



# **JOURDAN RESOURCES INC.**

## **Condensed Interim Financial Statements**

*For the nine months ended September 30, 2022 and 2021*

*(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:	Notes	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash		\$ 2,412,164	\$ 668,781
Amounts receivable	5	2,172,781	1,104,356
Prepaid expenses		26,719	21,683
Total current assets		4,611,664	1,794,820
<b>Non-current assets:</b>			
Amounts receivable	5	84,043	-
<b>TOTAL ASSETS</b>		<b>\$ 4,695,707</b>	<b>\$ 1,794,820</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	7,12	\$ 1,299,863	\$ 730,030
Flow-through share premium liability	8	107,912	-
Other liabilities	15	433,345	433,345
Total liabilities		1,841,120	1,163,375
<b>Shareholders' Equity:</b>			
Share capital	9	24,849,116	20,554,430
Warrants	10	1,130,166	1,103,387
Contributed surplus	10	4,671,319	4,161,939
Deficit		(27,796,014)	(25,188,311)
Total shareholders' equity		2,854,587	631,445
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 4,695,707</b>	<b>\$ 1,794,820</b>
Nature of operations and going concern	1		
Commitments and contingencies	15		

Approved on behalf of the Board of Directors.

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)

	Notes	For the three months ended September 30,		For the nine months ended September 30,	
		2022	2021	2022	2021
<b>Expenses:</b>					
Consulting and management fees	12	\$ 120,443	\$ 70,257	\$ 266,626	\$ 240,247
Exploration and evaluation expenses	6	375,724	396,555	1,420,458	919,897
Professional fees		24,669	14,760	45,865	45,287
Shareholder communications and filing fees		5,202	12,247	55,220	102,274
General and administrative expenses		196,772	35,138	411,093	86,455
Interest and bank charges		419	1,613	1,149	2,411
Share-based compensation	10	308,890	-	509,380	569,533
<b>Loss before other items</b>		<b>1,032,119</b>	<b>530,570</b>	<b>2,709,791</b>	<b>1,966,104</b>
<b>Other income/(loss):</b>					
Flow-through share premium recovery	8	102,088	-	102,088	-
<b>Net loss and comprehensive loss</b>		<b>930,031</b>	<b>530,570</b>	<b>\$ 2,607,703</b>	<b>\$ 1,966,104</b>
<b>Loss per share</b>					
Basic and diluted loss per share		\$ 0.005	\$ 0.004	\$ 0.014	\$ 0.016
<b>Weighted average number of common shares outstanding:</b>					
Basic and diluted		200,329,565	120,026,354	182,227,075	121,542,599

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 surplus	Deficit	Total equity/ (deficiency)
	No.	\$	\$	\$	\$	\$
Balance, December 31, 2020	108,873,112	18,093,417	369,218	3,455,766	(22,744,620)	(826,219)
Private placement (note 9)	14,400,000	576,000	-	-	-	576,000
Share issuance cost (note 9)	-	(40,817)	-	-	-	(40,817)
Shares issued for debt settlement (note 9)	4,500,000	270,000	-	-	-	270,000
Shares issued for property acquisition (note 9)	1,500,000	150,000	-	-	-	150,000
Warrants issued (note 9)	-	(198,557)	198,557	-	-	-
Stock options granted (note 10)	-	-	-	569,533	-	569,533
Warrants exercised (note 10)	5,895,000	335,510	(40,760)	-	-	294,750
Net and comprehensive loss	-	-	-	-	(1,966,104)	(1,966,104)
<b>Balance, September 30, 2021</b>	<b>135,168,112</b>	<b>19,185,553</b>	<b>527,015</b>	<b>4,025,299</b>	<b>(24,710,724)</b>	<b>(972,857)</b>
Balance, December 31, 2021	171,451,612	20,554,430	1,103,387	4,161,939	(25,188,311)	631,445
Private placement (note 9)	23,512,500	2,161,000	-	-	-	2,161,000
Share issuance cost (note 9)	-	(93,960)	-	-	-	(93,960)
Flow-through share premium liability (note 8)	-	(210,000)	-	-	-	(210,000)
Shares issued for property acquisition (note 9)	1,111,111	100,000	-	-	-	100,000
Warrants issued (note 9)	-	(353,931)	353,931	-	-	-
Stock options granted (note 10)	-	-	-	509,380	-	509,380
Warrants exercised (note 10)	47,288,500	2,691,577	(327,152)	-	-	2,364,425
Net and comprehensive loss	-	-	-	-	(2,607,703)	(2,607,703)
<b>Balance, September 30, 2022</b>	<b>243,363,723</b>	<b>24,849,116</b>	<b>1,130,166</b>	<b>4,671,319</b>	<b>(27,796,014)</b>	<b>2,854,587</b>

