)	11,689	26,885	32,739
Finance costs	6	126	1,603	854	2,677
Investor relations		137,658	-	137,658	-
Management fees		184,875	-	184,875	-
Miscellaneous		22,146	47,578	22,146	69,248
Professional fees	10	198,837	47,018	345,924	152,334
Share-based payments		(57,613)	-	909,187	-
Transportation costs		-	7,668	-	23,104
Wages and salaries		-	127,664	-	401,109
<b>Loss from operating expenses</b>		<b>(408,492)</b>	<b>(301,563)</b>	<b>(2,035,637)</b>	<b>(897,676)</b>
Other income		1,427	-	3,872	-
Foreign exchange gain (loss)		(82,454)	483	8,182	(12,557)
Foreign currency translation adjustment		(27,125)	18,904	-	18,904
<b>Loss and comprehensive loss for the period</b>		<b>(516,644)</b>	<b>(282,176)</b>	<b>(2,023,583)</b>	<b>(891,329)</b>
<b>Loss and comprehensive loss for the period attributable</b>					
Owners of the Company		(513,209)	(274,405)	(2,010,127)	(857,000)
Non-controlling interests		(3,435)	(7,771)	(13,456)	(34,329)
		<b>(516,644)</b>	<b>(282,176)</b>	<b>(2,023,583)</b>	<b>(891,329)</b>
<b>Loss per share</b>					
<b>Weighted average number of common shares</b>					
- Basic #		73,512,221	54,400,765	73,512,221	49,190,675
- Diluted #		73,512,221	54,400,765	73,512,221	49,190,675
<b>Basic loss per share \$</b>		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>
<b>Diluted loss per share \$</b>		<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.02)</b>

**Terra Balcanica Resources Corp.**  
**Condensed Interim Consolidated Statement of Cash Flows**  
**Unaudited – Prepared by Management**  
**For the nine months ended October 31, 2022 and October 31, 2021**

Note	October 31, 2022	October 31, 2021
<b>Operating activities</b>		
Loss for the period	(2,010,127)	(910,233)
Adjustments for non-cash items:		
Depreciation	26,885	32,739
Share-based payments	909,187	-
Foreign exchange	(2,164)	-
Accretion	854	5,059
Non-controlling interest	47,421	-
Changes in non-cash working capital items:		
Receivables	(12,259)	(14,477)
Prepaid expenses	181,604	(30,435)
Accounts payable and accruals	48,363	298,697
	<b>(810,236)</b>	<b>(618,650)</b>
<b>Financing activities</b>		
Lease payments	(21,855)	(20,138)
Proceeds from common share issuance and special warrants, net of share issuance	156,150	1,436,020
	134,295	1,415,882
<b>Investing activities</b>		
Acquisition of equipment	(589)	(62,654)
Advance	-	(345,808)
Deferred exploration and evaluation expenditures	(734,862)	(602,388)
Cash acquired on Tera Balkanikda acquisition	-	84,183
	<b>(735,451)</b>	<b>(926,667)</b>
<b>Effect of foreign exchange on cash</b>	<b>(168,307)</b>	<b>18,904</b>
<b>Change in cash</b>	<b>(1,579,699)</b>	<b>(129,435)</b>
<b>Cash, beginning of period</b>	<b>1,652,607</b>	<b>173,402</b>
<b>Cash, end of period</b>	<b>72,908</b>	<b>62,871</b>

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 condensed interim 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 October 31, 2022, the Company had working capital deficit of \$151,149 and shareholders’ equity of \$1,779,075. 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 13).

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 13).

## **2. Significant accounting policies**

### **a) Basis of presentation**

These financial statements have been prepared in conformity with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company’s annual audited consolidated financial statements for the year ended January 31, 2022, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements.

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 these financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries.

**2. Significant accounting policies (continued)****b) 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.

<b>Entity</b>	<b>Incorporation</b>	<b>Status</b>	<b>Functional Currency</b>	<b>Ownership Percentage</b>
Tera Balkanika	Serbia	Active	Serbian Dinar	100%
Drina	Bosnia	Active	Bosnian Mark	90%
Tera Balkanika d.o.o. Sarajevo	Bosnia	Active	Bosnian Mark	100%

**3. Cash**

Cash consist of the following:

	<b>October 31, 2022</b>	<b>January 31, 2022</b>
Cash	72,908	1,652,607

**4. Receivables and prepaid expenses**

Receivable and prepaid expenses consists of the following:

	<b>October 31, 2022</b>	<b>January 31, 2022</b>
VAT Receivable	4,727	10,919
GST Receivable	18,451	-
Prepaid expenses	64,608	246,212
	87,786	257,131

Value Added Tax (VAT) receivable consists of amounts paid on business related expenses in the period ending October 31, 2022.



