



Terra Balcanica Resources Corp.

Consolidated Financial Statements

January 31, 2026

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Terra Balcanica Resources Corp.

Opinion

We have audited the accompanying consolidated statements of Terra Balcanica Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at January 31, 2026 and 2025, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

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, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRS") Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss \$763,030 (January 31, 2025 \$982,779) during the year ended January 31, 2026, and, as of that date, the Company's current liabilities exceeded its current assets by \$326,567 (January 31, 2025 \$436,444). As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

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

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 \$4,750,066 as at January 31, 2026 (January 31, 2025: \$3,121,981) which is material to the consolidated financial statements. In addition, the management's impairment assessment process is highly judgmental and is based on assumptions, which are affected by expected future market or economic conditions.

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.

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.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures included, amongst others, the following:

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

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

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

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Kreston GTA LLP

Chartered Professional Accountants
Markham, Canada
June 01, 2026

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

As at January 31, 2026 and January 31, 2025

	Note	January 31, 2026 \$	January 31, 2025 \$
Assets			
Current assets			
Cash		61,064	563
Receivables and prepayments	3	44,537	53,324
		105,601	53,887
Non-current assets			
Equipment	4	11,494	54,562
Mineral property interests	5	4,750,066	3,121,981
		4,761,560	3,176,543
Total assets		4,867,161	3,230,430
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		235,076	381,960
Advances payable		31,213	25,312
Due to related parties	9	152,079	69,259
Note payable		13,800	13,800
Total liabilities		432,168	490,331
Shareholders' equity			
Share capital	6	11,236,306	9,467,028
Share subscriptions received		50,010	-
Reserves	6	1,081,944	814,871
Foreign currency reserve		(347,981)	(227,544)
Deficit		(7,998,984)	(7,331,095)
Shareholders' equity attributable to owners of the Company		4,021,295	2,723,260
Non-controlling interest		413,698	16,839
Total shareholders' equity		4,434,993	2,740,099
Total liabilities and shareholders' equity		4,867,161	3,230,430
Nature of operations and going concern	1		
Events after the reporting period	14		

Approved on behalf of the Board of Directors on June 1, 2026:

"Aleksandar Miskovic" Director

"Brandon Bonifacio" Director

Terra Balcanica Resources Corp.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
For the years ended January 31, 2026 and January 31, 2025

	Number of common shares #	Share capital \$	Share subscriptions received \$	Reserves \$	Foreign currency reserve \$	Deficit \$	Attributable to owners \$	Non-controlling interests \$	Shareholders' equity \$
Balance at February 1, 2024	33,524,850	8,057,800	-	947,895	(190,006)	(6,519,616)	2,296,073	13,807	2,309,880
Private placement units issued	11,158,850	1,093,009	-	22,876	-	-	1,115,885	-	1,115,885
Share issuance costs	-	(19,880)	-	-	-	-	(19,880)	-	(19,880)
Shares issued for acquisition of mineral properties	3,195,442	351,499	-	-	-	-	351,499	-	351,499
Finders warrants issued	-	(15,400)	-	15,400	-	-	-	-	-
Reallocated on expiration of warrants	-	-	-	(2,400)	-	2,400	-	-	-
Reallocated on cancellation of stock options	-	-	-	(168,900)	-	168,900	-	-	-
Foreign exchange adjustment	-	-	-	-	(37,538)	-	(37,538)	-	(37,538)
Loss and comprehensive loss for the year	-	-	-	-	-	(982,779)	(982,779)	3,032	(979,747)
Balance at January 31, 2025	47,879,142	9,467,028	-	814,871	(227,544)	(7,331,095)	2,723,260	16,839	2,740,099
Balance at February 1, 2025	47,879,142	9,467,028	-	814,871	(227,544)	(7,331,095)	2,723,260	16,839	2,740,099
Private placement units issued	15,594,951	1,493,195	-	66,300	-	-	1,559,495	-	1,559,495
Share issuance costs	-	(63,840)	-	-	-	-	(63,840)	-	(63,840)
Shares issued for acquisition of mineral properties	3,804,347	361,413	-	-	-	-	361,413	-	361,413
Shares issued for settlement of accounts payable	166,666	15,833	-	-	-	-	15,833	-	15,833
Subsidiary share subscriptions received	-	-	50,010	-	-	-	50,010	-	50,010
Finders warrants issued	-	(39,100)	-	39,100	-	-	-	-	-
Reallocated on exercise of warrants	-	464	-	(464)	-	-	-	-	-
Reallocated on exercise of finders' warrants	8,750	1,313	-	-	-	-	1,313	-	1,313
Reallocated on expiry of stock options	-	-	-	(70,000)	-	70,000	-	-	-
Share-based payments	-	-	-	232,137	-	-	232,137	-	232,137
Foreign exchange adjustment	-	-	-	-	(120,437)	-	(120,437)	-	(120,437)
Decrease in non-controlling interest	-	-	-	-	-	-	-	422,000	422,000
Loss and comprehensive loss for the year	-	-	-	-	-	(737,889)	(737,889)	(25,141)	(763,030)
Balance at January 31, 2026	67,453,856	11,236,306	50,010	1,081,944	(347,981)	(7,998,984)	4,021,295	413,698	4,434,993

