



Terra Balcanica Resources Corp.
Condensed Interim Consolidated Financial Statements
For the nine months ended
October 31, 2023
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, 2023, and for the nine months ended October 31, 2023 and October 31, 2022, 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, 2023 and January 31, 2023

	Note	October 31, 2023 \$	January 31, 2023 \$
Assets			
Current assets			
Cash	3	16,782	70,301
Prepaid expenses	4	73,457	36,176
Receivables	4	16,959	32,180
Short-term deposits		1,468	1,451
		108,666	140,108
Non-current assets			
Equipment	5	120,703	139,208
Mineral property interests	6	3,241,808	2,339,463
		3,362,511	2,478,671
Total assets		3,471,177	2,618,779
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accruals		222,831	300,276
Advances payable	7	21,371	21,177
Due to related parties	9	56,250	5,818
Total liabilities		300,452	327,271
Shareholders' equity			
Share capital	8	7,797,401	6,472,926
Reserves		996,095	949,270
Foreign currency reserve		(162,441)	(137,486)
Deficit		(5,480,065)	(5,015,008)
Shareholders' equity attributable to owners of the Company		3,150,990	2,269,702
Non-controlling interest	12	19,735	21,806
Total shareholders' equity		3,170,725	2,291,508
Total liabilities and shareholders' equity		3,471,177	2,618,779
Nature of operations and going concern	1		
Subsequent event	14		

Approved on behalf of the Board of Directors on December 22, 2023:

"Aleksandar Miskovic" Director

"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, 2023 and October 31, 2022

	Number of common shares #	Number of special warrants #	Share capital \$	Special warrants \$	Reserves \$	Foreign currency reserve \$	Deficit \$	Attributable to owners \$	Non-controlling interests \$	Total shareholders' deficiency \$
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)
October 31, 2022	73,512,221	-	5,990,615	-	959,787	(139,414)	(5,050,021)	1,760,967	18,108	1,779,075
February 1, 2023	78,512,221	-	6,472,926	-	949,270	(137,486)	(5,015,008)	2,269,702	21,806	2,291,508
Private placement	14,267,967	-	1,212,777	-	-	-	-	1,212,777	-	1,212,777
Shares issued for acquisition of mineral properties	588,236	-	50,000	-	-	-	-	50,000	-	50,000
Shares issued for debt	916,749	-	75,632	-	-	-	-	75,632	-	75,632
Shares issued for services	984,378	-	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	-	-	-
Loss and comprehensive loss for the period	-	-	-	-	-	(24,955)	(495,057)	(520,012)	(2,071)	(522,083)
October 31, 2023	95,269,551	-	7,797,401	-	996,095	(162,441)	(5,480,065)	3,150,990	19,735	3,170,725

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

Terra Balcanica Resources Corp.
Condensed Interim Consolidated Statement of Loss and Comprehensive loss
Unaudited – Prepared by Management
For the nine months ended October 31, 2023 and October 31, 2022

	Note	Three month ended		Nine months ended	
		October 31, 2023	October 31, 2022	October 31, 2023	October 31, 2022
		\$	\$	\$	\$
Expenses					
Administrative		48,165	21,432	146,730	145,522
Consulting and salaries	9	30,467	(33,548)	134,070	138,920
Depreciation	5	-	(3,462)	-	26,885
Finance costs		-	126	-	854
Investor relations		28,251	97,845	152,336	283,470
Management fees		-	184,875	-	184,875
Professional fees	9	24,948	198,837	89,080	345,924
Share-based payments		-	(57,613)	14,795	909,187
Loss from operating expenses		(131,831)	(408,492)	(537,011)	(2,035,637)
Gain on debt settlement		-	-	2,291	
Other income		7	1,427	7	3,872
Foreign exchange gain (loss)		26,394	(82,454)	29,685	8,182
Foreign currency translation adjustment		2,091	(27,125)	9,971	-
Loss and comprehensive loss for the period		(104,216)	(516,644)	(495,057)	(2,023,583)
Loss and comprehensive loss for the period attributable to:					
Owners of the Company		(105,432)	(513,209)	(475,322)	(2,010,127)
Non-controlling interests		1,216	(3,435)	(19,735)	(13,456)
		(104,216)	(516,644)	(495,057)	(2,023,583)
Loss per share					
Weighted average number of common shares outstanding					
- Basic		95,269,551	73,512,221	86,234,562	73,512,221
- Diluted		95,269,551	73,512,221	86,234,562	73,512,221
Basic loss per share \$		(0.00)	(0.01)	(0.01)	(0.03)
Diluted loss per share \$		(0.00)	(0.01)	(0.01)	(0.03)

Terra Balcanica Resources Corp.
Condensed Interim Consolidated Statement of Cash Flows
Unaudited – Prepared by Management
For the nine months ended October 31, 2023 and October 31, 2022

