



Terra Balcanica Resources Corp.

Consolidated Financial Statements

January 31, 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Terra Balcanica Resources Corp.

Opinion

We have audited the consolidated financial statements of Terra Balcanica Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as of January 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficiency), consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of January 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated 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.

Emphasis of Matter - 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.

knowing you.

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Key Audit Matter

The key audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the key audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matter below providing a separate opinion on the key audit matter or on the accounts or disclosures to which it relates.

Assessment of impairment of mineral property interests

Key Audit Matter Description

As disclosed in Note 5 to the consolidated financial statements, the carrying value of the Company's mineral property interests was approximately \$2.5 million as at January 31, 2024 (2023: \$2.3 million). At each reporting period-end, management applies judgment in assessing whether there are any indicators of impairment relating to its mineral property interests. If there are indicators of impairment, the recoverable amount of the related mineral property interests is estimated in order to determine the extent of any impairment.

Indicators of impairment may include: (i) the period during which the Company has the right to explore in the specific area has expired during the year or will expire in the near future and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; and (iv) sufficient data exists to indicate that the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale. In addition, by its activities in exploration, development and production of mineral assets, the Company is exposed to the risk associated with the unpredictable nature of the financial markets as well as political risk associated with conducting operations in an emerging market. A variety of factors could negatively impact recoverability of these assets.

Management's assessment concluded that indicators of impairment existed as at January 31, 2024 and accordingly recorded an impairment charge of \$0.9 million relating to the Kaludra and Caus property. No impairment indicators were identified by management relating to the Ceoviste, Olovine, and Cumavici property (refer to Note 5 of the consolidated financial statements).

We considered this a key audit matter due to (i) the significance of the mineral property interests balance to the consolidated financial statements; and (ii) the management judgment in assessing the indicators of impairment related to its mineral property interests, which have resulted in a high degree of subjectivity in performing procedures related to the judgment applied by management.

Key Audit Matter (continued)

Assessment of impairment of mineral property interests (continued)

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

- Performing a walkthrough to understand the Company's process related to assessment of impairment and evaluating the design of related controls.
- Testing of assumptions and facts in management's impairment indicators assessment for reasonableness, including the completeness of factors that could be considered as indicators of impairment.
- Assessing the competence 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.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 Akil Pervez.

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
May 30, 2024

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

As at January 31, 2024 and January 31, 2023

	Note	January 31, 2024 \$	January 31, 2023 \$
Assets			
Current assets			
Cash		20,321	70,301
Prepaid expenses	3	51,374	36,176
Receivables	3	15,047	32,180
Short-term deposits		1,452	1,451
		88,194	140,108
Non-current assets			
Equipment	4	75,183	139,208
Mineral property interests	5	2,475,775	2,339,463
		2,550,958	2,478,671
Total assets		2,639,152	2,618,779
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accruals		230,388	300,276
Advances payable		24,455	21,177
Due to related parties	7	74,429	5,818
Total liabilities		329,272	327,271
Shareholders' equity			
Share capital	6	8,057,800	6,472,926
Reserves		947,895	949,270
Foreign currency reserve		(190,006)	(137,486)
Deficit		(6,519,616)	(5,015,008)
Shareholders' equity attributable to owners of the Company		2,296,073	2,269,702
Non-controlling interest		13,807	21,806
Total shareholders' equity		2,309,880	2,291,508
Total liabilities and shareholders' equity		2,639,152	2,618,779
Nature of operations and going concern	1		
Subsequent event	13		

Approved on behalf of the Board of Directors on May 29, 2024:

"Aleksandar Miskovic" Director

"Brandon Bonifacio" Director

Terra Balcanica Resources Corp.
Consolidated Statement of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