5. Equipment

Cost	Software	Computer Equipment	Vehicle	Total
<b>Balance - January 31, 2022</b>	<b>44,049</b>	<b>13,829</b>	<b>85,327</b>	<b>143,205</b>
Additions	-	589	-	589
<b>Balance - October 31, 2022</b>	<b>44,049</b>	<b>14,418</b>	<b>85,327</b>	<b>143,794</b>
<b>Accumulated Depreciation</b>				
<b>Balance - January 31, 2022</b>	<b>10,842</b>	<b>2,816</b>	<b>11,495</b>	<b>25,153</b>
Depreciation	10,500	2,007	10,662	23,169
Foreign currency difference	2,356	450	2,394	5,200
<b>Balance - October 31, 2022</b>	<b>23,698</b>	<b>5,273</b>	<b>24,551</b>	<b>53,522</b>
<b>Carrying Value</b>				
Balance - January 31, 2022	33,207	11,013	73,832	118,052
<b>Balance - October 31, 2022</b>	<b>20,351</b>	<b>9,145</b>	<b>60,776</b>	<b>90,272</b>

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 analysing 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 January 31, 2022 and October 31, 2022 is as follows:

	Office Lease
<b>Balance - January 31, 2022</b>	<b>28,201</b>
Additions	-
Depreciation	(26,885)
Foreign currency difference	(1,316)
<b>Balance - October 31, 2022</b>	<b>-</b>

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 \$5,415 which is classified as a short-term deposit, as it is refundable at the end of the lease term.

**6. Right-of-use asset (continued)**Lease liability

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

	<b>Office Lease</b>
<b>Balance - January 31, 2022</b>	<b>(21,916)</b>
Additions	-
Interest expense	854
Lease payments	21,855
Foreign currency difference	(793)
<b>Balance - October 31, 2022</b>	<b>-</b>

As at October 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 Nil Euros for year 2022. As at October 31, 2022, the deposit of \$5,415 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 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, 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.

*Ceovishte License*

On March 2, 2020, Tera applied for the right to conduct geological research of lead (Pb), zinc (Zn), silver (Ag), copper (Cu), gold (Au) at the Ceovishte site in southwestern Serbia. On October 14, 2022, the Ceovishte licence has been officially granted by the Serbian Ministry of Energy and Mines to the Company's subsidiary Tera Balkanika doo Belgrade.

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 (Note 14). 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.

7. Mineral property interests (continued)

*Drina Licenses*

On April 2, 2019, Drina received approval to conduct detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Olovine". 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". The deadline for completion of the research is December 5, 2023 at the site "Čumavići" and October 2, 2023, at the site "Olovine" with an option to extend for 3.5 years.

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 with an option to extend for 4 years.

	Ceoviste Property \$	Kaludra Property \$	Olovine Property \$	Cumavici Property \$	Caus Property \$	Total \$
<b>Balance, February 1, 2021</b>	-	-	117,436	231,313	7,117	355,866
Administration	-	34,009	18,750	36,932	1,136	90,828
Assay testing	-	36,728	23,367	46,027	1,416	107,538
Equipment rentals	-	1,020	12,717	25,048	771	39,556
Geologist and consulting	-	93,374	38,350	75,538	2,324	209,587
Geophysics	-	-	88,414	174,149	5,358	267,921
<b>Balance, January 31, 2022</b>	-	165,131	299,035	589,008	18,123	1,071,296
<b>Balance, February 1, 2022</b>	-	165,131	299,035	589,008	18,123	1,071,296
Administration	2,083	79,618	27,511	54,188	1,667	165,067
Assay testing	-	3,262	50,191	98,861	3,042	155,356
Depreciation	-	17,780	1,770	3,486	107	23,143
Drilling	-	-	101,801	200,518	6,170	308,489
Equipment rental	-	1,052	102	200	6	1,360
Geologist and consulting	-	2,019	-	-	-	2,019
Licenses	-	-	4,296	8,461	260	13,017
Maintenance	-	2,851	-	-	-	2,851
Road construction	-	-	6,210	12,232	376	18,818
Supplies	-	708	5,359	10,556	325	16,948
Transportation	-	12,525	12,628	24,874	765	50,792
Foreign currency difference	-	-	-	-	-	5,381
<b>Balance, October 31, 2022</b>	<b>2,083</b>	<b>284,946</b>	<b>508,903</b>	<b>1,002,384</b>	<b>30,841</b>	<b>1,834,537</b>

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

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

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.