	Note	October 31, 2023 \$	October 31, 2022 \$
Operating activities			
Loss for the period		(495,057)	(2,010,127)
Adjustments for non-cash items:			
Depreciation		-	26,885
Share-based payments		14,795	909,187
Foreign exchange		(17)	(2,164)
Accretion		-	854
Acquisition of equipment		10,054	-
Non-controlling interest		(2,072)	47,421
Changes in non-cash working capital items:			
Receivables		15,221	(12,259)
Prepaid expenses		(37,281)	181,604
Accounts payable and accruals		43,456	48,363
		(450,901)	(810,236)
Financing activities			
Lease payments		-	(21,855)
Proceeds from common share issuance, net of share issuance costs		1,182,557	156,150
		1,182,557	134,295
Investing activities			
Acquisition of equipment		-	(589)
Deferred exploration and evaluation expenditures		(760,221)	(734,862)
		(760,221)	(735,451)
Effect of foreign exchange on cash		(24,954)	(168,307)
Change in cash		(28,565)	(1,579,699)
Cash, beginning of period		70,301	1,652,607
Cash, end of period		16,782	72,908

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 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 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, 2023, the Company had an excess of current liabilities over current assets of \$191,786 (as at January 31, 2023 excess of current liabilities over current assets was \$187,163) and shareholders' equity of \$3,150,990 (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 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.

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) 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 October 31, 2023.

2. Significant 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 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, 2023, 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 a 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 October 31, 2023 and 2022.

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	Active	Bosnian Mark	100%

3. Cash

Cash consist of the following:

	October 31, 2023	January 31, 2023
	\$	\$
Cash	16,782	70,301

4. Receivables and prepaid expenses

Receivable and prepaid expenses consist of the following:

	October 31, 2023	January 31, 2023
	\$	\$
VAT Receivable	13,345	12,828
GST Receivable	3,614	19,352
Prepaid expenses	73,457	36,176
	<u>90,416</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 period ending October 31, 2023.

5. Equipment

Cost	Software \$	Computer	Vehicle \$	Total \$
		Equipment \$		
Balance - January 31, 2023	44,059	49,185	85,327	178,571
Additions	10,540	-	-	10,540
Balance - October 31, 2023	54,599	49,185	85,327	189,111
Accumulated Depreciation				
Balance - January 31, 2023	17,173	4,277	17,913	39,363
Depreciation	11,311	7,455	11,303	30,069
Foreign currency difference	(385)	(254)	(385)	(1,024)
Balance - October 31, 2023	28,099	11,478	28,831	68,408
Carrying Value				
Balance - January 31, 2023	26,886	44,908	67,414	139,208
Balance - October 31, 2023	26,500	37,707	56,496	120,703

During the period end October 31, 2023, the depreciation of \$30,171 was capitalized and included in mineral property interests.

6. Mineral property interests

Kaludra License

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

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

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

- 500,000 common shares of Terra on or before the second anniversary of the 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.

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. On or before the second anniversary, issue 500,000 common shares of Terra and grant a 0.5% NSR within 30 days from which the Ministry of Mines and Energy of the Republic of Serbia grants the licenses.

Drina 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.

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". Drina paid 12,519 BAM (\$9,289 CDN equivalent), for the site "Olovine" (paid in fiscal 2022), with deadline for completion of the research October 2, 2023.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the nine months ended October 31, 2023 and October 31, 2022

6. Mineral property interests (continued)

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". Drina paid 6,863.60 BAM (\$5,092 CDN equivalent), for the site "Čumavići" (paid in fiscal 2022), with deadline for completion of the research February 5, 2024.

	Ceoviste 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	-	106,508	209,788	6,455	372,751
Administration	-	69,211	37,337	73,543	2,263	182,354
Assay testing	-	15,363	11,552	22,754	700	50,369
Depreciation	-	24,528	1,862	3,668	113	30,171
Drilling	-	-	100,154	197,273	6,070	303,497
Geologist and consulting	-	9,294	-	-	-	9,294
Licenses	-	-	74	146	4	224
Maintenance	-	2,255	-	-	-	2,255
Road construction	-	-	4,353	8,575	264	13,192
Supplies	-	-	3,264	6,430	198	9,892
Transportation	-	9,181	-	-	-	9,181
Wages and salaries	-	59,724	-	-	-	59,724
Foreign exchange	(146)	(24,717)	(35,100)	(78,189)	(2,407)	(140,559)
Balance, October 31, 2023	52,287	576,236	814,214	1,745,369	53,702	3,241,808

7. Advances payable

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 advance payables 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.

8. Share Capital

Transactions for the issue of share capital during the period ended October 31, 2023:

On May 5, 2023, the Company announced their first tranche closing of 4,760,586 units at a price of \$0.085 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 \$0.13 until May 5, 2026. 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 \$77,923 owing to an arm's-length creditor by issuing an aggregate of 916,749 common shares at a price of \$0.085.

On June 21, 2023, the Company announced their second tranche closing of 3,620,564 units at a price of \$0.085 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 \$0.13 until June 21, 2026. The Company incurred \$10,465 in finders' fees in connection with the offering.

On June 30, 2023, the Company issued 588,236 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 6).

On June 30, 2023, the Company issued 984,378 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 1,194,118 units at \$0.085 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 \$0.13 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 \$0.005 per unit, for a total of \$5,971.