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, 2026 and January 31, 2025**

	Note	January 31, 2026 \$	January 31, 2025 \$
Expenses			
Administrative		135,998	80,592
Business development		15,500	107,985
Consulting and salaries	9	101,343	185,150
Filing and listing fees		93,686	-
Investor relations		159,245	406,414
Management fees	9	33,750	-
Professional fees	9	206,697	201,968
Share-based payments		232,137	-
Loss from operating expenses		(978,356)	(982,109)
Foreign exchange gain		230,900	100,151
Impairment of property and equipment	4	(18,103)	-
Loss on debt settlement		(833)	-
Impairment of mineral properties	5	-	(109,629)
Interest income		298	-
Other income (loss)		3,064	8,808
Loss and comprehensive loss for the year		(763,030)	(982,779)
Loss and comprehensive loss for the year attributable to:			
Owners of the Company		(737,889)	(979,272)
Non-controlling interests		(25,141)	(3,507)
		(763,030)	(982,779)
Loss per share			
Weighted average number of common shares outstanding			
- Basic	8	60,116,564	40,291,243
- Diluted	8	60,116,564	40,291,243
Basic loss per share \$	8	(0.01)	(0.02)
Diluted loss per share \$	8	(0.01)	(0.02)

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

For the years ended January 31, 2026 and January 31, 2025

	Note	January 31, 2026 \$	January 31, 2025 \$
Operating activities			
Loss for the year		(763,030)	(982,779)
Adjustments for non-cash items:			
Share-based payments		232,137	-
Foreign exchange		24,965	1,453
(Gain) loss on disposal of equipment		-	(1,561)
Impairment of mineral properties		-	109,629
Impairment of property and equipment		18,103	-
Loss on settlement of debt		833	-
Non-controlling interests		-	3,032
Changes in non-cash working capital items:			
Receivables and prepayments		8,786	13,097
Accounts payable and accrued liabilities		(43,160)	147,259
		(521,366)	(709,870)
Financing activities			
Proceeds from shares/units issued		1,560,808	1,115,885
Share issue costs		(63,840)	(19,880)
Proceeds from issuance subsidiary shares	7	422,000	-
Subsidiary share subscriptions received		50,010	-
Promissory note payable		-	13,800
		1,968,978	1,109,805
Investing activities			
Mineral property acquisition costs		-	-
Expenditures on mineral property interests		(466,485)	(46,438)
Disposal of equipment		-	22,183
Deferred exploration and evaluation expenditures		(800,187)	(358,563)
		(1,266,672)	(382,818)
Effect of foreign exchange on cash		(120,437)	(36,875)
Change in cash		180,940	17,117
Cash, beginning of year		563	20,321
Cash, end of year		61,066	563

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 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, 2026, the Company had a working capital deficiency of \$326,567 (January 31, 2025 working capital deficiency of \$436,444) and shareholders' equity of \$4,434,993 (January 31, 2025 - \$2,740,099) which includes an accumulated deficit of \$7,998,984 (January 31, 2025 - \$7,331,095). 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 (2) 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.

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.

2. Material accounting policies (continued)**(b) Basis of presentation**

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

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

All amounts on the 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"), Drina Resources D.O.O. ("Drina"), which has a functional currency of the Bosnian Marks ("BAM"), and Terra North Resources Corp. ("Terra North"), which has a functional currency of CDN.

