

# **JOURDAN RESOURCES INC.**

## **Condensed Interim Financial Statements**

*For the three and nine months ended September 30, 2019 and 2018*

*(Expressed in Canadian Dollars)*

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

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 the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim 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 condensed interim financial statements, in accordance with standards established by the Chartered Professional Accountants of Canada (CPA Canada) for a review of interim financial statements by an entity's auditor.

**Jourdan Resources Inc.**  
**Condensed Interim Statements of Financial Position**  
(Expressed in Canadian dollars- unaudited)

As at:		September 30, 2019	December 31, 2018
	Notes		
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash		\$ 27,521	\$ 537,548
Amounts receivable	4	275,741	267,817
Marketable securities	5	3,000	2,000
Prepaid expenses		1,548	-
Total current assets		307,810	807,365
<b>Non-current assets:</b>			
Exploration and evaluation properties	6	1,013,714	1,010,565
<b>TOTAL ASSETS</b>		<b>\$ 1,321,524</b>	<b>\$ 1,817,930</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	7, 12	\$ 362,936	\$ 262,764
Flow-through share premium liability	8	-	138,783
Other liabilities	15	433,345	433,345
Total liabilities		796,281	834,892
<b>Equity:</b>			
Share capital	9	17,763,890	17,763,890
Warrants	10	378,401	378,401
Contributed surplus	10	3,077,365	3,077,365
Deficit		(20,694,413)	(20,236,618)
Total equity		525,243	983,038
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,321,524</b>	<b>\$ 1,817,930</b>
Nature of operations and going concern	1		
Commitments and contingencies	15		

Approved on behalf of the Board of Directors on November 8, 2019.

*"Rene Bharti"*

---

Director

*"Michael Dehn"*

---

Director

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

**Jourdan Resources Inc.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars- unaudited)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2019	2018	2019	2018
<b>Expenses:</b>					
Consulting and management fees	12	\$ 141,629	\$ 38,000	\$ 438,658	\$ 116,000
Exploration and evaluation expenses		990	309,193	5,114	414,718
Professional fees		9,367	11,500	52,836	27,961
Shareholder communications and filing fees		504	4,256	15,158	23,365
General and administrative expenses		19,668	1,394	84,990	14,800
Interest and bank charges		254	129	822	408
Share-based compensation	10	-	27,501	-	191,666
<b>Loss before other items</b>		<b>172,412</b>	<b>391,973</b>	<b>597,578</b>	<b>788,918</b>
<b>Other income/(loss):</b>					
Flow-through share premium recovery	8, 15	-	-	19,079	-
Net change in fair value of marketable securities	5	-	(750)	1,000	(1,750)
<b>Net and comprehensive loss</b>		<b>172,412</b>	<b>392,723</b>	<b>\$ 577,499</b>	<b>\$ 790,668</b>
<b>Loss per share</b>					
Basic and diluted loss per share		\$ 0.003	\$ 0.007	\$ 0.010	\$ 0.018
<b>Weighted average number of common shares outstanding:</b>					
Basic and diluted		58,873,111	58,710,792	58,873,111	44,830,787