For the years ended January 31, 2024 and January 31, 2023

	Number of common shares #	Share capital \$	Special warrants \$	Reserves \$	Foreign currency reserve \$	Deficit \$	Attributable to owners \$	Non-controlling interests \$	Total shareholders' deficiency \$
February 1, 2022	20,414,907	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	4,089,167	2,370,840	(2,370,840)	-	-	-	-	-	-
Finders' fees - cash	-	(17,689)	(3,850)	-	-	-	(21,539)	-	(21,539)
Finders' warrants	-	(2,400)	-	2,400	-	-	-	-	-
Special warrants	-	-	160,000	-	-	-	160,000	-	160,000
Private placement	1,666,667	500,000	-	-	-	-	500,000	-	500,000
Fair value reversal - cancelled stock options	-	-	-	(29,750)	-	29,750	-	-	-
Share-based payments	-	-	-	928,420	-	-	928,420	-	928,420
Loss and comprehensive loss for the year	-	-	-	-	(166,379)	(2,004,864)	(2,171,243)	51,119	(2,120,124)
January 31, 2023	26,170,740	6,472,926	-	949,270	(137,486)	(5,015,008)	2,269,702	21,806	2,291,508
February 1, 2023	26,170,740	6,472,926	-	949,270	(137,486)	(5,015,008)	2,269,702	21,806	2,291,508
Private placement	6,524,322	1,424,976	-	-	-	-	1,424,976	-	1,424,976
Shares issued for acquisition of mineral properties	196,079	50,000	-	-	-	-	50,000	-	50,000
Shares issued for debt	305,583	75,632	-	-	-	-	75,632	-	75,632
Shares issued for services	328,126	83,672	-	-	-	-	83,672	-	83,672
Share issuance costs	-	(35,576)	-	-	-	-	(35,576)	-	(35,576)
Share based compensation	-	-	-	14,795	-	-	14,795	-	14,795
Residual value of warrants issued	-	(62,030)	-	62,030	-	-	-	-	-
Fair value reversal of cancelled stock options	-	-	-	(30,000)	-	30,000	-	-	-
Fair value reversal on expired warrants	-	48,200	-	(48,200)	-	-	-	-	-
Loss and comprehensive loss for the year	-	-	-	-	(52,520)	(1,534,608)	(1,587,128)	(7,999)	(1,595,127)
January 31, 2024	33,524,850	8,057,800	-	947,895	(190,006)	(6,519,616)	2,296,073	13,807	2,309,880

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

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

For the years ended January 31, 2024 and January 31, 2023

	Note	January 31, 2024 \$	January 31, 2023 \$
Expenses			
Administrative		180,382	164,392
Consulting and salaries	7	173,023	245,015
Depreciation		-	27,223
Finance costs		-	864
Investor relations		186,012	406,231
Professional fees		132,817	406,274
Share-based payments		14,795	928,420
Loss from operating expenses		(687,029)	(2,178,419)
Gain on debt settlement		2,291	-
Gain on disposal of equipment		339	-
Foreign exchange gain (loss)		20,269	160,617
Impairment of mineral properties		(886,706)	0
Other income	8	8	4,158
Total loss		(1,550,828)	(2,013,644)
Loss and comprehensive loss for the year attributable to:			
Owners of the Company		(1,533,747)	(2,006,096)
Non-controlling interests		(17,081)	(7,548)
		(1,550,828)	(2,013,644)
Loss per share			
Weighted average number of common shares outstanding			
- Basic		26,969,593	23,612,450
- Diluted		26,969,593	23,612,450
Basic loss per share \$		(0.06)	(0.09)
Diluted loss per share \$		(0.06)	(0.09)

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

For the years ended January 31, 2024 and January 31, 2023

Note	January 31, 2024 \$	January 31, 2023 \$
Operating activities		
Loss for the year	(1,550,828)	(2,013,644)
Adjustments for non-cash items:		
Depreciation	-	27,223
Share-based payments	14,795	928,420
Foreign exchange	(57,801)	(95,641)
Accretion	-	864
Acquisition of equipment	10,540	-
Gain on disposal of equipment	(339)	-
Non-controlling interest	(6,498)	-
Impairment of mineral properties	886,706	
Changes in non-cash working capital items:		
Receivables	18,633	(21,261)
Prepaid expenses	(15,198)	210,036
Accounts payable and accruals	77,633	63,337
	(622,357)	(900,666)
Financing activities		
Lease payments	-	(21,855)
Proceeds from common share issuance	1,424,976	638,461
Share issue costs	(35,576)	-
	1,389,400	616,606
Investing activities		
Acquisition of equipment	-	(35,356)
Expenditures on mineral property interest	(833,244)	(1,253,967)
	(833,244)	(1,289,323)
Effect of foreign exchange on cash	16,221	(8,923)
Change in cash	(66,201)	(1,582,306)
Cash, beginning of year	70,301	1,652,607
Cash, end of year	20,321	70,301