(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, 2026 and 2025.

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%
Energetski Minerali Doo Banja Luka	Bosnia	Active	Bosnian Mark	100%
Terra North Resources Corp.	Canada	Active	Canadian Dollar	64%

On November 7, 2025, the Company completed a corporate reorganization transaction (the "Spin-Out Transaction") pursuant to which the Company transferred its Fulcrum Metals PLC Licenses to Terra North Resources Corp. ("Terra North"), a newly incorporated subsidiary of the Company.

In consideration for the transfer, Terra North issued 15,000,000 common shares to the Company. Subsequent to the transfer, Terra North completed several equity financings with third-party investors. As at January 31, 2026, the Company retained approximately 64% ownership of Terra North and retained control over Terra North in accordance with IFRS 10, Consolidated Financial Statements. Accordingly, Terra North continues to be consolidated in the Company's consolidated financial statements.

The transfer of the Fulcrum Metals PLC Licenses represented a transaction under common control and was accounted for at predecessor carrying value. No gain or loss was recognized on the transfer.

The issuance of shares by Terra North to third-party investors, while control was retained by the Company, was accounted for as an equity transaction in accordance with IFRS 10.23. The resulting third-party ownership interest has been reflected as non-controlling interest within equity in the consolidated financial statements

2. Material accounting policies (continued)**(c) Basis of consolidation (continued)**

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20.0% and 50.0% of the voting power of another entity. Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. When applicable, the financial statements include the Company's share of the profit or loss and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence is obtained, until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to \$nil, and the recognition of further losses is discontinued, except to the extent that the Company has an obligation, or has made payments on behalf of the investee.

Inter-company balances and transactions, and any unrealized profit or loss and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments include: (i) Significant financial difficulty of the associated companies; (ii) becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or (iii) national or local economic conditions that correlate with defaults of the associated companies.

(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	5 years straight-line
Computer software	3 years straight-line
Vehicles	6 years straight-line

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

2. Material accounting policies (continue)

(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, 2025. 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, 2026 and January 31, 2025, 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, 2025, 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.

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

For the years ended January 31, 2026 and January 31, 2025

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 prepayments

Receivables and prepayments consist of the following:

	January 31, 2026 \$	January 31, 2025 \$
VAT Receivable	10,264	8,614
GST Receivable	13,232	33,361
Prepayments	21,041	11,349
	<u>44,537</u>	<u>53,324</u>

Value Added Tax (VAT) and general sales tax (GST) receivable consists of amounts paid on business related expenses during the year ended January 31, 2026.

4. Equipment

	Software \$	Computer Equipment \$	Vehicle \$	Total \$
Cost				
Balance - January 31, 2024	54,599	49,185	50,220	154,004
Disposals	-	-	(24,675)	(24,675)
Balance - January 31, 2025	54,599	49,185	25,545	129,329
Accumulated Depreciation				
Balance - January 31, 2024	38,156	18,170	22,495	78,821
Depreciation	4,097	9,704	702	14,503
Disposals	-	-	(10,117)	(10,117)
Foreign currency difference	(2,384)	(5,647)	(409)	(8,440)
Balance - January 31, 2025	39,869	22,227	12,671	74,767
Cost				
Balance - January 31, 2025	54,599	49,185	25,545	129,329
Impairment	-	(11,384)	-	(11,384)
Balance - January 31, 2026	<u>54,599</u>	<u>37,801</u>	<u>25,545</u>	<u>117,945</u>
Accumulated Depreciation				
Balance - January 31, 2025	39,869	22,227	12,671	74,767
Depreciation	-	8,034	751	8,785
Impairment	-	(6,719)	-	(6,719)
Foreign currency difference	4,190	14,259	11,169	29,618
Balance - January 31, 2026	<u>44,059</u>	<u>37,801</u>	<u>24,591</u>	<u>106,451</u>
Carrying Value				
Balance - January 31, 2025	14,730	26,958	12,874	54,562
Balance - January 31, 2026	<u>10,540</u>	<u>-</u>	<u>954</u>	<u>11,494</u>

During the year ended January 31, 2026, the Company recognized impairment of \$18,103 (January 31, 2025 - \$nil) on computer equipment attributable to Tera Balkanika, as the subsidiary ceased operations.

