

JOURDAN RESOURCES INC.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian Dollars)

(Unaudited)

**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, 2020	December 31, 2019
	Notes		
ASSETS			
Current assets:			
Cash		\$ 702,771	\$ 26,935
Amounts receivable		182,247	164,719
Marketable securities	5	8,250	2,250
Prepaid expenses		1,625	6,502
TOTAL ASSETS		\$ 894,893	\$ 200,406
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	7, 12	\$ 554,307	\$ 379,536
Other liabilities	15	433,345	433,345
Total liabilities		987,652	812,881
Shareholders' Deficiency:			
Share capital	9	18,013,266	17,763,890
Warrants	10	449,370	378,401
Contributed surplus	10	3,455,765	3,077,365
Deficit		(22,011,160)	(21,832,131)
Total shareholders' deficiency		(92,759)	(612,475)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		\$ 894,893	\$ 200,406
Nature of operations and going concern	1		
Commitments and contingencies	15		

Approved on behalf of the Board of Directors on November 26, 2020

Rene Bharti
Director

Andreas Rompel
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)

		For the three months ended September 30,		For the nine months ended September 30,	
		2020	2019	2020	2019
Notes					
Expenses:					
Consulting and management fees	12	\$ 11,457	\$ 141,629	\$ 71,304	\$ 438,658
Exploration and evaluation expenses	6	989	990	2,969	5,114
Professional fees		10,143	9,367	28,395	52,836
Shareholder communications and filing fees		6,277	504	22,357	15,158
General and administrative expenses		20,168	19,668	59,572	84,990
Interest and bank charges		119	254	432	822
Loss before other items		49,153	172,412	185,029	597,578
Other income/(loss):					
Flow-through share premium recovery	8, 15	-	-	-	19,079
Net change in fair value of marketable securities	5	5,250	-	6,000	1,000
Net and comprehensive loss		43,903	172,412	\$ 179,029	\$ 577,499
Loss per share					
Basic and diluted loss per share		\$ 0.001	\$ 0.003	\$ 0.003	\$ 0.010
Weighted average number of common shares outstanding:					
Basic and diluted		63,818,166	58,873,111	60,105,988	58,873,111

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

Jourdan Resources Inc.

Condensed Interim Statements of Changes in Shareholders' Equity/(Deficiency)

(Expressed in Canadian dollars- unaudited)

	Share capital		Warrants	Contributed surplus	Deficit	Total equity/ (deficiency)
	No.	\$				
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)
Balance, September 30, 2019	58,873,111	17,763,890	378,401	3,077,365	(20,694,413)	525,243
Balance, December 31, 2019	58,873,111	17,763,890	378,401	3,077,365	(21,832,131)	(612,475)
Private placement, net of share issue costs	50,000,000	698,745	-	-	-	698,745
Warrants issued	-	(449,369)	449,369	-	-	-
Warrants expired	-	-	(378,400)	378,400	-	-
Net and comprehensive loss	-	-	-	-	(179,029)	(179,029)
Balance, September 30, 2020	108,873,111	18,013,266	449,370	3,455,765	(22,011,160)	(92,759)

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

Jourdan Resources Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian dollars- unaudited)

	For the nine months ended	
	September 30,	
Notes	2020	2019
Cash provided by (used in):		
Operating activities:		
Net loss	\$ (179,029)	\$ (577,499)
Items not involving cash:		
Net change in fair value of marketable securities	(6,000)	(1,000)
Flow-through share premium recovery	8	(19,079)
Working capital adjustments:		
Changes in working capital items	11	162,120
Net cash (used in) operating activities	(22,909)	(506,878)
Investing activities:		
Investment in exploration and evaluation properties	-	(3,149)
Net cash (used in) investing activities	-	(3,149)
Financing activities:		
Proceeds from private placement, net of issue costs	698,745	-
Net cash provided by financing activities	698,745	-
Change in cash	675,836	(510,027)
Cash, beginning of the period	26,935	537,548
Cash, end of the period	\$ 702,771	\$ 27,521

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, 2020 and 2019

(Expressed in Canadian dollars)

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 engages 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 are 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.