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	
	Notes	September 30,	
		2022	2021
<b>Cash provided by (used in):</b>			
<b>Operating activities:</b>			
Net loss		\$ (2,607,703)	\$ (1,966,104)
Items not involving cash:			
Share-based compensation	10	509,380	569,533
Shares issued for debt settlement	9	-	270,000
Shares issued for property acquisition	9	100,000	150,000
Long-term receivable	5	(84,043)	-
Flow-through premium liability	8	(102,088)	-
Working capital adjustments:			
Changes in working capital items	11	(503,628)	(79,316)
<b>Net cash (used in) operating activities</b>		<b>(2,688,082)</b>	<b>(1,055,887)</b>
<b>Financing activities:</b>			
Proceeds from private placements	9	2,161,000	720,000
Private placements- share issue costs	9	(93,960)	(40,817)
Exercise of warrants	9,10	2,364,425	294,750
<b>Net cash provided by financing activities</b>		<b>4,431,465</b>	<b>973,933</b>
Change in cash		1,743,383	(81,954)
Cash, beginning of the period		668,781	477,529
<b>Cash, end of the period</b>		<b>\$ 2,412,164</b>	<b>\$ 395,575</b>
<b>Supplemental Information:</b>			
Common shares issued for acquisitions	6,9	\$ 100,000	\$ 150,000
Common shares issued for debt settlement	9	\$ -	\$ 270,000
Broker warrants issued	9	\$ 50,868	\$ 26,395

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 nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### **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 198 Davenport Road, Toronto, Ontario, M5R 1J2.

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.

As at September 30, 2022, Jourdan has working capital of \$2,770,544 (December 31, 2021 – \$631,445), and an accumulated deficit of \$27,796,014 (December 31, 2021 - \$25,188,311) and certain flow-through obligations (Note 15). 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 nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN (continued)**

#### **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.

### **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, 2021 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 10, 2022.

The preparation of condensed interim financial statements in accordance with IAS 34 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 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, 2022 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”) was amended in January 2020 to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. The adoption of these amendments had no significant impact on the Company’s financial statements.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### 3. CHANGES IN ACCOUNTING POLICIES (continued)

IAS 16 – Property, Plant and Equipment (“IAS 16”) was amended in May 2020 to prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. The adoption of these amendments had no significant impact on the Company’s financial statements.

*Future accounting changes:*

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) was amended in February 2021 to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier adoption is permitted.

The Company expects to adopt these amendments as of their effective dates and is currently assessing their impacts on adoption.

### 4. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The preparation of the 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.

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.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### 4. CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS (continued)

- *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.

- *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. 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.