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

**Jourdan Resources Inc.**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars- unaudited)

	Share capital		Warrants	Contributed	Deficit	Total equity
	No.	\$		surplus		
			\$	\$	\$	\$
Balance, December 31, 2017	35,403,444	16,846,262	258,950	2,484,839	(18,467,232)	1,122,819
Shares issued from private placement - June 2018	12,313,332	738,800	-	-	-	738,800
Shares issued from flow-through private placement - June 2018	8,870,000	665,250	-	-	-	665,250
Shares issued from flow-through private placement - August 2018	466,667	35,000	-	-	-	35,000
Private placement - share issue costs	-	(15,562)	-	-	-	(15,562)
Black Scholes- w warrants	-	(261,900)	261,900	-	-	-
Expiry of w warrants	-	-	(249,680)	249,680	-	-
Warrants exercised	319,668	31,966	(9,270)	9,270	-	31,966
Shares issued to acquire properties	1,500,000	97,500	-	-	-	97,500
Stock options granted	-	-	-	191,666	-	191,666
Net and comprehensive loss	-	-	-	-	(790,668)	(790,668)
<b>Balance, September 30, 2018</b>	<b>58,873,111</b>	<b>18,137,316</b>	<b>261,900</b>	<b>2,935,455</b>	<b>(19,257,900)</b>	<b>2,076,771</b>
Balance, December 31, 2018	58,873,111	17,763,890	378,401	3,077,365	(20,236,618)	983,038
Flow-through share premium recovery (Note 8)	-	-	-	-	119,704	119,704
Net and comprehensive loss	-	-	-	-	(577,499)	(577,499)
<b>Balance, September 30, 2019</b>	<b>58,873,111</b>	<b>17,763,890</b>	<b>378,401</b>	<b>3,077,365</b>	<b>(20,694,413)</b>	<b>525,243</b>

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



# **Jourdan Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Jourdan Resources Inc. ("Jourdan" or the "Company") is incorporated under the *Canada Business Corporations Act*. The Company's registered office is located at 65 Queen Street West, Suite 815, Toronto, Ontario, M5H 2M5.

Jourdan specializes in the acquisition, exploration and development of mining properties in lithium and other minerals, primarily in Canada and has not yet identified a commercial mineral resource. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration and evaluation programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

#### **Going concern**

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations, and do not include any adjustments to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at September 30, 2019, Jourdan has a working capital deficiency of \$488,471 (December 31, 2018 – deficiency of \$27,527), and an accumulated deficit of \$20,694,413 (December 31, 2018 - \$20,236,618). These matters represent material uncertainties that cast significant doubt as to the Company's ability to continue as a going concern. The continuation of Jourdan as a going concern is dependent upon the ability of the Company to obtain the necessary equity financing to continue operations, the successful results of mineral property exploration activities and its ability to attain profitable operations and generate funds therefrom or realize proceeds from their sale. Jourdan may periodically have to raise additional capital to fund projects and continue operations and while it has been successful in doing so in the past, there can be no assurance the Company will be able to do so in the future. Management believes Jourdan will obtain the funding required to maintain current levels of operations and continue as a going concern for the following year.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. The policies set out in the Company's annual financial statements for the year ended December 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (CONTINUED)

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments, which are stated at their fair values. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on November 6, 2019.

### 3. CHANGES IN ACCOUNTING POLICIES

#### Accounting changes

During fiscal 2019, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards, including IFRS 16 and IFRIC 23. The new standards and changes did not have any material impact on the Company's condensed interim financial statements.

#### Future accounting changes

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning on January 1, 2020 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IAS 1- Presentation of Financial Statements ("IAS 1") and IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The refined definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

### 4. AMOUNTS RECEIVABLE

The Company's receivables arise from Harmonized sales tax ("HST") and Quebec sales tax ("QST") receivable due from Canadian tax authorities.

	September 30, 2019	December 31, 2018
	\$	\$
Sales taxes receivable	275,741	209,677
Amounts held in-trust	-	58,140
	275,741	267,817

## Jourdan Resources Inc.

### Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

#### 5. MARKETABLE SECURITIES

The Company held marketable securities as follows:

<b>September 30, 2019</b>	Number of Shares	Cost \$	Fair Value \$
Satori Resources Inc.	50,000	50,000	3,000
Aurtois Exploration Inc.	312,000	50,000	-
		<b>100,000</b>	<b>3,000</b>

  

<b>December 31, 2018</b>	Number of Shares	Cost \$	Fair Value \$
Satori Resources Inc.	50,000	50,000	2,000
Aurtois Exploration Inc.	312,000	50,000	-
		<b>100,000</b>	<b>2,000</b>

The fair values of the listed available-for-sale investments have been determined directly by reference to published price quotations in an active market with any gain or losses adjusted through the statement of loss and comprehensive loss.