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, Terra 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, Terra 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 Tera 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.

Kaludra License (continued)

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, Terra 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.

The Company has relinquished the mineral licence held by its Serbian subsidiary Tera Balkanika doo Beograd – Stari Grad in December of 2024 and is in the process of liquidating the subsidiary.

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).

5. Mineral property interests (continued)

Drina Resources doo Srebrenica Licenses (continued)

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.

The Company has relinquished the mineral licence held by its Serbian subsidiary Tera Balkanika doo Beograd – Stari Grad in December of 2024 and is in the process of liquidating the subsidiary.

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.

Fulcrum Metals PLC Licenses

On June 2, 2024, the Company entered into a definitive agreement with a wholly owned subsidiary of Fulcrum Metals PLC ("Fulcrum"). Pursuant to the Agreement, the Company 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.

In consideration for the four-year option the Company paid Fulcrum \$7,500 (Paid) for exclusivity on execution of signing of the Letter of Intent, and paid Fulcrum \$25,000 less the \$7,500 (\$17,500 Paid) 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 (paid);
- \$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 (issued)
- \$350,000 on the first anniversary of closing of the Option Agreement (issued);
- \$500,000 on the second anniversary of closing of the Option Agreement;
- \$650,000 on the third anniversary of closing of the Option Agreement; and
- \$1,250,000 on the fourth anniversary of closing of the Option Agreement.

The Company will also complete minimum work expenditures totalling \$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 \$1,000,000.

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

For the years ended January 31, 2026 and January 31, 2025

5. Mineral property interests (continued)*Fulcrum Metals PLC Licenses (continued)*

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 \$150,000 in shares (Issued) in the Company on closing of the Option Agreement and a 0.5% NSR on all claims.

On November 7, 2025, the Company completed the Spin-Out Transaction" pursuant to which the Company transferred its Fulcrum Metals PLC Licenses to Terra North (See Note 2(c)).

The following is a continuity of the Company's mineral property interests as at January 31, 2026 and January 31, 2025:

	Ceoviste Property \$	Olovine Property \$	Cumavici Property \$	Fulcrum Property \$	Total \$
Balance, February 1, 2024	48,930	769,859	1,656,986	-	2,475,775
Acquisition	-	-	-	471,585	471,585
Administration	11,966	2,949	5,476	-	20,391
Depreciation	14,478	249	462	-	15,189
Geologist and consulting	24,044	28,609	21,457	86,457	160,567
Licenses	-	-	-	21,438	21,438
Transportation	1,768	701	1,301	-	3,770
Wages and salaries	5,718	-	-	-	5,718
Foreign currency difference	2,725	19,058	35,394	-	57,177
Impairment	(109,629)	-	-	-	(109,629)
Balance, January 31, 2025	-	821,425	1,721,076	579,480	3,121,981
Balance, February 1, 2025	-	821,425	1,721,076	579,480	3,121,981
Acquisition	-	-	-	411,413	411,413
Administration	-	3,821	7,093	-	10,914
Depreciation	-	1,013	1,880	-	2,893
Drilling	-	5,861	10,885	-	16,746
Geologist and consulting	-	105,347	195,644	167,654	468,645
Licenses	-	340	632	416,485	417,457
Supplies	-	52,665	97,806	-	150,471
Transportation	-	1,043	1,938	-	2,981
Foreign currency difference	-	51,298	95,267	-	146,565
Balance, January 31, 2026	-	1,042,813	2,132,221	1,575,032	4,750,066

6. Share Capital

Transactions for the issue of share capital during the year ended January 31, 2026:

On February 26, 2025, the Company issued 4,420,000 units at a price of \$0.10 per unit for gross proceeds of \$442,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until February 26, 2028. Pursuant to the Company's material 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 \$66,300.

The Company incurred \$28,840 in finders' fees and an additional \$15,300 which related to the fair value of finders' warrants issued in connection with the offering.

On March 19, 2025, the Company issued 166,666 common shares (at a fair value of \$15,833) to settle outstanding debt in the amount of \$15,000 for a gain of \$833.

On July 11, 2025, the Company issued 8,149,141 units at a price of \$0.10 per unit for gross proceeds of \$814,914. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.20 until July 11, 2028.