- *Income, value added, withholding and other taxes*

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- *Contingencies*

Refer to Notes 1 and 15.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 5. AMOUNTS RECEIVABLE

	September 30, 2022	December 31, 2021
	\$	\$
Sales taxes receivable	308,762	104,356
Royalty receivable	948,062	-
Other receivables	1,000,000	1,000,000
	<b>2,256,824</b>	<b>1,104,356</b>

On September 14, 2022, the Company entered into a net smelter return royalty agreement (“NSR”) with an arm’s length third party (see note 6). As consideration, the Company will receive an aggregate cash payment of \$1,000,000, payable as follows:

- \$500,000 payable within 30 days from the date of the agreement;
- \$100,000 payable on January 2, 2023;
- \$100,000 payable on April 2, 2023;
- \$100,000 payable on July 1, 2023;
- \$100,000 payable on September 29, 2023;
- \$100,000 payable on December 28, 2023

The future obligations are the net present value of the future payments, discounted at a rate of 15%. The discount rate was estimated as an appropriate rate considering discount rates of other companies in the industry. As at September 30, 2022, the future obligations are adjusted to \$948,062, of which \$864,019 is due within one year.

### 6. EXPLORATION AND EVALUATION PROPERTIES

The following table provides a summary of exploration and evaluation expenditures incurred by the Company during the nine months ending September 30, 2022 and 2021:

	2022	2021
	\$	\$
Acquisition	100,000	250,000
Labour	358,153	103,440
Legal fees and claims	34,428	186,587
Geology	445,059	61,703
Drilling and assaying	1,277,372	231,224
Field expenses	94,054	35,312
Overhead	59,454	51,631
Sale of net smelter royalty (note 5)	(948,062)	-
	<b>1,420,458</b>	<b>919,897</b>

The Company has certain property interests located north of Val D’Or, 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.

On March 24, 2021, the Company exercised its option to acquire a property known as the LaCorne lithium property (“LaCorne”), which is adjacent to the Company’s other lithium properties. Pursuant to an option agreement effective March 1, 2021, the Company issued 1,500,000 common shares of the Company to the vendors of LaCorne at an estimated fair value of \$150,000 based on the market price of the common shares at the date of issuance.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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

On February 18, 2022, the Company issued an additional 1,111,111 of its common shares as final payment to the vendors of LaCorne at an estimated fair value of \$100,000 based on the market price of the common shares at the date of issuance. In addition, the Company has agreed to grant the vendors of LaCorne a 2% net smelter returns royalty ("NSR") on the claims comprising LaCorne, of which the Company is entitled to, at any time, acquire one half of the NSR of \$1,000,000, payable in cash or common shares at the Company's sole discretion.

On September 14, 2022, the Company entered into a net smelter return royalty agreement ("NSR"), pursuant to which the Company has agreed to pay, beginning on the date on which any portion of the Company's Vallee property comes into commercial production, a royalty at a fixed rate of 2% of the net smelter return. As consideration, the holder of the royalty has agreed to pay the Company an aggregate cash payment of \$1,000,000 (see note 5).

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	December 31, 2021
	\$	\$
Trade payables	1,143,863	474,030
Accrued liabilities	156,000	256,000
	<b>1,299,863</b>	<b>730,030</b>

### 8. FLOW-THROUGH SHARE PREMIUM LIABILITY

During the nine months ended September 30, 2022, the Company recorded a flow-through liability totaling \$210,000. As the Company incurs eligible expenditures against this liability, the Company reduces the liability at the same rate as expenditures are renounced and records this as a flow-through premium recovery on the statement of loss and comprehensive loss. As at September 30, 2022, the liability was reduced to \$107,912 and a flow-through share premium recovery of \$102,088 was recorded on the statements of loss for the nine months ended September 30, 2022.

### 9. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 9. SHARE CAPITAL (continued)

#### b) Issued and outstanding common shares

Reconciliation of the number and value of common shares for the nine months ended September 30, 2022 and the year ended December 31, 2021 were as follows:

	Number of Shares	Amount
<b>Balance, December 31, 2020</b>	<b>108,873,112</b>	<b>18,093,417</b>
Warrants exercised	6,078,500	303,925
Black-Scholes warrant valuation	-	42,041
Shares issued for settlement of debt	4,500,000	270,000
Shares issued to acquire exploration property	1,500,000	150,000
Shares issued from private placement- July 2021	14,400,000	720,000
Shares issued from private placement- November 2021	9,100,000	455,000
Shares issued from private placement- December 2021	27,000,000	1,350,000
Share issuance costs	-	(53,743)
Black-Scholes warrant valuation	-	(776,210)
<b>Balance, December 31, 2021</b>	<b>171,451,612</b>	<b>20,554,430</b>
Shares issued from private placement- July 2022	23,512,500	2,161,000
Black-Scholes warrant valuation	-	(353,931)
Flow-through premium liability	-	(210,000)
Share issuance costs	-	(93,960)
Shares issued to acquire exploration property	1,111,111	100,000
Warrants exercised	47,288,500	2,364,425
Black-Scholes warrant valuation	-	327,152
<b>Balance, September 30, 2022</b>	<b>243,363,723</b>	<b>24,849,116</b>

On July 29, 2022, the Company completed a private placement financing by issuing (i) 9,512,500 units at a price of \$0.08 per unit and (ii) 14,000,000 flow-through shares at a price of \$0.10 per share for gross proceeds of \$2,161,000. 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 of the Company at an exercise price of \$0.10 until July 29, 2024. The Company paid finders fees of \$81,000 and additional share issue costs of \$12,960 in cash and issued 810,000 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.10 per common share until July 29, 2024. The fair value of the 9,512,500 warrants was estimated at \$303,063, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.0482; expected dividend yield of 0%; expected volatility of 163% (based on the Company's historical share price); risk-free interest rate of 2.96% and an expected life of 2 years. The fair value of the 810,000 finder warrants was estimated at \$50,868, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.085; expected dividend yield of 0%; expected volatility of 163% (based on the Company's historical share price); risk-free interest rate of 2.96% and an expected life of 2 years. The flow-through shares were issued at an average premium of \$0.015 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 \$188,598 as at September 30, 2022. Directors and officers of the Company subscribed for a total of 250,000 units, generating gross proceeds of \$20,000.

On February 18, 2022, the Company issued 1,111,111 common shares at a price of \$0.09 per share to acquire a property known as the LaCorne lithium property. See note 6.

During the nine months ended September 30, 2022, 47,288,500 of the Company's warrants were exercised, generating proceeds of \$2,364,425 (nine months ended September 30, 2021 – 5,895,000 warrants for proceeds of \$294,750).

# **Jourdan Resources Inc.**

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

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### **9. SHARE CAPITAL (continued)**

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

On April 17, 2017, the Company entered into an option agreement with Infinite Ore Corp. (previously Alix Resources Corp.) ("Infinite") whereby Infinite granted the Company an option to acquire several lithium mining claims in Quebec. These claims lapsed in 2020, and Infinite made a claim for damages against the Company. On April 16, 2021, the Company completed a shares for debt settlement with Infinite after receiving approval from the TSXV. Pursuant to the settlement, the Company issued 4,500,000 of its common shares at a deemed price of \$0.06, based on the TSXV closing price of the shares on the date of issuance, for an aggregate amount of \$270,000.

On March 24, 2021, the Company issued 1,500,000 common shares at a price of \$0.10 per share to acquire a property known as the LaCorne lithium property. See note 6.

On July 7, 2021, the Company closed a private placement financing by issuing 14,400,000 units at a price of \$0.05 per unit for gross proceeds of \$720,000. Each unit was issued on a flow-through basis and consists of one common share of the Company, and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.07 until July 7, 2023. The Company paid finders fees of \$36,000 and additional share issue costs of \$4,817 in cash and issued 720,000 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.07 per common share until July 7, 2023. The fair value of the 7,200,000 warrants was estimated at \$225,662, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.0343; expected dividend yield of 0%; expected volatility of 264% (based on the Company's historical share price); risk-free interest rate of 0.48% and an expected life of 2 years. The fair value of the 720,000 finder warrants was estimated at \$17,767, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.0343; expected dividend yield of 0%; expected volatility of 262% (based on the Company's historical share price); risk-free interest rate of 0.48% and an expected life of 2 years. The flow-through share premium was estimated to be \$nil. Directors and officers of the Company subscribed for a total of 700,000 units, generating gross proceeds of \$35,000.