Supplemental cash flow information

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

For the years ended January 31, 2024 and January 31, 2023

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 250 – 200 Burrard Street, Vancouver, BC V6C 3L6. 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, 2024, the Company had an excess of current liabilities over current assets of \$241,078 (as at January 31, 2023 excess of current liabilities over current assets was \$187,163) and shareholders’ equity of \$2,309,880 (January 31, 2023 - \$2,269,702). These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

On May 17, 2024, the Company consolidated its issued share capital on a ratio of two (3) old common shares for every one (1) new post-consolidated common share (the “Share Consolidation”). The current and comparative references to the common shares, weighted average number of common shares, loss per share, acquisitions, stock options and warrants have been restated to give effect to this Share Consolidation.

2. Material 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.

Impairment of Mineral property interest

The application of the accounting policy for Mineral property interest requires judgment in determining whether it is likely that future economic benefits will flow to the Company. The Company undertakes a review of the carrying values of mineral property interest and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. Management concluded that there is no indication for the impairment of mineral properties as of January 31, 2024.

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

For the years ended January 31, 2024 and January 31, 2023

2. Material accounting policies (continued)

Valuation of share-based compensation

From time to time the Company may issue a specific number of common shares as compensation for services received where such a transaction did not entail the use of cash. The fair value of share-based payments is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture of options granted.

(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 Balkanika Doo Beograd ("Tera Balkanika"), 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").

(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. All information presented as at January 31, 2024 and 2023.

Entity	Incorporation	Status	Functional Currency	Ownership Percentage
Tera Balkanika	Serbia	Active	Serbian Dinar	100%
Drina	Bosnia	Active	Bosnian Mark	90%
Tera Balkanika d.o.o. Sarajevo ("Tera")	Bosnia	inactive	Bosnian Mark	100%

(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

2. Material accounting policies (continued)

(d) Equipment (continued)

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.

(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. Material 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. Material 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, 2023. 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) Mineral property interests

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, 2024 and January 31, 2023, there was no material provision for environmental rehabilitation.

2. Material 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, 2024, 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).

(o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's chief operating decision maker (CODM). The CODM has been identified as the Board of Directors of the Company. For management purposes, the Company uses the same measurement policies as those used in its financial statements. The CODM evaluates the performance of each segment based on net profit (loss). The Company operates in a single reportable operating segment.

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2. Material accounting policies (continued)

(p) Valuation of share-based compensation

From time to time the Company may issue a specific number of common shares as compensation for services received where such transaction did not entail the use of cash. The fair value of share-based payments is estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk-free rate of return, and the estimated rate of forfeiture of options granted.

3. Receivables and prepaid expenses

Receivable and prepaid expenses consist of the following:

	January 31, 2024	January 31, 2023
	\$	\$
VAT Receivable	8,192	12,828
GST Receivable	5,355	19,352
Prepaid expenses	51,374	36,176
Share subscription receivable	1,500	-
	<u>66,421</u>	<u>68,356</u>

Value Added Tax (VAT) and general sales tax (GST) receivable consists of amounts paid on business related expenses in the year ending January 31, 2024.

4. Equipment

Cost	Software \$	Computer Equipment \$	Vehicle \$	Total \$
Balance - January 31, 2023	44,059	49,185	85,327	178,571
Additions	10,540	-	-	10,540
Disposals	-	-	(35,107)	(35,107)
Balance - January 31, 2024	54,599	49,185	50,220	154,004
Accumulated Depreciation				
Balance - January 31, 2023	17,173	4,277	17,913	39,363
Depreciation	15,037	9,956	14,185	39,178
Disposals	-	-	(15,213)	(15,213)
Foreign currency difference	5,946	3,937	5,610	15,493
Balance - January 31, 2024	38,156	18,170	22,495	78,821
Carrying Value				
Balance - January 31, 2023	26,886	44,908	67,414	139,208
Balance - January 31, 2024	16,443	31,015	27,725	75,183

During the year end January 31, 2024, the depreciation of \$39,178 was capitalized and included in mineral property interests.

5. 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 March 4, 2021 ("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. On December 23, 2023, the Company relinquished the Kaludra License and has impaired the property. No additional payments are outstanding as per the amended option agreement.