#### 6. EXPLORATION AND EVALUATION PROPERTIES

Reconciliation of the carrying amounts for the three and nine months ended September 30, 2019 and year ended December 31, 2018 are as follows:

	<b>Balance December 31, 2018</b>	<b>Additions</b>	<b>Impairment</b>	<b>Sale</b>	<b>Balance September 30, 2019</b>
<b>Quebec</b>	\$	\$	\$	\$	\$
Vallee and Baillarge	38,815	526	-	-	39,341
Rome Lithium	148,663	-	-	-	148,663
Preissac La Corne Lithium	223,087	2,623	-	-	225,710
Baillarge North	600,000	-	-	-	600,000
<b>Summary</b>	<b>1,010,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,013,714</b>

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 6. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

	Balance December 31, 2017	Additions	Impairment	Sale	Balance December 31, 2018
<b>Quebec</b>	\$	\$	\$	\$	\$
Vallee and Baillarge	38,815	-	-	-	38,815
Rome Lithium	50,000	98,663	-	-	148,663
Preissac La Corne Lithium	212,000	11,087	-	-	223,087
Baillarge North	600,000	-	-	-	600,000
<b>Summary</b>	<b>900,815</b>	<b>109,750</b>	-	-	<b>1,010,565</b>

Certain claims were allowed to lapse in 2018. The Company arranged for the re-staking of claims of interest to the Company and has arranged the transfer of such re-staked claims to the Company.

#### Vallee and Baillarge Property

The Vallee project is in the Val-d'Or region of Northern Quebec, in La Corne and Fieldmont townships. The Baillarge Lithium Project is located in La Corne Township. The property is subject to a 2% net smelter return ("NSR"), of which half (1% NSR) may be repurchased for \$1,000,000.

#### Rome Lithium property

On June 29, 2017, the Company and Fairmont Resources Inc. ("Fairmont") entered into a non-arms-length assignment agreement entitling Jourdan to acquire a 100% interest in the Rome Lithium property. In consideration for the acquisition, Jourdan: (i) paid \$50,000 in cash, (ii) issued 1,500,000 common shares of Jourdan, (iii) granted a 2% NSR on the property, of which half (1% NSR) may be bought back for \$1,000,000 at any time, and (iv) and agreed to complete exploration expenditures of \$150,000 on the property.

#### Preissac La Corne Lithium Portfolio

On May 9, 2017, the Company entered into an option agreement with Alix Resources Inc. ("Alix") to acquire up to a 75% interest in Alix's Preissac La Corne Lithium portfolio by issuing 600,000 common shares and by making a payment of \$50,000. To complete the option, the Company is required to issue an additional 600,000 common shares of the Company and make an additional payment of \$75,000. The Company in discussions with Alix in this regard. The property under option is subject to a 1% NSR.

The Company also completed additional acquisition agreements to acquire a 100% interest in certain additional claims, subject to a 2% NSR.

#### Baillargé North property

On August 24, 2017, the Company acquired the Baillargé North property, subject to a 1% NSR. Jourdan paid \$50,000 in cash and issued 5,000,000 common shares on August 21, 2017.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company are as follows:

	September 30, 2019	December 31, 2018
	\$	\$
Trade payables	232,436	185,764
Accrued liabilities	130,500	77,000
	362,936	262,764

### 8. FLOW-THROUGH SHARE PREMIUM LIABILITY

During the year ended December 31, 2018, the Company recorded a flow-through liability totaling \$243,350. As the Company incurred eligible expenditures against this liability, the liability was reduced at the same rate as a flow-through premium recovery recorded on the statements of loss and comprehensive loss. During 2019, the Company and a shareholder agreed to amendments to their flow-through share agreement. Consequently, the Company has incurred all expenditures related to the flow-through liability. As at September 30, 2019 the liability was reduced to \$nil (December 31, 2018 - \$138,783). A flow-through share premium recovery of \$19,079 has been recorded on the statements of loss and comprehensive loss for the nine months ended September 30, 2019 (year ended December 31, 2018- recovery of \$104,567) and \$119,704 has been recorded directly to deficit.