On November 25, 2021, the Company closed a private placement financing by issuing 9,100,000 units at a price of \$0.05 per unit for gross proceeds of \$455,000. Each unit consists of one common share of the Company, and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.07 until November 25, 2023. The Company paid finders fees of \$1,600 and additional share issue costs of \$3,825 in cash and issued 32,000 finder warrants. Each finder warrant is exercisable into one common share of the Company at a price of \$0.07 per common share until November 25, 2023. The fair value of the 4,550,000 warrants was estimated at \$139,916, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.0346; expected dividend yield of 0%; expected volatility of 247% (based on the Company's historical share price); risk-free interest rate of 1.05% and an expected life of 2 years. The fair value of the 32,000 finder warrants was estimated at \$984, using the Black-Scholes option pricing model with identical assumptions as the warrants. Directors and officers of the Company subscribed for a total of 700,000 units, generating gross proceeds of \$35,000. Aberdeen International Inc. ("Aberdeen") subscribed for 4,000,000 units, generating gross proceeds of \$200,000. The Chief Financial Officer of Aberdeen is also the Chief Financial Officer of the Company.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 9. SHARE CAPITAL (continued)

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

On December 31, 2021, the Company closed a private placement financing by issuing 27,000,000 units at a price of \$0.05 per unit for gross proceeds of \$1,350,000. Each unit was issued on a flow-through basis and consists of one common share of the Company, and one half of one common share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.08 until December 31, 2023. The Company paid share issue costs of \$7,500 in cash. The fair value of the 13,500,000 warrants was estimated at \$391,906, using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.0355; expected dividend yield of 0%; expected volatility of 217% (based on the Company's historical share price); risk-free interest rate of 0.95% and an expected life of 2 years. An officer of the Company subscribed for a total of 5,000,000 units, generating gross proceeds of \$250,000.

During the year ended December 31, 2021, 6,078,500 of the Company's warrants were exercised, generating gross proceeds of \$303,925.

### 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, 2022 and year ended December 31, 2021 are as follows:

	No. of warrants #	Weighted Average Exercise Price \$	Value of options \$
<b>December 31, 2020</b>	<b>53,367,000</b>	<b>0.05</b>	<b>369,218</b>
Exercised	(6,078,500)	0.05	(42,041)
Granted	26,002,000	0.08	776,210
<b>December 31, 2021</b>	<b>73,290,500</b>	<b>0.06</b>	<b>1,103,387</b>
Exercised	(47,288,500)	0.05	(327,152)
Granted	10,322,500	0.10	353,931
<b>September 30, 2022</b>	<b>36,324,500</b>	<b>0.08</b>	<b>1,130,166</b>

As at September 30, 2022, the Company has share purchase warrants outstanding as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
7,200,000	7,200,000	7-Jul-21	7-Jul-23	\$ 0.07	\$ 225,662	264%	2.00	0%	0.48%
720,000	720,000	7-Jul-21	7-Jul-23	\$ 0.07	\$ 17,767	262%	2.00	0%	0.48%
4,550,000	4,550,000	25-Nov-21	25-Nov-23	\$ 0.07	\$ 139,916	247%	2.00	0%	1.05%
32,000	32,000	25-Nov-21	25-Nov-23	\$ 0.07	\$ 984	247%	2.00	0%	1.05%
13,500,000	13,500,000	31-Dec-21	31-Dec-23	\$ 0.08	\$ 391,906	217%	2.00	0%	0.95%
9,512,500	9,512,500	29-Jul-22	29-Jul-24	\$ 0.10	\$ 303,063	163%	2.00	0%	2.96%
810,000	810,000	29-Jul-22	29-Jul-24	\$ 0.10	\$ 50,868	163%	2.00	0%	2.96%
<b>36,324,500</b>	<b>36,324,500</b>				<b>\$ 1,130,166</b>				

The weighted average contractual years remaining on the Company's outstanding warrants as of September 30, 2022 was 1.30 years (December 31, 2021- 1.12 years).