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%.

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 June 8, 2022, the 900,000 Special Warrants issued on February 8, 2022 were converted into 4,625,000 common shares.

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

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.

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.

**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 October 31, 2022 and January 31, 2022 and changes during the period/year then ended is as follows:

	Period ended October 31, 2022		Year ended January 31, 2022	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	11,367,500	0.20	-	-
Issued	900,000	0.20	11,367,500	0.20
Exercised	(12,267,500)	0.20	-	-
Warrants outstanding, end of period/year	-	0.00	11,367,500	0.20

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the nine months ended October 31, 2022 and October 31, 2021

9. Share Capital (continued)

Warrants (continued)

A summary of the status of the Company's brokers warrants as at October 31, 2022 and January 31, 2022 and changes during the period/year then ended is as follows:

	Period ended October 31, 2022		Period ended January 31, 2022	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	394,100	0.20	-	-
Issued	19,250	0.20	394,100	0.20
Warrants outstanding, end of period/year	<b>413,350</b>	<b>0.20</b>	394,100	0.20

As at October 31, 2022, the Company had brokers 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
19,250	19,250	0.20	February 7, 2024
<b>413,350</b>	<b>413,350</b>	<b>0.20</b>	

## 9. Share Capital (continued)

## Stock options

On February 4, 2021, the Company adopted a formal Stock Option Plan (the “Option Plan”). Under the Option Plan, the exercise price of each option must not be less than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant and (b) the date of the grant of the stock options. The options can be granted for a maximum term of five years. The maximum number of options that can be issued may not exceed 10% of the issued and outstanding common share capital. The options vest at the discretion of the Board of Directors. The terms of the existing stock options remain in accordance with the stock option plan in place at the time the options were granted.

A summary of the status of the Company’s stock options as at October 31, 2022 and January 31, 2022, and changes during the period/year then ended is as follows:

	Period ended October 31, 2022		Year ended January 31, 2022	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	-	-	-	-
Granted	5,995,000	0.20	-	-
Options outstanding, end of period/year	<b>5,995,000</b>	<b>0.20</b>	-	-

As at October 31, 2022, the Company had options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
3,900,000	3,900,000	0.20	June 8, 2027
1,095,000	1,095,000	0.20	June 22, 2027
250,000	250,000	0.20	June 22, 2024
500,000	125,000	0.20	June 16, 2025
250,000	250,000	0.10	October 12, 2024
<b>5,995,000</b>	<b>5,620,000</b>	<b>0.20</b>	

On June 8, 2022, the Company granted 3,900,000 incentive stock options to certain directors and corporate secretary. The options have an exercise price of \$0.20 per common share and are exercisable until June 16, 2027. These options granted had a fair value of \$646,777 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.20; ii) share price: \$0.20; iii) term: 5 years; iv) expected volatility: 120%; v) discount rate: 2.0%.

**9. Share Capital** (continued)

**Stock options** (continued)

On June 22, 2022, the Company announced a voluntary Escrow. In addition to the Canadian Securities Exchange (“CSE”) and British Columbia Securities Exchange (“BCSC”) escrow provisions, the Company has executed further voluntary escrow agreements for an additional 5,430,625 shares with 12-month or 36-month release schedules from key strategic shareholders and close associates. The Company currently has 73,512,223 issued and outstanding common shares, with 34,800,001 shares, or 47.3%, escrowed or voluntarily escrowed with 12-month or 36-month release schedules.

The Company granted 1,345,000 incentive stock options to certain advisors, employees, and consultants. The options are exercisable for \$0.20 per common share for periods ranging from 2 years to 5 years from date of issuance. These options granted had a fair value of \$212,200 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.20; ii) share price: \$0.20; iii) term: 5 & 2 years; iv) expected volatility: 120%; v) discount rate: 2.0%.