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. The license will expire on October 13, 2025 with an option to be extended for additional 3 years on completion of research.

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 October 13, 2024, issue 500,000 common shares (166,667 post-consolidated) 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. No additional payments are outstanding as per the amended option agreement. During the year ended January 31, 2024, the Company completed the \$50,000 cash payment by issuing 588,235 common shares.

Drina Resources doo Srebrenica 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 (\$5,756 CDN equivalent), for the site "Čumavići" (paid in fiscal 2019) and 8,941 BAM (\$6,634 CDN equivalent), 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 "Čaus" for 11,368 BAM (\$8,435 CDN equivalent) . The deadline for completion of the research is March 26, 2024 with an option to extend it for 4 years.

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5. Mineral property interests (continued)

On February 2, 2022, Drina received approval to annex the license hence increase scope of work and extend deadline on conducting detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Olovine". With deadline for completion of the research October 2, 2026.

On June 5, 2022, Drina received approval to annex the license hence increase scope of work and extend deadline on conducting detailed geological research of lead (Pb), zinc (Zn), copper (Cu) and accompanying metals in the exploration area "Čumavići". With deadline for completion of the research February 5, 2027

Subsequent to January 31, 2024, the Company relinquished the Caus License and has impaired the property.

	Cooviste Property \$	Kaludra Property \$	Olovine Property \$	Cumavici Property \$	Caus Property \$	Total \$
Balance, February 1, 2022	-	165,131	299,035	589,008	18,123	1,071,297
Acquisition	-	-	-	138,549	4,263	142,812
Administration	2,238	143,305	37,343	73,553	2,263	258,702
Assay testing	-	3,503	54,357	107,068	3,294	168,222
Depreciation	-	26,018	2,536	4,994	154	33,702
Drilling	-	-	111,506	219,633	6,758	337,897
Equipment rental	-	1,130	109	215	7	1,461
Geologist and consulting	-	15,509	-	-	-	15,509
Licenses	-	-	4,673	9,204	283	14,160
Maintenance	-	5,106	-	-	-	5,106
Road construction	-	-	6,672	13,142	404	20,218
Supplies	-	760	6,382	12,571	387	20,100
Transportation	-	17,850	14,614	28,786	886	62,136
Foreign exchange	195	33,085	46,983	104,658	3,220	188,141
Balance, January 31, 2023	2,433	411,397	584,210	1,301,381	40,042	2,339,463
Balance, February 1, 2023	2,433	411,397	584,210	1,301,381	40,042	2,339,463
Acquisition	50,000	-	43,766	86,206	2,653	182,625
Administration	-	80,981	42,729	84,163	2,590	210,463
Assay testing	-	15,265	11,682	23,010	708	50,665
Depreciation	-	32,106	2,474	4,873	150	39,603
Drilling	-	-	111,241	219,111	6,742	337,094
Geologist and consulting	-	36,234	13,337	26,270	808	76,649
Licenses	-	-	73	144	4	221
Maintenance	-	2,852	-	-	-	2,852
Road construction	-	-	4,304	8,478	261	13,043
Supplies	-	-	7,169	14,121	434	21,724
Transportation	-	9,433	2,343	4,615	142	16,533
Wages and salaries	-	78,226	-	-	-	78,226
Foreign exchange	(3,503)	176,233	(53,469)	(115,386)	(10,555)	(6,680)
Impairment	-	(842,727)	-	-	(43,979)	(886,706)
Balance, January 31, 2024	48,930	-	769,859	1,656,986	-	2,475,775

6. Share Capital

Transactions for the issue of share capital during the year ended January 31, 2024:

On May 5, 2023, the Company announced their first tranche closing of 1,586,862 units at a price of \$0.255 per unit for gross proceeds of \$404,650. Each unit consists of one common share in the capital of the Company (each, a "Common Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each warrant entitles the holder to purchase one common share at an exercise price of \$0.39 until May 5, 2026. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was nil per unit, no value was assigned to these warrants. The Company incurred \$8,057 in finders' fees in connection with the offering.

On June 16, 2023, the Company announced they have settled an outstanding debt in the amount of \$75,632 owing to an arm's-length creditor by issuing an aggregate of 305,583 common shares at a price of \$0.255.