The Company incurred \$28,000 in finders' fees and an additional \$20,000 which related to the fair value of finders' warrants issued in connection with the offering.

On July 23, 2025, the Company issued a total 3,804,347 common shares at a price of \$0.095 per share (\$361,413 fair value) to Fulcrum (Note 5).

On August 12, 2025, the Company issued 3,025,810 units at a price of \$0.10 per unit for gross proceeds of \$302,581. Each unit consists of one common share in the capital of the Company and one-half of a common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.20 until August 12, 2028.

The Company incurred \$7,000 in finders' fees and an additional \$3,800 which related to the fair value of finders' warrants issued in connection with the offering.

On October 30, 2025, the Company issued 8,750 common shares at a price of \$0.15 per share for proceeds of \$1,313 for the exercise of finders' warrants.

Transactions for the issue of share capital during the year ended January 31, 2025:

On June 17, 2024, the Company issued 2,057,500 units at a price of \$0.10 per unit for gross proceeds of \$205,750. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until June 17, 2027.

On July 19, 2024, the Company issued 5,670,000 units at a price of \$0.10 per unit for gross proceeds of \$567,000, of which included 1,000,000 units for gross proceeds of \$100,000 being issued to Carl Fleury an individual which provides the Company with business development services. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until July 19, 2027. The Company incurred \$11,200 in finders' fees in connection with the offering, and an additional \$10,100 which related to the fair value of finders' warrants issued in connection with the offering 3.56%.

On July 24, 2024, the Company issued a total 3,195,442 common shares at a price of \$0.11 per share to Fulcrum and Global Energy on closing of an option agreement (Note 5).

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For the years ended January 31, 2026 and January 31, 2025

6. Share Capital (continued)

Transactions for the issue of share capital during the year ended January 31, 2025: (continued)

On September 13, 2024, the Company issued 1,760,100 units at a price of \$0.10 per unit for gross proceeds of \$176,010. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until September 13, 2027. The Company incurred \$1,750 in finders' fees in connection with the offering, and an additional \$1,100 which related to the fair value of finders' warrants issued in connection with the offering using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.15; ii) share price: \$0.095; iii) term: 3 years; iv) volatility: 120%; v) discount rate: 2.86%. 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 \$8,801.

On October 30, 2024, the Company issued 381,250 units at a price of \$0.10 per unit for gross proceeds of \$38,125. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until October 30, 2027. Pursuant to the Company's significant accounting policy, the Company determined that the residual value of the warrant component of the units sold was \$0.02 per unit, for a total of \$7,625.

On January 28, 2025, the Company issued 1,290,000 units at a price of \$0.10 per unit for gross proceeds \$129,000 which included 1,290,000 units for gross proceeds of \$129,000 being issued to principals of Paradox Public Relations Inc. ("Paradox") which provides the Company with investor relation services.. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.15 until January 28, 2028. The Company incurred \$6,930 in finders' fees in connection with the offering, and an additional \$4,200 which related to the fair value of finders' warrants issued in connection with the offering using the Black-Scholes option pricing model with the following inputs: i) exercise price: \$0.15; ii) share price: \$0.095; iii) term: 3 years; iv) volatility: 120%; v) discount rate: 2.83%. 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 \$6,450.

Warrants

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

A summary of the status of the Company's warrants as at January 31, 2026 and January 31, 2025, and changes during the years then ended is as follows:

	Year ended January 31, 2026		Year ended January 31, 2025	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	17,909,632	0.25	6,750,782	0.40
Issued - unit offerings	10,007,474	0.14	11,158,850	0.15
Expired	(1,666,667)	0.45	-	-
Warrants outstanding, end of year	26,250,439	0.19	17,909,632	0.25

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6. Share Capital (continued)

Warrants (continued)

A summary of the status of the Company's brokers warrants as at January 31, 2026 and January 31, 2025, and changes during the years then ended is as follows:

	Year ended January 31, 2026		Year ended January 31, 2025	
	Warrants #	Weighted average exercise price \$	Warrants #	Weighted average exercise price \$
Warrants outstanding, beginning of year	198,800	0.15	6,417	0.60
Issued	638,400	0.13	198,800	0.15
Exercised	(8,750)	0.15	-	-
Expired	-	-	(6,417)	0.60
Warrants outstanding, end of year	828,450	0.14	198,800	0.15