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 10. RESERVES (continued)

#### 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.

Details of the stock option transactions for the nine months ended September 30, 2022 and year ended December 31, 2021 are as follows:

	No. of options #	Weighted Average Exercise Price \$	Value of options \$
<b>December 31, 2020</b>	<b>3,042,500</b>	<b>0.10</b>	<b>245,217</b>
Granted, January 2021	7,844,811	0.075	569,533
Granted, November 2021	2,800,000	0.05	136,640
Expired, December 2021	(612,500)	0.05	(14,087)
<b>December 31, 2021</b>	<b>13,074,811</b>	<b>0.07</b>	<b>937,303</b>
Granted, April 2022	4,100,000	0.05	200,490
Expired, May 2022	(750,000)	0.17	(93,000)
Granted, August 2022	3,950,000	0.08	308,890
<b>September 30, 2022</b>	<b>20,374,811</b>	<b>0.07</b>	<b>1,353,683</b>

On April 18, 2022, the Company granted 4,100,000 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.05 per option for a period of five years from the date of grant. The grant date fair value of the options was estimated at \$200,490 using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.05; expected dividend yield of 0%; expected volatility of 202% (based on the Company's historical share price); risk-free interest rate of 2.63% and an expected life of 5 years. Directors and officers of the Company were granted 3,400,000 options with a fair value of \$166,260.

On August 10, 2022, the Company granted 3,950,000 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.08 per option for a period of five years from the date of grant. The grant date fair value of the options was estimated at \$308,890 using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.08; expected dividend yield of 0%; expected volatility of 201% (based on the Company's historical share price); risk-free interest rate of 2.85% and an expected life of 5 years. Directors and officers of the Company were granted 2,875,000 options with a fair value of \$224,825.

During the nine months ended September 30, 2022, 750,000 options expired in accordance with the Company's stock option plan and \$93,000 was transferred to contributed surplus.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 10. RESERVES (continued)

#### b) Stock options (continued)

On January 20, 2021, the Company granted 7,844,811 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.075 per option for a period of five years from the date of grant. The grant date fair value of the options was estimated at \$569,533 using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.075; expected dividend yield of 0%; expected volatility of 192% (based on the Company's historical share price); risk-free interest rate of 0.43% and an expected life of 5 years. Directors and officers of the Company were granted 6,844,811 options with a fair value of \$496,933.

On November 25, 2021, the Company granted 2,800,000 stock options to certain directors, officers and consultants of the Company pursuant to the Company's stock option plan. The stock options vest immediately and may be exercised at a price of \$0.05 per option for a period of five years from the date of grant. The grant date fair value of the options was estimated at \$136,640 using the Black-Scholes option pricing model with the following assumptions: stock price of \$0.05; expected dividend yield of 0%; expected volatility of 201% (based on the Company's historical share price); risk-free interest rate of 1.56% and an expected life of 5 years. Directors and officers of the Company were granted 2,350,000 options with a fair value of \$114,680.

During the year ended December 31, 2021, 612,500 options expired in accordance with the Company's stock option plan and \$14,087 was transferred to contributed surplus.