On June 21, 2023, the Company announced their second tranche closing of 1,206,855 units at a price of \$0.255 per unit for gross proceeds of \$307,748 pursuant to the offering announced on April 4, 2023. 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 \$0.39 until June 21, 2026. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was nil per unit, no value was assigned to these warrants. The Company incurred \$10,465 in finders' fees in connection with the offering.

On June 30, 2023, the Company issued 196,079 common shares as a finder's fee for the Ceoviste License. The fair value of the common shares was \$50,000. The Company has recorded the fee as acquisition costs (Note 5).

On June 30, 2023, the Company issued 328,126 common shares as settlement for the exploration drilling services provided. The fair value of the common shares was \$83,672.

On July 19, 2023, the Company announced their third tranche closing of 398,039 units at \$0.255 per unit for gross proceeds of \$101,500 pursuant to the offering announced on April 4, 2023. 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 \$0.39 until July 19, 2026. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was \$0.015 per unit, for a total of \$5,971.

On July 31, 2023, the Company announced their fourth tranche closing of 955,410 units at \$0.255 per unit for gross proceeds of \$243,629 pursuant to the offering announced on April 4, 2023. 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 \$0.39 until July 31, 2026. The Company incurred \$13,484 in finders' fees in connection with the offering. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was \$0.03 per unit, for a total of \$28,662.

On September 22, 2023, the Company announced their fifth tranche closing of 608,823 units at \$0.255 per unit for gross proceeds of \$155,250 pursuant to the offering announced on April 4, 2023. 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 \$0.39 until September 22, 2026. The Company incurred \$3,570 in finders' fees in connection with the offering. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was \$0.045 per unit, for a total of \$27,397.

On December 1, 2023, the Company announced a private placement financing for gross proceeds of up to \$150,000 through the issuance of up to 1,250,000 common shares at a purchase price of \$0.12 per share. On December 15, 2023, the Company closed the first tranche and issued 1,368,333 common shares for gross proceeds of \$164,200.

On January 16, 2024 the Company closed the final tranche on the private placement financing announced on December 1, 2023, and issued 400,000 common shares for gross proceeds of \$48,000.

6. Share Capital (continued)

Transactions for the issue of share capital during the year ended January 31, 2023:

On February 7, 2022 for a total of 300,000 Special Warrants of at a price of \$0.60 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 6,417 finders' warrants, exercisable at \$0.60 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 2,247,500 Special Warrants issued on December 23, 2021 were converted into 2,247,500 common shares.

On May 27, 2022, the 1,541,667 Special Warrants issued on January 26, 2022 were converted into 1,541,667 common shares.

On June 8, 2022, the 300,000 Special Warrants issued on February 8, 2022 were converted into 1,541,667 common shares.

On December 15, 2022, the Company closed a non-brokered private placement financing of units for gross proceeds of \$500,000. The Company issued 1,666,667 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 \$0.45 until December 15, 2025. The Company incurred \$17,689 in finders' fees in connection with the offering.

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.

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6. Share Capital (continued)

Warrants (continued)

A summary of the status of the Company's warrants as at January 31, 2024 and January 31, 2023 and changes during the years then ended is as follows:

	Year ended January 31, 2024		Year ended January 31, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	1,666,667	0.45	3,822,500	0.60
Issued - special warrants	-	-	266,667	0.60
Issued - unit offering	5,084,115	0.39	1,666,667	0.45
Exercised - special warrants	-	-	(4,089,167)	0.60
Warrants outstanding, end of year	6,750,782	0.40	1,666,667	0.45

A summary of the status of the Company's brokers warrants as at January 31, 2024 and January 31, 2023 and changes during the years then ended is as follows:

	Year ended January 31, 2024		Year ended January 31, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	137,783	0.60	131,367	0.60
Issued	-	-	6,417	0.60
Expired	(131,367)	0.60	-	-
Warrants outstanding, end of year	6,417	0.60	137,783	0.60

As at January 31, 2024, the Company had warrants and brokers warrants outstanding and exercisable as follows:

	Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
	1,666,667	1,666,667	0.45	December 15, 2025
	1,586,862	1,586,862	0.39	May 5, 2026
	1,206,855	1,206,855	0.39	June 21, 2026
	328,126	328,126	0.39	June 30, 2026
	398,039	398,039	0.39	July 19, 2026
	955,410	955,410	0.39	July 31, 2026
	608,823	608,823	0.39	September 22, 2026
(1)	6,417	6,417	0.60	February 7, 2024
	6,757,199	6,757,199		