Novel Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

As at September 30, 2020, Jourdan has a working capital deficiency of \$92,759 (December 31, 2019 – \$612,475), and an accumulated deficit of \$22,011,160 (December 31, 2019 - \$21,832,131). 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.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

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 Note 2 of the Company’s annual financial statements for the year ended December 31, 2019 were consistently applied to all the periods presented unless otherwise noted. These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on November 26, 2020.

The preparation of condensed interim financial statements in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. Certain disclosures included in annual financial statements have been condensed or omitted.

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.

3. CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2020 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

New standards and amendments adopted:

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 revised 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 adoption of these standards on January 1, 2020 did not have any effect on the Company’s financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets and impact decisions as to when exploration and development costs should be capitalized or expensed. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

The significant areas of judgement and estimation uncertainty considered by management in preparing the financial statements include:

- *Assets' carrying values and impairment charges*
Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.
- *Share-based payment transactions and warrant valuations*
The Company records share-based payments at fair value over the vesting period. The fair value of the grant is determined using the Black-Scholes options pricing model and management assumptions including the expected dividend yield, expected volatility, forfeiture rate, risk free rate and expected life. Should the underlying assumptions change, it will impact the fair value of the share-based payment. Similar calculations are made in order to value warrants. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

The main factor affecting the estimates of the fair value of share-based payments and warrants is the stock price expected volatility used. The Company currently estimates the expected volatility of its common shares based on trading history taking into consideration the expected life of the options.

- *Mineral reserve estimates*
The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.
- *Impairment of exploration and evaluation properties*
While assessing whether any indications of impairment exist for exploration and evaluation properties, including producing properties, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation properties. Internal sources of information include the manner in which exploration and evaluation properties are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include, but are not limited to, estimates of the discounted future cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation properties.
- *Estimation of decommissioning and restoration costs and the timing of expenditures*
The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- *Contingencies*
Refer to Notes 1 and 15.

5. MARKETABLE SECURITIES

The Company held marketable securities as follows:

September 30, 2020	Number of Shares	Cost \$	Fair Value \$
Satori Resources Inc.	50,000	50,000	8,250
Aurtois Exploration Inc.	312,000	50,000	-
		100,000	8,250

December 31, 2019	Number of Shares	Cost \$	Fair Value \$
Satori Resources Inc.	50,000	50,000	2,250
Aurtois Exploration Inc.	312,000	50,000	-
		100,000	2,250

6. EXPLORATION AND EVALUATION PROPERTIES

The Company has certain property interests in Quebec, Canada. Certain claims are subject to net smelter returns ("NSR") royalties of up to 2%. The Company holds rights to repurchase certain portions of the NSR royalties under certain circumstances and at agreed upon prices.

The following table provides a summary of exploration and evaluation expenditures incurred by the Company during the nine months ending September 30, 2020 and 2019:

	2020 \$	2019 \$
Labour	-	2,060
Field expenses	2,969	3,054
	2,969	5,114

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables and accrued liabilities for the Company are as follows:

	September 30, 2020	December 31, 2019
	\$	\$
Trade payables	410,848	276,546
Accrued liabilities	143,459	102,990
	554,307	379,536

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

During 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 incurred all expenditures related to the flow-through liability and recorded a flow-through premium recovery of \$19,079 on the statements of loss and comprehensive loss.

9. SHARE CAPITAL

a) Authorized

Unlimited number of common shares.

b) Issued and outstanding common shares

The number and value of common shares for the nine months ended September 30, 2020 and the year ended December 31, 2019 were as follows:

Balance, December 31, 2018 and 2019	58,873,111	17,763,890
Shares issued from private placement - August 2020	50,000,000	750,000
Black-Scholes warrant valuation	-	(449,369)
Share issue costs	-	(51,255)
Balance, September 30, 2020	108,873,111	18,013,266