On July 31, 2023, the Company announced their fourth tranche closing of 2,866,229 units at \$0.085 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 \$0.13 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 \$0.01 per unit, for a total of \$28,662.

On September 22, 2023, the Company announced their fifth tranche closing of 1,826,470 units at \$0.085 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 \$0.13 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 \$0.015 per unit, for a total of \$27,397.

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%.

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the nine months ended October 31, 2023 and October 31, 2022

8. Share Capital (continued)

Transactions for the issue of share capital during the period ended October 31, 2022 (continued):

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.

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, 2023 and January 31, 2023 and changes during the period/year then ended is as follows:

	Period ended October 31, 2023		Year ended January 31, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	5,000,000	0.15	11,467,500	0.20
Issued - special warrants	-	-	800,000	0.20
Issued - unit offering	15,252,345	0.13	5,000,000	0.15
Exercised - special warrants	-	-	(12,267,500)	0.20
Warrants outstanding, end of period/year	20,252,345	0.13	5,000,000	0.15

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

	Period ended October 31, 2023		Year ended January 31, 2023	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of period/year	413,350	0.20	394,100	0.20
Issued	-	-	19,250	0.20
Warrants outstanding, end of period/year	413,350	0.00	413,350	0.20

Notes to the Condensed Interim Consolidated Financial Statements

Unaudited – Prepared by Management

For the nine months ended October 31, 2023 and October 31, 2022

8. Share Capital (continued)

As at October 31, 2023, the Company had warrants and brokers warrants outstanding and exercisable as follows:

Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
5,000,000	5,000,000	0.15	December 15, 2025
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
4,760,586	4,760,586	0.13	May 5, 2026
3,620,564	3,620,564	0.13	June 21, 2026
984,378	984,378	0.13	June 30, 2026
1,194,118	1,194,118	0.13	July 19, 2026
2,866,229	2,866,229	0.13	July 31, 2026
1,826,470	1,826,470	0.13	September 22, 2026
20,665,695	20,665,695		

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, 2023 and January 31, 2023, and changes during the period/year then ended is as follows:

	Period ended October 31, 2023		Year ended January 31, 2023	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of period/year	5,820,000	0.20	-	-
Granted	-	-	5,995,000	0.20
Expired/cancelled	(250,000)	0.20	(175,000)	0.20
Options outstanding, end of period/year	5,570,000	0.20	5,820,000	0.20

Stock options (continued)

As at October 31, 2023, 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
920,000	920,000	0.20	June 22, 2027
500,000	500,000	0.20	June 16, 2025
250,000	250,000	0.10	October 12, 2024
5,570,000	5,570,000	0.20	

9. 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, 2023, 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 period ended October 31, 2023, and October 31, 2022.

As at October 31, 2023, 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 6) 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 6). Mr. Ilić was issued Company shares at the price of \$0.085 equivalent to \$50,000 as a finder's fee for the Ceoviste License during the period ended October 31, 2023.

- (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).

	Nine months ended October 31, 2023 \$	Nine months ended October 31, 2022 \$	outstanding October 31, 2023 \$	outstanding January 31, 2023 \$
Brandon Bonifacio	-	47,250	-	-
Geotarget Solutions	109,624	137,625	-	-
Catherine Cox	34,625	27,783	183	-
DBM CPA	38,500	76,810	10,018	5,818
Paradox Public Relations	91,980	-	34,493	-
Aleksander Llic (Rockstone Group D.O.O)	50,000	-	11,556	-
	324,729	289,468	56,250	5,818

10. Supplemental cash flow information

Changes in non-cash operating working capital during the nine months ended October 31, 2023 and October 31, 2022 were comprised of the following:

	October 31, 2023	October 31, 2022
	\$	\$
Non-cash operating activities		
Shares issued for debt	(75,632)	-
	(75,632)	-

The Company incurred non-cash investing activities during the nine months ended October 31, 2023, and October 31, 2022 as follows:

	October 31, 2023	October 31, 2022
	\$	\$
Non-cash financing activities		
Residual value of warrants issued	(62,030)	-
Fair value reversal of cancelled stock options	30,000	-
	(32,030)	-

The Company incurred non-cash investing activities during the nine months ended October 31, 2023 and October 31, 2022 as follows:

	October 31, 2023	October 31, 2022
	\$	\$
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 nine months ended October 31, 2023 and October 31, 2022.

11. 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, 2023 the Company's capital structure is comprised of shareholders' equity of \$3,150,990.

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.

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 period ended October 31, 2023 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 October 31, 2023 and October 31, 2022.

11. Financial risk management (continued)

d) Currency risk

As at October 31, 2023 all 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 period ended October 31, 2023 and October 31, 2022.

12. 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

13. Segment information

All assets are located in Canada except property and equipment, deposits and mineral property interests for \$1,975,082 (January 31, 2023 - \$1,550,857) which is located in Bosnia and \$871,697 (January 31, 2023 - \$699,102) which is located in Serbia

14. Subsequent event

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 3,750,000 common shares at a purchase price of \$0.04 per share. On December 15, 2023, the Company closed the first tranche and issued 4,105,000 common shares for gross proceeds of \$164,200.