(1) Subsequently expired unexercised

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6. 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 January 31, 2024 and January 31, 2023, and changes during the years then ended is as follows:

	Year ended January 31, 2024		Year ended January 31, 2023	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of year	1,940,000	0.59	-	-
Granted	-	-	1,998,333	0.60
Expired/cancelled	(83,333)	0.60	(58,333)	0.60
Options outstanding, end of year	1,856,667	0.59	1,940,000	0.59

As at January 31, 2024, the Company had options outstanding and exercisable as follows:

Options outstanding #	Options exercisable #	Exercise price \$	Expiry date
1,300,000	1,300,000	0.60	June 8, 2027
306,667	306,667	0.60	June 22, 2027
166,667	166,667	0.60	June 16, 2025
83,333	83,333	0.30	October 12, 2024
1,856,667	1,856,667	0.59	

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7. 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 year ended January 31, 2024, 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. No stock options were granted to related parties during the years ended January 31, 2024. During the year ended January 31, 2023, 1,300,000 stock options were granted to Directors and corporate secretary with a fair value of \$646,800.

As at January 31, 2024, 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 5) Mr. Ilić was 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 6). Mr. Ilić was issued Company shares at the price of \$0.255 equivalent to \$50,000 as a finder's fee for the Ceoviste License during the year ended January 31, 2024.

- (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 mineral property interests).
- (e) Catherine Cox is the Company's Corporate Secretary. She provides the Company with Corporate Secretary services (included within consulting fees).

	Transactions Year ended January 31, 2024 \$	Transactions Year ended January 31, 2023 \$	Balances outstanding January 31, 2024 \$	Balances outstanding January 31, 2023 \$
Brandon Bonifacio	-	63,000	-	-
CAT Corporate Services	45,626	-	9,450	-
Geotarget Solutions	148,346	150,125	30,842	-
Catherine Cox	1,348	38,600	-	-
DBM CPA	50,500	107,440	22,618	5,818
Aleksander Llic (Rockstone Group D.O.O)	50,000	-	11,519	-
	295,820	359,165	74,429	5,818

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8. 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:

Loss for the year before income taxes	(1,550,828)	(2,013,644)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	(418,724)	(543,684)
Change in tax resulting from:		
Change in statutory, foreign tax, foreign exchange rates and other	278,893	8,196
Permanent differences	3,995	251,489
Change in unrecognized deductible temporary difference	135,836	283,999
Net deferred income tax recovery	-	-

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

	January 31, 2024	January 31, 2023
Mineral property interests	(377)	(90,006)
Share issue costs	36,579	28,894
Property and equipment	-	-
Lease	-	-
Non-capital loss carry forwards	866,583	747,124

As at January 31, 2024, the Company has non-capital loss carry forwards of approximately \$3,983,385 (January 31, 2023 – \$3,608,822) which expire five to twenty years from initial recognition.

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

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9. Supplemental cash flow information

Changes in non-cash operating working capital during the years ended January 31, 2024 and January 31, 2023 were comprised of the following:

	January 31, 2024	January 31, 2023
	\$	\$
Non-cash operating activities		
Shares issued for debt	75,632	-
	75,632	-

The Company incurred non-cash financing activities during the years ended January 31, 2024 and January 31, 2023, as follows:

	January 31, 2024	January 31, 2023
	\$	\$
Non-cash financing activities		
Share subscriptions receivable	(1,500)	-
Residual value of warrants issued	62,030	-
Fair value reversal of cancelled warrants	(48,200)	-
Fair value reversal of cancelled stock options	(30,000)	-
	(17,670)	-

The Company incurred non-cash investing activities during the years ended January 31, 2024 and January 31, 2023, as follows:

	January 31, 2024	January 31, 2023
	\$	\$
Non-cash investing activities		
Shares issued for acquisition of mineral properties	50,000	-
Shares issued for mineral property exploration activities	83,672	-
	133,672	-

Further, there were no amounts paid for income taxes or interest during the years ended January 31, 2024 and January 31, 2023.

10. 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, 2024 the Company's capital structure is comprised of shareholders' equity of \$2,309,880.

The Company currently has no source of revenue. 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.