As at September 30, 2022, the Company had stock options outstanding and exercisable as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
30,000	30,000	25-Mar-14	25-Mar-24	\$ 0.50	\$ 12,696	100%	10.00	0%	2.70%
1,650,000	1,650,000	12-Jun-18	12-Jun-23	\$ 0.08	\$ 125,433	173%	5.00	0%	2.14%
7,844,811	7,844,811	20-Jan-21	20-Jan-26	\$ 0.075	\$ 569,533	192%	5.00	0%	0.43%
2,800,000	2,800,000	25-Nov-21	25-Nov-26	\$ 0.05	\$ 136,640	201%	5.00	0%	1.56%
4,100,000	4,100,000	18-Apr-22	18-Apr-27	\$ 0.05	\$ 200,490	202%	5.00	0%	2.63%
3,950,000	3,950,000	10-Aug-22	10-Aug-27	\$ 0.08	\$ 308,890	201%	5.00	0%	2.85%
<b>20,374,811</b>	<b>20,374,811</b>				<b>\$ 1,353,683</b>				

The weighted average contractual years remaining on the Company's outstanding options as of September 30, 2022 was 3.76 years (December 31, 2021- 3.70 years).

### 11. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	For the nine months ended	
	September 30,	
	2022	2021
	\$	\$
Amounts receivable	(1,068,425)	(122,034)
Prepaid expenses	(5,036)	(11,114)
Trade and other payables	569,833	53,832
	<b>(503,628)</b>	<b>(79,316)</b>

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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### 12. RELATED PARTY TRANSACTIONS

#### Compensation of key management

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors (executive and non-executive) of the Company. Compensation awarded to key management included:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting fees	120,500	70,000	303,418	171,091
Share-based compensation	224,825	-	391,085	496,933
	<b>345,325</b>	<b>70,000</b>	<b>694,503</b>	<b>668,024</b>

Included in accounts payable and accrued liabilities as at September 30, 2022 is \$nil (December 31, 2021 – \$577) due to directors and officers of the Company. The amounts are unsecured, non-interest bearing and due on demand.

Related party participation in the Company's private placements is disclosed in note 9.

### 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, amounts receivable, 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 does not measure any financial instruments at fair value that require classification within the fair value hierarchy.

# Jourdan Resources Inc.

## Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

### 13. FINANCIAL INSTRUMENTS (continued)

Financial assets and financial liabilities as at September 30, 2022 and December 31, 2021 were as follows:

September 30, 2022	Amortized cost \$	TOTAL \$
<b>Financial assets:</b>		
Cash	2,412,164	2,412,164
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	1,299,863	1,299,863
<b>December 31, 2021</b>		
	Amortized cost \$	TOTAL \$
<b>Financial assets:</b>		
Cash	668,781	668,781
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	730,030	730,030

### 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, 2022, Jourdan had working capital of \$2,770,544 (December 31, 2021 – \$631,445) 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.

# **Jourdan Resources Inc.**

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

For the nine months ended September 30, 2022 and 2021

(Expressed in Canadian dollars- unaudited)

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

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 the Company 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, 2022, the Company had a cash balance of \$2,412,164 (December 31, 2021: \$668,781) available to fund financial liabilities that consisted of accounts payable and accrued liabilities and flow-through financing liabilities of \$1,841,120 (December 31, 2021: \$1,163,375), 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. With respect to credit risk arising from financial assets of the Company, which comprise cash and 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 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:

# **Jourdan Resources Inc.**

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

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

#### ***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.

#### ***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 Expenditures, 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.

Pursuant to the terms of the flow-through agreements entered into on July 7 and December 31, 2021, the Company is committed to incur Canadian Exploration Expenditures of \$2,070,000 by December 31, 2022. Through September 30, 2022, the Company believes it has satisfied this commitment.

# **Jourdan Resources Inc.**

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

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(Expressed in Canadian dollars- unaudited)

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

Pursuant to the terms of flow-through agreements entered into on July 29, 2022, the Company is committed to incur Canadian Exploration Expenditures of \$1,400,000 by December 31, 2023. Through September 30, 2022, the Company has incurred \$680,586 in eligible exploration expenditures. The Company has indemnified the subscribers of the current 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 \$1,020,000 (December 31, 2021: \$387,000) 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 \$641,700 (December 31, 2021: \$516,000), 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.

#### **Going Concern**

See Note 1.

#### **Legal Matters**

From time to time, the Company may be named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at period end, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to net income (loss) in that period.