As at January 31, 2026, the Company had warrants and brokers warrants outstanding and exercisable as follows:

	Warrants outstanding #	Warrants exercisable #	Exercise price \$	Expiry date
(1)	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
	2,057,500	2,057,500	0.15	June 17, 2027
	5,670,000	5,670,000	0.15	July 19, 2027
	112,000	112,000	0.15	July 19, 2027
	1,760,100	1,760,100	0.15	September 13, 2027
	17,500	17,500	0.15	September 13, 2027
	381,250	381,250	0.15	October 30, 2027
	1,290,000	1,290,000	0.15	January 28, 2028
	69,300	69,300	0.15	January 28, 2028
	4,420,000	4,420,000	0.15	February 26, 2028
	279,650	279,650	0.15	February 26, 2028
	4,074,570	4,074,570	0.10	July 11, 2028
	280,000	280,000	0.10	July 11, 2028
	70,000	70,000	0.20	August 12, 2027
	1,512,904	1,512,904	0.20	August 12, 2027
	27,078,889	27,078,889		

(1) Expired unexercised subsequent to the year ended January 31, 2026.

Stock options

The Company has a 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.

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6. Share Capital (continued)

Stock options (continued)

A summary of the status of the Company's stock options as at January 31, 2026 and January 31, 2025, and changes during the years then ended is as follows:

	Year ended January 31, 2026		Year ended January 31, 2025	
	Options #	Weighted average exercise price \$	Options #	Weighted average exercise price \$
Options outstanding, beginning of year	1,466,667	0.60	1,856,667	0.59
Granted	3,500,000	0.105	-	-
Expired	(166,667)	0.60	(390,000)	0.54
Options outstanding, end of year	4,800,000	0.24	1,466,667	0.60

During the year ended January 31, 2026, 3,500,000 options were granted with a weighted average exercise price of \$0.07 each expiring between March 12, 2027 and February 26, 2030. The fair value was calculated using the following weighted average assumptions: expected life of options – four and a half years, stock price volatility – 120%, no dividend yield, and a risk-free interest rate – 2.7%. The fair value is particularly impacted by the Company's stock price volatility, determined using stock price data from the previous ten years. Using the above assumptions, the fair value of options granted during the year ended January 31, 2026, was approximately \$0.07 per option, for an aggregate total of \$234,335.

During the year ended January 31, 2026, 166,667 options were cancelled. As a result, the original share-based payments expense \$70,000 was reversed from reserves and credited to deficit.

As at January 31, 2026, 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
2,900,000	2,525,000	0.105	February 26, 2030
600,000	525,000	0.105	March 12, 2027
4,800,000	4,350,000	0.24	

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7. Non-controlling interests

The significant increase in non-controlling interests ("NCI") during the year primarily relates to Terra North financings completed with third-party investors following the spin-out transaction.

The Drina NCI itself remains relatively minor and reflects the 10% minority ownership interest and corresponding allocation of losses.

A summary of the status of the Company's stock options as at January 31, 2026 and January 31, 2025, and changes during the years then ended is as follows:

	Year ended January 31, 2026	Year ended January 31, 2025
NCI - beginning of year	16,839	13,807
Allocation of loss for the year - Drina	(7,477)	3,032
NCI arising from third-party financings and dilution during the year - Terra North	422,000	-
Allocation of loss for the year - Terra North	(17,664)	-
NCI, end of year	413,698	16,839

8. Loss per share

The calculation of basic and diluted loss per share for the year ended January 31, 2026, was based on the loss attributable to common shareholders of \$763,030 (January 31, 2025 – \$982,779) and a weighted average number of common shares outstanding of 60,116,564 (January 31, 2025 – 40,291,243).

All stock options and warrants were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

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 year ended January 31, 2026, and Directors receive no salaries, non-cash benefits, or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on a thirty-day advance notice.

Key management personnel and Directors can participate in the Company's stock option plan. During the year ended January 31, 2026, 2,350,000 stock options were issued to key management personnel and director (Note 6). No stock options were granted to related parties during the year ended January 31, 2025.