### 9. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares.

#### b) Issued and outstanding common shares

Reconciliation of the number and value of common shares for the nine months ended September 30, 2019 and the year ended December 31, 2018 were as follows:

	Number of Shares	Amount
	#	\$
<b>Balance, December 31, 2017</b>	<b>35,403,444</b>	<b>16,846,262</b>
Shares issued from private placement - June 2018 (ii)	12,313,332	738,800
Black-Scholes warrant valuation (ii)	-	(274,301)
Shares issued from flow-through placement- June 2018 (ii)	8,870,000	665,250
Black-Scholes flow-through warrants (ii)	-	(98,900)
Shares issued from flow-through placement - August 2018 (ii)	466,667	35,000
Black-Scholes flow-through warrants (ii)	-	(5,200)
Flow-through premium liability (ii)	-	(243,350)
Share issue costs	-	(29,137)
Warrants exercised (i)	319,668	31,966
Shares issued to acquire exploration property (iii)	1,500,000	97,500
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>58,873,111</b>	<b>17,763,890</b>

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 9. SHARE CAPITAL (CONTINUED)

#### b) Issued and outstanding common shares (continued)

- (i) On April 10, 2018, the Company issued 319,668 common shares at \$0.10 per common share on the exercise of warrants for proceeds of \$31,966.
- (ii) On June 12, 2018, the Company closed the first tranche of a non-brokered private placement by issuing 12,313,332 non-flow-through units at a price of \$0.06 per non flow-through unit and 8,870,000 flow through units at a price of \$0.075 per flow-through unit, for aggregate gross proceeds of \$1,404,050. On August 1, 2018, the Company closed the final tranche of the non-brokered private placement by issuing 466,667 flow-through units at a price of \$0.075 per unit for gross proceeds of \$35,000.

Each non flow-through unit consisted of one common share and one common share purchase warrant. Each flow-through unit consisted of one flow-through common share and one half of one common share purchase warrant. The warrants have an exercise price of \$0.10 per common share on that date that is 24 months from the issuance closing date. The fair value of the warrants was estimated to be \$378,401 using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%; expected annual volatility 156%; risk-free interest rate 1.90% to 2.08% and expected average life 2 years.

The flow-through shares were issued at an average premium of \$0.026 per share to the current market price of the Company's shares on the date of issue. The premium is recognized as a liability of \$nil as at September 30, 2019 (December 31, 2018- \$138,783).

- (iii) On June 15, 2018, the Company issued 1,500,000 common shares to Fairmont Resources to acquire an interest in the Rome Lithium property. The shares were valued at \$97,500, based on the quoted market value of the Company's shares at the time of issuance.

### 10. RESERVES

#### a) Warrants

Warrants are issued within units of private placements as an incentive to the investor.

Details of share purchase warrant transactions for the nine months ended September 30, 2019 are as follows:

	Number of warrants	Weighted average exercise price \$
<b>Balance, December 31, 2017</b>	<b>8,863,387</b>	<b>0.10</b>
Warrants exercised	(319,668)	0.10
Warrants expired	(8,543,719)	0.10
Warrants issued from non-flow-through placement	12,313,332	0.10
Warrants issued from flow-through private placement	4,668,333	0.10
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>16,981,665</b>	<b>0.10</b>

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 10. RESERVES (CONTINUED)

#### a) Warrants (continued)

As at September 30, 2019, the Company has share purchase warrants outstanding as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Fair value at grant date	Exercise price
				\$	\$
June 12, 2018	June 12, 2020	16,748,332	16,748,332	373,201	0.10
August 1, 2018	August 1, 2020	233,333	233,333	5,200	0.10
		<b>16,981,665</b>	<b>16,981,665</b>	<b>378,401</b>	<b>0.10</b>

The weighted average contractual years remaining on the Company's outstanding warrants as of September 30, 2019 was 0.70 years (September 30, 2018- 1.70 years).