The Company has engaged Paradox Public Relations Inc. (“Paradox”) for a 36 month period that began on June 22, 2022 and ends on June 22, 2025 and may be terminated at any time without charge by either party by giving 30 days’ notice in writing. Paradox will provide marketing and investor relation services to the company to increase public awareness. Paradox has been granted 500,000 options, with 125,000 options vesting quarterly for the next year, eligible to be exercised at a price of \$0.20 per common share for a period of 36 months from the date of issuance. Paradox is being paid a monthly fee of \$10,000. These options granted had a fair value of \$71,000 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.20; ii) share price: \$0.20; iii) term: 3 years; iv) expected volatility: 120%; v) discount rate: 2.0%.

The Company has engaged Crowthorn Capital Corp. (“Crowthorn”) for a 24 month period that began on October 12, 2022 and ends on October 12, 2024 and may be terminated at any time without charge by either party by giving 30 days’ notice in writing. Crowthorn will provide capital market consultancy services to the company. Crowthorn has been granted 250,000 options, which vest immediately, which are eligible to be exercised at a price of \$0.10 per common share for a period of 24 months from the date of issuance. These options granted had a fair value of \$13,300 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.10; ii) share price: \$0.09; iii) term: 2 years; iv) expected volatility: 120%; v) discount rate: 2.0%.

**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 October 31, 2022 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 October 31, 2022 3,900,000 stock options were granted to Directors and corporate secretary with a fair value of \$646,800. No stock options were granted to related parties during the period ended October 31, 2021.

As at October 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 Ceovishte License once granted by the Serbian Ministry of Energy and Mines within a calendar year following the licence grant. (see Note 7).

10. Related party payables and transactions (continued)

- (a) Brandon Bonifacio is a Company Director. Mr. Bonifacio provides the Company with management and administrative services.
- (b) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services (included within professional fees).
- (c) Kim Oishi is a Company Director. He is a shareholder and has significant influence over Grand Rock Capital Corp. ("Grand Rock Capital") which is a professional services firm. Grand Rock Capital provides the Company with professional services.
- (d) Alex Miskovic is a Company Director and the Company's CEO. He is a shareholder and has significant influence over Geotarget Solutions Inc. ("Geotarget Solutions") which is a geological consulting firm. Geotarget Solutions provides the Company with geological consulting services and CEO services (included within professional fees).
- (e) Catherine Cox is the Company's Corporate Secretary. She provides the Company with Corporate Secretary services (included within consulting fees).

	Transactions Nine months ended October 31, 2022 \$	Transactions Nine months ended October 31, 2021 \$	Balances outstanding October 31, 2022 \$	Balances outstanding January 31, 2022 \$
Brandon Bonifacio	47,250	35,000	-	-
Grand Rock Capital	-	10,500	-	-
Geotarget Solutions	137,625	60,240	-	-
Catherine Cox	27,783	28,175	-	-
DBM CPA	76,810	10,000	10,201	24,373
Aleksandar Ilić	-	-	-	22,913
	<b>289,468</b>	<b>143,915</b>	<b>10,201</b>	<b>47,286</b>

11. Supplemental cash flow information

The Company did not incur any non-cash investing activities during the period ended October 31, 2022 and October 31, 2021.

During the period ended October 31, 2022, and October 31, 2021 there were no amounts paid on account of interest or income taxes.

12. 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 October 31, 2022, the Company's capital structure is comprised of shareholders' equity of \$1,779,075.

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.



**12. Financial risk management** (continued)

**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 \$
<b>October 31, 2022</b>				
Cash	72,908	-	-	72,908
	<b>72,908</b>	<b>-</b>	<b>-</b>	<b>72,908</b>
<b>January 31, 2022</b>				
Cash	1,652,607	-	-	1,652,607
	1,652,607	-	-	1,652,607

**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).

### 13. 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
<b>Net assets (liabilities) of Drina acquired:</b>	<b>\$</b>
Cash	3,264
Mineral interests	248,315
Accounts payable	(28,992)
Advances	(20,047)
Non-controlling interest	(20,254)
<b>Net assets acquired</b>	<b>182,286</b>
<b>Consideration paid in acquisition of Drina:</b>	<b>\$</b>
Cash (\$138,938 USD equivalent)	182,286
<b>Total consideration paid</b>	<b>182,286</b>

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.

**13. 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 Balkanidka 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.

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

**14. Subsequent event**

On December 15, 2022, the Company closed a non-brokered private placement financing of units for gross proceeds of \$500,000. The Company issued 5,000,000 units at a price of \$0.10 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until December 15, 2025. The Company incurred \$17,689 in finders' fees in connection with the offering.