On September 21, 2020, the Company closed a private placement financing by issuing 50,000,000 units at a price of \$0.015 per unit for gross proceeds of \$750,000. Each unit consists of one common share of the Company, and one common share purchase warrant, entitling the holder to acquire one additional common share at an exercise price of \$0.05 until September 21, 2022. The Company paid finders fees of \$50,505 in cash and issued 3,367,000 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.05 per common share until September 21, 2022. The fair value of the 50,000,000 warrants and 3,367,000 finder warrants was estimated at \$368,195 and \$81,174, respectively, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 316%; risk-free interest rate of 0.26% and an expected life of 2 years.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

10. RESERVES

a) Warrants

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

As at September 30, 2020, the Company has share purchase warrants outstanding as follows:

Grant date	Expiry date	Number Outstanding	Number Exercisable	Fair value at grant date	Exercise price
				\$	\$
September 21, 2020	September 21, 2022	50,000,000	50,000,000	368,195	0.05
September 21, 2020	September 21, 2022	3,367,000	3,367,000	81,174	0.05
		53,367,000	53,367,000	449,369	0.05

The weighted average contractual years remaining on the Company's outstanding warrants as of September 30, 2020 was 1.98 years (December 31, 2019- 0.70 years).

During 2020, 16,981,665 of the Company's warrants expired unexercised, and \$378,400 was transferred to contributed surplus (nine months ended September 30, 2019- \$nil).

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.

As at September 30, 2020, 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	0.50
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	163,443	0.08
December 14, 2018	December 14, 2021	612,500	612,500	14,088	0.05
		4,272,500	4,272,500	382,722	0.11

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

10. RESERVES (continued)

b) Stock options (continued)

The weighted average contractual years remaining on its outstanding options as of September 30, 2020 was 2.15 years (December 31, 2019- 2.90 years).

c) Contributed surplus

	Amount \$
Balance, December 31, 2018 and 2019	3,077,365
Warrants expired	378,400
Balance, September 30, 2020	3,455,765

11. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	For the nine months ended September 30,	
	2020	2019
	\$	\$
Amounts receivable	(17,528)	(7,924)
Prepaid expenses	4,877	(1,548)
Trade and other payables	174,771	100,172
	162,120	90,700

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 December 31,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Consulting fees	-	80,556	36,000	306,758

Included in accounts payable and accrued liabilities on September 30, 2020 is approximately \$306,000 (December 31, 2019 - \$331,000) due to a director and a former director of the Company. The amounts are unsecured, non-interest bearing and due on demand.

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.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS (continued)

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, 2020 and December 31, 2019 were as follows:

September 30, 2020	Fair value through profit and loss \$	Amortized cost \$	TOTAL \$
Financial assets:			
Cash	-	702,771	702,771
Marketable securities	8,250	-	8,250
Financial liabilities:			
Accounts payable and accrued liabilities	-	554,307	554,307

December 31, 2019	Fair value through profit and loss \$	Amortized cost \$	TOTAL \$
Financial assets:			
Cash	-	26,935	26,935
Marketable securities	2,250	-	2,250
Financial liabilities:			
Accounts payable and accrued liabilities	-	379,536	379,536

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

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, 2020, Jourdan had a working capital deficiency of \$92,759 (December 31, 2019 – deficiency of \$612,475) 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 on policies for managing each of these risks.

Liquidity risk

Liquidity risk is the risk that the Company 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.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

14. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

As at September 30, 2020, the Company had a cash balance of \$702,771 (December 31, 2019: \$26,935) available to fund financial liabilities that consisted of accounts payable and accrued liabilities of \$554,307 (December 31, 2019: \$379,536), 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, The Company'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.

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.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

14. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

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 the Company 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 the affected flow-through subscribers. Management has recorded a provision of \$433,345 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.

Management Contracts

The Company is party to certain management contracts and severance obligations. These contracts contain clauses requiring additional payments of up to \$115,000 (December 31, 2019: \$403,000) 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 condensed interim financial statements. Additional minimum management contractual commitments remaining under the agreements are approximately \$179,000 (December 31, 2019: \$287,000), all due within one year.

Jourdan Resources Inc.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020 and 2019

(Expressed in Canadian dollars)

15. COMMITMENTS AND CONTINGENCIES (continued)

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.