#### b) Stock options

The Company has adopted a share-based payment plan under which the board of directors may award options for common shares to directors, officers, employees and consultants. The maximum number of shares issuable under the plan represents 10% of the issued and outstanding common shares of the Company. The maximum number of shares which may be reserved for issuance to any optionee pursuant to share options may not exceed 5% of the common shares outstanding at the time of grant and 2% for consultants.

The exercise price of each option is determined by the board of directors and cannot be less than the market value of the common shares on the day prior to the grant, and the term of the options cannot exceed ten years. Certain options vest over periods of time, determined by the board of directors.

On June 13, 2018, the Company granted 2,450,000 stock options to certain directors, officers and consultants. The options vest immediately and have a term of 5 years, expiring on June 12, 2023. Each option will allow the holder to purchase one common share in the Company at a price of \$0.08. The fair value of the stock options was estimated using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 173%, risk-free interest rate 2.14% and expected average life 5 years.

On December 14, 2018, the Company granted 700,000 stock options to certain directors, officers and consultants. The options vest immediately and have a term of 3 years, expiring on December 14, 2021. Each option will allow the holder to purchase one common share of the Company at a price of \$0.05. The fair value of the stock options was estimated using the Black-Scholes pricing model, with the following weighted average assumptions: expected dividend yield 0%, expected annual volatility 145%, risk-free interest rate 2.03% and expected average life 3 years.

## Jourdan Resources Inc.

### Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

#### 10. RESERVES (CONTINUED)

##### b) Stock options (continued)

Details of the stock option transactions for the nine months ended September 30, 2019 are as follows:

	Number of options	Exercise price \$
<b>Balance, December 31, 2017</b>	<b>2,720,000</b>	<b>0.20</b>
Options granted - June 2018	2,450,000	0.08
Options granted - December 2018	700,000	0.05
<b>Balance, December 31, 2018</b>	<b>5,870,000</b>	<b>0.13</b>
Options expired- April 2019	1,510,000	0.23
<b>Balance, September 30, 2019</b>	<b>4,360,000</b>	<b>0.12</b>

As at September 30, 2019, the Company had stock options outstanding and exercisable as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Fair value at grant date \$	Exercise price \$
March 25, 2014	March 25, 2024	60,000	60,000	25,391	0.90
May 31, 2017	May 31, 2022	1,450,000	1,450,000	179,800	0.17
June 12, 2018	June 12, 2023	2,150,000	2,150,000	163,444	0.08
December 14, 2018	December 14, 2021	700,000	700,000	16,100	0.05
		<b>4,360,000</b>	<b>4,360,000</b>	<b>384,735</b>	<b>0.13</b>

The weighted average contractual years remaining on its outstanding options as of September 30, 2019 was 3.13 years (September 30, 2018 – 4.31 years).

##### c) Contributed surplus

	\$
<b>Balance, December 31, 2017</b>	<b>2,484,839</b>
Warrants expired	258,950
Stock options, vested	333,576
<b>Balance, December 31, 2018 and September 30, 2019</b>	<b>3,077,365</b>

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 11. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items for the nine months ended September 30, 2019 and 2018 are detailed as follows:

	2019 \$	2018 \$
Amounts receivable	(7,924)	(89,648)
Prepaid expenses	(1,548)	-
Accounts payable and accrued liabilities	100,172	202,873
	<b>90,700</b>	<b>113,225</b>

### 12. RELATED PARTY TRANSACTIONS

#### Compensation of key management

Key management includes the Company's directors and officers. Compensation awarded to key management included:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Consulting fees	\$ 80,556	\$ 43,500	\$ 306,758	\$ 43,500
Share-based compensation	-	77,500	-	77,500
	<b>\$ 80,556</b>	<b>\$ 121,000</b>	<b>\$ 306,758</b>	<b>\$ 121,000</b>

Included in accounts payable and accrued liabilities as at September 30, 2019 is approximately \$306,206 (December 31, 2018 - \$177,530) due to officers and directors of the Company. The amounts are unsecured, non-interest bearing and due on demand.