During the year ended January 31, 2025, two Directors of the Company subscribed unit offerings completed June 17, 2024 (Note 6), in which they were issued 257,500 units at \$0.10 per unit for gross proceeds of \$25,750. In addition, the CEO of the Company subscribed to the unit offering completed on October 30, 2024 (Note 6), in which 131,250 units were issued at \$0.10 per unit for gross proceeds of \$13,125.

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For the years ended January 31, 2026 and January 31, 2025

9. Related party payables and transactions (continued)

During the year ended 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. Furthermore, \$7,497 (9,750 BAM) is owed to Mr. Ilić as at January 31, 2026.

- (a) 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).
- (b) 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 consulting and salaries).
- (c) Catherine Cox is the Company's Corporate Secretary. She has significant influence over CAT Corporate Services Inc. ("CAT Corporate Services") which is a consulting firm. She provides the Company with Corporate Secretary services (included within consulting fees).

	Transactions for the year ended January 31, 2026 \$	Transactions for the year ended January 31, 2025 \$	Balances outstanding at January 31 2026 \$	Balances outstanding at January 31, 2025 \$
CAT Corporate Services	45,600	40,706	26,105	12,600
Geotarget Solutions	317,428	143,055	92,126	29,786
DBM CPA	59,100	54,683	20,025	15,225
Alex Miskovic	-	-	13,823	11,648
	422,128	238,444	152,079	69,259

10. Income taxes

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

	January 31, 2026	January 31, 2025
Profit (loss) for the year before income taxes	(763,030)	(982,779)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated income tax recovery	(206,018)	(265,350)
Change in tax resulting from:		
Change in statutory, foreign tax, foreign exchange rates and other	(27,599)	(4,493)
Change in unrecognized deductible temporary difference	233,617	269,843
Net deferred income tax recovery	-	-

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

Share issue costs	26,609	23,313
Property and equipment	6,113	2,429
Non-capital loss carry forwards	1,328,585	1,147,937

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10. Income taxes (continued)

As at January 31, 2026, the Company has non-capital loss carry forwards of approximately \$6,060,000 (January 31, 2025 – \$5,322,000) which expire five to twenty years from initial recognition.

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

11. Supplemental cash flow information

The Company incurred non-cash financing activities during the years ended January 31, 2026 and January 31, 2025, as follows:

	January 31, 2026	January 31, 2025
	\$	\$
Non-cash financing activities		
Shares issued for debt	833	-
Residual value of warrants issued	66,300	38,176
Finders' warrants issued	39,100	-
Reallocated on exercise of warrants	(464)	-
Reallocated on exercise of finders' warrants	(8,750)	-
Reallocated on expiration of warrants	-	(2,400)
Reallocated on cancellation of stock options	-	(168,900)
Reallocated on expiry of stock options	(70,000)	-
	27,019	(133,124)

The Company incurred non-cash investing activities during the years ended January 31, 2026 and January 31, 2025, as follows:

	January 31, 2026	January 31, 2025
	\$	\$
Non-cash investing activities		
Shares issued for acquisition of mineral property interests	361,413	351,499
	361,413	351,499

There were no amounts paid for income taxes or interest during the years ended January 31, 2026 and January 31, 2025.

12. Financial risk management

Capital management

The Company is a junior exploration company and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. As at January 31, 2026, the Company's capital structure is comprised of shareholders' equity of \$4,434,993.

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.

12. Financial risk management (continued)

Financial instruments – fair value

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

The carrying value of receivables, accounts payable and accruals, 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 condensed interim consolidated 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, 2026, there were no transfers between the levels of the 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 approximate their carrying values and are due within 12 months as at January 31, 2026 and January 31, 2025.

d) Currency risk

As at January 31, 2026 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, 2026 and January 31, 2025.

13. Segment information

All assets are located in Canada except property and equipment, deposit and mineral property interests for \$3,175,034 (January 31, 2025 - \$2,542,501) which is located in Bosnia and \$nil (January 31, 2025 - \$nil) which is located in Serbia.

14. Events after the reporting period

On April 14, 2026, the Company closed the previously announced non-brokered private placement financing of units for gross proceeds of \$439,370. The Company issued 8,787,408 units of \$0.05 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant at an exercise price of \$0.10 until April 14, 2028.

Subsequent to the year ended January 31, 2026, the Company's ownership interest in Terra North decreased to 49%.