10. Financial risk management (continued)

Financial instruments – fair value

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

The carrying value of receivables, accounts payable and accruals, lease liabilities, short-term deposits, due to related parties 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).

The Company's financial assets and liabilities are carried at amortized cost and belong to Level 2 of the fair value hierarchy. During the year ended January 31, 2024 there were no transfers between the level of fair value hierarchy.

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). The Company's contractual cash outflows of its financial liabilities is approximate their carrying values and due within 0 to 12 months as at January 31, 2024 and January 31, 2023.

d) Currency risk

As at January 31, 2024 of the Company's cash was held either in Canadian dollars, Bosnian Mark or Serbian Dinar. The Company incurs expenditures in Canada, Bosnia and Serbia, and as such is exposed to currency risk associated with these costs.

A change in the value of the Bosnian Mark and Serbian Dinar by 10% relative to the Canadian dollar would not have a significant impact on the Company's working capital and net loss for the years ended January 31, 2024 and January 31, 2023.

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

For the years ended January 31, 2024 and January 31, 2023

11. Purchase price allocation

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.

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.

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

12. Segment information

All assets are located in Canada except property and equipment, deposits and mineral property interests for \$1,961,066 (January 31, 2023 - \$1,550,857) which is located in Bosnia and \$55,560 (January 31, 2023 - \$699,102) which is located in Serbia

13. Subsequent events

Subsequent to the year ended January 31, 2024, the Company received funds by way of Promissory Notes ("Notes"), totaling \$51,350. These Notes carry no interest and are payable at the earlier of the next equity financing or June 15, 2024.

On April 3, 2024, the Company announced that they have entered into a non-binding letter of intent with a wholly owned subsidiary of Fulcrum Metals PLC. Pursuant to the Agreement, Terra will have an option (the "Option Agreement") to acquire a 100% interest in Fulcrum's Charlot-Neely, Fontaine Lake, Snowbird and South Pendleton uranium licenses (the "Licenses") located in northern Saskatchewan, Canada

On closing of the transaction, the Company will have a four-year option to acquire 100% of Fulcrum's owned uranium licenses.

13. Subsequent events (continued)

In consideration for the four-year option and at the time a definitive agreement is announced by way of news release and subject to a CSE approval, the Company shall pay Fulcrum \$7,500 (Paid) for exclusivity on execution of signing of the Letter and pay Fulcrum \$25,000 less the \$7,500 exclusivity payment on execution of closing of the Option Agreement. Additionally, the Company shall pay Fulcrum cash according to the schedule below:

- \$50,000 on the first anniversary of closing of the Option Agreement;
- \$75,000 on the second anniversary of closing of the Option Agreement;
- \$75,000 on the third anniversary of closing of the Option Agreement;
- \$75,000 on the fourth anniversary of closing of the Option Agreement;

and issue Fulcrum shares of the Company at the 10-Day Volume Weighted Average Price ("VWAP") prior to the date of issuance as per the following schedule:

- \$250,000 on closing of the Option Agreement with the initial share payments capped at C\$0.065/share, pre-consolidation;
- \$350,000 on the first anniversary of closing of the Option Agreement;
- \$500,000 on the second anniversary of closing of the Option Agreement;
- \$650,000 on the third anniversary of closing of the Option Agreement;
- \$1,250,000 on the fourth anniversary of closing of the Option Agreement;

The Company will also complete minimum work expenditures totaling \$3,250,000 prior to the fourth anniversary of the Option Agreement and grant Fulcrum a 1.0% Net Smelter Return ("NSR") on all claims with buydown option of 0.5% NSR for C\$1,000,000.

As part of the Option Agreement and for terminating the existing prior agreement (the "Prior Agreement") between Fulcrum and Global Energy Metals Corp. ("Global Energy"), Global Energy will be compensated with C\$150,000 in shares in the Company on closing of the Option Agreement and a 0.5% NSR on all claims.

On May 17, 2024, the Company announced they intend to complete a non-brokered private placement for gross proceeds of up to \$600,000 through the issuance of up to 6,000,000 units at a purchase price of \$0.10 per unit. Each unit will be composed of one common share in the capital of the company and a common share purchase warrant to purchase an additional one common share of the company at an exercise price of \$0.15 per warrant share for a period of 36 months from the closing date of the private placement.