On June 12, 2018, the Company closed the first tranche of its non-brokered private placement. Michael Dehn, an officer and director of the Company, acquired 1,000,000 units through Avanti Management & Consulting Limited ("Avanti"), a corporation in which he is the controlling shareholder.

On August 1, 2018, Jourdan closed a second tranche of its non-brokered private placement. Maxime Lemieux, a director of the Company, acquired 66,667 units.

On June 12, 2018, the Company granted 1,950,000 stock options to directors and officers of the Company pursuant to the Company's stock option plan. The options have a term of 5 years, expiring on June 12, 2023.

On December 14, 2018, the Company granted 360,000 stock options to certain officers of the Company pursuant to the Company's stock option plan. The options have a term of 3 years, expiring on December 14, 2021.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

### 13. FINANCIAL INSTRUMENTS

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

The Company's financial instruments are comprised of cash, accounts receivable, marketable securities and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair value due to the short-term nature of these instruments.

Financial instruments to be measured at fair value on the statements of financial position are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs that are not based on observable market data.

The Company's marketable securities are considered Level 1.

Financial assets and financial liabilities as at September 30, 2019 and December 31, 2018 were as follows:

<b>September 30, 2019</b>	<b>Fair value through profit and loss \$</b>	<b>Amortized cost \$</b>	<b>TOTAL \$</b>
<b>Financial assets:</b>			
Cash	-	27,521	27,521
Marketable securities	3,000	-	3,000
<b>Financial liabilities:</b>			
Accounts payable and accrued liabilities	-	362,936	362,936
<b>December 31, 2018</b>	<b>Cash (fair value through profit and loss) \$</b>	<b>Amortized cost \$</b>	<b>TOTAL \$</b>
<b>Financial assets:</b>			
Cash	-	537,548	537,548
Amounts receivable	-	58,140	58,140
Marketable securities	2,000	-	2,000
<b>Financial liabilities:</b>			
Accounts payable and accrued liabilities	-	262,764	262,764

# **Jourdan Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### **14. CAPITAL AND FINANCIAL RISK MANAGEMENT**

Jourdan's capital structure consists of shareholders' equity and current liabilities. The primary capital management objectives are to maintain a flexible capital structure, which optimizes the cost of capital at acceptable risk to facilitate ongoing exploration and to maintain a strong capital base so as to maintain investor confidence and provide an appropriate return to its shareholders. Jourdan has the ability to adjust its capital structure by issuing new equity and adjusting its mineral exploration program to the extent the mineral exploration expenditures are not committed to.

As at September 30, 2019, Jourdan had a working capital deficiency of \$488,471 (December 31, 2018 – deficiency of \$27,527) and no long-term debt.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to maximize the funds invested into exploration and development activities;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholders.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The Company manages capital in proportion to risk and manages the exploration and evaluation assets and capital structure based on economic conditions and prevailing commodity pricing and trends. The Company relies on equity financings to maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

The Company is not exposed to any externally imposed capital requirements, except when the Company issues flow-through shares for which an amount should be used for exploration work. No other capital requirements are imposed by a lending institution or regulatory body, other than of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

No changes were made in the objectives, policies and processes for managing capital during the reporting periods. In the normal course of operations, the Company is exposed to various financial risks. The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are liquidity risk, credit risk and market risk. The Company has minimal interest rate risk as there are no outstanding variable-rate borrowings, and the Company finances its operations primarily through share offerings. Management mandates and agrees to policies for managing each of these risks.

# **Jourdan Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### **14. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### ***Liquidity risk***

Liquidity risk is the risk that Jourdan will encounter difficulty in meeting its financial commitments and working capital obligations as they come due. The Company's ability to continue as a going concern is dependent on the board of directors' and management's ability to raise the required capital through future equity or debt issuances. As Jourdan is in the exploration stage, it has no production upon which it could rely to fund its operations or the exploration of its properties. Financial liabilities consist of accounts payable, which are current and will be settled within one year.

As at September 30, 2019, the Company had a cash balance of \$27,521 (December 31, 2018: \$537,548) and amounts receivable, other than sales taxes receivable, of \$nil (December 31, 2018: \$58,140), available to fund financial liabilities that consisted of accounts payable and accrued liabilities of \$362,936 (December 31, 2018: \$262,764), based on contractual undiscounted payments

#### ***Credit risk***

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to pay amounts owing or perform its contractual obligations causing a financial loss. Not having a producing asset generating sales and accounts receivable, Jourdan's credit risk is considered limited as there is no exposure to a single customer or counterparty. With respect to credit risk arising from financial assets of the Company, which comprise cash and minimal receivables, the Company's exposure to credit risk arises from default of counterparties with a maximum exposure equal to the carrying amount of these instruments. Cash balances are held with high credit quality financial institutions and may be redeemed on demand. The Company has no trade accounts and has nominal other receivables and as such has limited exposure to credit risk. The Company continuously monitors defaults of counterparties as applicable. No impairment loss has been recognized in the periods presented.

#### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, such as commodity prices, foreign currency exchange rates, interest rates and liquidity. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns. The Company recognizes that external factors, which it cannot control, such as financial market instability and commodity prices, can adversely affect its ability to raise the necessary capital to maintain ongoing operations. A discussion of the Company's primary market risk exposures, and how those exposures are currently managed, follows:

#### ***Commodity price risk***

The ability of the Company to explore, evaluate and develop its exploration properties and the future profitability of the Company are directly related to the price of lithium and other commodities. Commodity prices fluctuate and are affected by factors outside of the Company's control. Current and expected future prices have a significant impact on the market sentiment for investment in mineral exploration companies and may impact the Company's ability to raise equity financing for its ongoing working capital requirements. The Company monitors commodity prices to determine the appropriate course of action to be taken.

# **Jourdan Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### **14. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)**

#### ***Currency risk***

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. The Company's financial assets and liabilities and operating costs are principally denominated in Canadian dollars. The Company has historically had insignificant operations in United States dollars. The Company has no hedging program due to its minimal exposure to financial gain or loss as a result of foreign exchange movements against the Canadian dollar.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that Jourdan will realize a loss as a result of a decline in the fair value of cash is limited because of their short-term investment nature. A variable rate of interest is earned on cash; changes in market interest rates at the year-end would not have a material impact on the Company's financial statements. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debts. The Company has not entered into any interest rate swaps or other active interest rate management programs at this time.

### **15. COMMITMENTS AND CONTINGENCIES**

#### **Flow-Through Financing**

The Company has been partially financed through the issuance of flow-through shares and, according to tax rules regarding this type of financing, the Company is engaged in realizing mining exploration work. These tax rules also set deadlines for carrying out the exploration work, which must be performed no later than the earlier of the following dates:

- end of the calendar year following the flow-through placements; and
- one year after the Company has renounced the tax deductions relating to the exploration work.

There is no guarantee that the Company's exploration expenses will qualify as Canadian exploration expenses, even if the Company is committed to taking all the necessary measures in this regard. Refusal of certain expenses by the tax authorities would have a negative tax impact for investors and for the Company.

The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

As at December 31, 2015, the amount of required flow-through proceeds from prior years to be expended was not met by the Company. This may result in a liability to its shareholders. Management has recorded a provision for estimated penalties and potential indemnities for the amount the shareholders could be reassessed by tax agencies due to the fact that Jourdan did not spend the required amount per the flow through share agreement.

During the year ended December 31, 2018, the Company recorded a flow-through share premium liability totaling \$243,350. As at September 30, 2019, the liability has been reduced to \$nil. See Note 8.

# **Jourdan Resources Inc.**

## **Notes to the Condensed Interim Financial Statements**

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian dollars- unaudited)

---

### **15. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

#### **Management Contracts**

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$523,000 to be made to the officers of the Company upon the occurrence of certain events such as a change of control. As the triggering event has not taken place, the contingent payments have not been reflected in these financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$225,000, all due within one year.

#### **Environmental**

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

See Notes 1 and 6.