



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

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

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed 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 Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

**TROUBADOUR RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars) - unaudited

As at	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 9,746	\$ 70,268
Receivables	220,776	17,611
Prepaid expenses	-	3,979
	230,522	91,858
Reclamation deposit (Note 3)	7,500	7,500
Mineral property (Note 3)	915,185	1,122,068
	\$ 1,153,207	\$ 1,221,426
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 184,382	\$ 69,576
<b>Shareholders' equity</b>		
Share capital (Note 5)	2,225,276	2,225,276
Reserves (Note 5)	258,121	226,703
Deficit	(1,514,572)	(1,300,129)
	968,825	1,151,850
	\$ 1,153,207	\$ 1,221,426

**Nature and continuance of operations** (Note 1)

**Subsequent event** (Note 8)

Approved and authorized by the Board on November 24, 2020.

<u>"Gary Schellenberg"</u> Gary Schellenberg	Director	<u>"Geoff Schellenberg"</u> Geoff Schellenberg	Director
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The accompanying notes are an integral part of these condensed interim financial statements.

**TROUBADOUR RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars) - unaudited

	<b>Three months</b>		<b>Nine months</b>	
	<b>ended September 30</b>		<b>ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Expenses</b>				
Consulting fees (Note 4)	\$ 30,000	\$ 60,000	\$ 90,000	\$ 112,104
Filing and transfer agent fees	5,582	1,778	19,498	18,993
Investor relations	1,003	31,040	2,113	206,058
Interest and bank charges	51	51	190	295
Office and administration	7,596	6,515	15,827	16,858
Professional Fees (Note 4)	9,308	7,948	41,910	65,302
Rent (Note 4)	4,500	4,500	13,500	7,500
Share-based payment (Note 4, 5)	-	-	31,418	-
Travel and promotion	-	-	-	2,842
<b>Loss before other items</b>	<b>(58,040)</b>	<b>(111,832)</b>	<b>(214,456)</b>	<b>(429,952)</b>
<b>Other items</b>				
Interest income	-	606	13	2,833
<b>Loss and comprehensive loss for the period</b>	<b>\$ (58,040)</b>	<b>\$ (111,226)</b>	<b>\$ (214,443)</b>	<b>\$ (427,119)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>26,612,835</b>	<b>21,462,835</b>	<b>26,612,835</b>	<b>21,462,835</b>

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

**TROUBADOUR RESOURCES INC.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars) - unaudited

For the nine-month period ended September 30,	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (214,443)	\$ (427,119)
Non-cash items:		
Share-based payments	31,418	-
Non-cash working capital item changes:		
Receivables	15,005	24,387
Prepaid expenses	3,979	90,830
Accounts payable and accrued liabilities	125,499	21,915
Net cash used in operating activities	<u>(38,542)</u>	<u>(289,987)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Mineral property expenditures	<u>(21,980)</u>	<u>(193,385)</u>
Net cash used in investing activities	<u>(21,980)</u>	<u>(193,385)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share subscriptions received in advance	<u>-</u>	<u>70,000</u>
Net cash used in financing activities	<u>-</u>	<u>70,000</u>
<b>Change in cash for the period</b>	<b>(60,522)</b>	<b>(413,372)</b>
<b>Cash, beginning of period</b>	<u>70,268</u>	<u>632,073</u>
<b>Cash, end of period</b>	<u>\$ 9,746</u>	<u>\$ 218,701</u>

No cash was paid for interest or taxes for the nine-month periods ended September 30, 2020 and 2019.

During the nine-month period ended September 30, 2020, the Company accrued \$11,287 in mineral property costs through accounts payable and accrued liabilities (September 30, 2019 - \$193,385) and \$218,170 in mineral property tax credits through accounts receivable (September 30, 2019 - \$nil).

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

**TROUBADOUR RESOURCES INC.**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars) - unaudited

<b>Share Capital</b>						
	<b>Number</b>	<b>Amount</b>	<b>Reserves</b>	<b>Subscriptions received in advance</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2018</b>	21,462,835	\$ 1,967,776	\$ 226,703	\$ -	\$ (805,994)	\$ 1,388,485
Share subscriptions received in advance	-	-	-	70,000	-	70,000
Loss for the period	-	-	-	-	(427,119)	(427,119)
<b>Balance, September 30, 2019</b>	21,462,835	1,967,776	226,703	70,000	(1,233,113)	1,031,366
Shares issued for cash	5,150,000	257,500	-	(70,000)	-	187,500
Loss for the period	-	-	-	-	(67,016)	(67,016)
<b>Balance, December 31, 2019</b>	26,612,835	2,225,276	226,703	-	(1,300,129)	1,151,850
Share-based payments	-	-	31,418	-	-	31,418
Loss for the period	-	-	-	-	(214,443)	(214,443)
<b>Balance, September 30, 2020</b>	26,612,835	\$ 2,225,276	\$ 258,121	\$ -	\$ (1,514,572)	\$ 968,825

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

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Troubadour Resources Inc. (the “Company”) was incorporated in Canada under the British Columbia Corporations Act on March 22, 2012. The Company is principally engaged in the acquisition and exploration of resource properties. The Company’s shares are publicly traded on the TSX Venture Exchange (the “TSXV”) under the symbol TR. The head office, records office, and principal address of the Company is 488-625 Howe Street, Vancouver, British Columbia, V6C 2T6.

The Company is in the process of investing in potential new acquisitions and exploring and evaluating its resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. During the year ended December 31, 2016, the Company entered into an agreement to acquire an interest in a property in Osoyoos, British Columbia (Note 3).

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations this time.

The condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

**2. SIGNIFICANT ACCOUNTING POLICES AND BASIS OF PREPARATION**

**Statement of compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim financial statements are prepared using accounting policies consistent with the Company’s annual audited financial statements issued under International Financial Reporting Standards (“IFRS”) for the year ended December 31, 2019.

The condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**2. BASIS OF PREPARATION (cont'd...)**

**Use of Estimates and Critical Judgments**

The recognition of exploration and evaluation assets requires judgments regarding future recoverability and carrying cost. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

The determination of income tax is inherently complex and requires making certain judgments about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

**3. MINERAL PROPERTY**

As at September 30, 2020, the Company held \$7,500 (December 31, 2019 - \$7,500) in deposits with a financial institution as security for reclamation requirements.

On October 27, 2016, the Company entered into a purchase and sale and royalty agreement with a third party to acquire a 100% interest in certain claims located in the Osoyoos Mining District, British Columbia, comprising the Amarillo property, for consideration of \$10,000 (paid) and the issuance of 500,000 common shares (issued at a fair value of \$50,000) of the Company within 10 days of a Canadian listing. The third party retains a 1.5% Net Smelter Returns royalty, of which the Company may purchase 1.0% for a payment of \$1,000,000. During the year ended December 31, 2016, the Company also paid \$4,756 to stake mineral claims contiguous to the Amarillo property in order to increase its holdings. During the year ended December 31, 2018, the Company paid \$1,446 to stake an additional 896.95 hectares of land to increase the total size of the property to 4,178.21. During the year ended December 31, 2019, the Company staked an additional 519 hectares of ground and during the period ended June 30, 2020, a further 751 hectares, to bring the total size of the property 5,449 hectares.



**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2020**  
(Expressed in Canadian Dollars) - unaudited

**3. MINERAL PROPERTY (cont'd...)**

The Company has incurred the following in relation to mineral properties:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
<i>Acquisition Costs</i>		
Opening Balance	\$ 66,202	\$ 66,202
Additions (Note 5)	-	-
Closing Balance	66,202	66,202
<i>Exploration Costs</i>		
Opening Balance	1,055,866	728,287
Administrative Expenditures	211	2,860
Assays	-	27,961
Drilling	-	262,349
Field Expenditures	1,175	8,262
Field Personnel	600	9,338
Geological Consulting	7,463	15,638
Mobilization	523	171
Staking	1,315	1,000
BC Mining Exploration Tax Credit	(218,170)	-
Closing Balance	848,983	1,055,866
Total	\$ 915,185	\$ 1,122,068

**4. RELATED PARTY TRANSACTIONS**

During the nine-month period ended September 30, 2020, the Company paid or accrued \$11,287 (2019 - \$36,925) included in mineral property expenditures and \$13,500 (2019 - \$7,500) included in rent expense to a company related to two officers of the Company.

Included in accounts payable and accrued liabilities at September 30, 2020 was \$173,091 (December 31, 2019 - \$66,142) payable to companies controlled by officers of the Company.

During the period ended September 30, 2020, the Company paid or accrued, to key management personnel and their related companies:

	<b>Professional fees</b>	<b>Consulting fees</b>	<b>Share-based payments</b>	<b>Total</b>
Chief Executive Officer	\$ -	\$ 22,500	\$ 5,712	\$ 28,212
President	-	67,500	6,426	73,926
Chief Financial Officer	22,500	-	2,856	25,356
Non-executive Directors	-	-	5,712	5,712
Total	\$ 22,500	\$ 90,000	\$ 20,706	\$ 133,206

**TROUBADOUR RESOURCES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2020**  
(Expressed in Canadian Dollars) - unaudited

**4. RELATED PARTY TRANSACTIONS (cont'd...)**

During the period ended September 30, 2019, the Company paid or accrued, to key management personnel and their related companies:

	Professional fees	Consulting fees	Share-based payments	Total
Chief Executive Officer	\$ -	\$ 22,500	\$ -	\$ 22,500
President	-	67,500	-	67,500
Chief Financial Officer	22,500	-	-	22,500
<b>Total</b>	<b>\$ 22,500</b>	<b>\$ 90,000</b>	<b>\$ -</b>	<b>\$ 112,500</b>

**5. SHAREHOLDERS' EQUITY**

**Authorized**

An unlimited number of common shares without par value.

**Issued share capital**

There were no share activities during the period ended September 30, 2020.

During the year ended December 31, 2019, the Company closed a private placement by issuing 5,150,000 common share units (each, a "Unit") at \$0.05 per Unit for gross proceeds of \$257,500. Each Unit consisted of one common share and one share purchase warrant, with each warrant entitling the holder to purchase one additional share at a price of \$0.10 for a period of two years. The following is a summary of warrants outstanding as at September 30, 2020 and December 31, 2019 and changes during the periods ended:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2018	13,930,995	0.16
Issued during the period	5,150,000	0.10
Expired during the period	(8,189,620)	0.15
Balance, December 31, 2019	10,891,375	0.14
Expired during the period	(1,420,815)	0.15
Balance, September 30, 2020	9,470,560	\$ 0.14

At September 30, 2020 the following warrants were outstanding:

	Number outstanding and exercisable	Exercise Price	Expiry Date
Warrants	4,250,000	\$ 0.18	October 22, 2020 <sup>(1)</sup>
Finder's Warrants	70,560	\$ 0.18	October 22, 2020 <sup>(1)</sup>
Warrants	5,150,000	\$ 0.10	November 1, 2021
	<b>9,470,560</b>		

(1) Subsequent to the period ended September 30, 2020, these warrants expired unexercised

**5. SHAREHOLDERS' EQUITY (cont'd...)**

**Stock Options**

On September 25, 2017, the Company adopted a stock option plan. The stock option plan provides that, subject to the requirement of the TSXV, the aggregate number of securities reserved for issuance will be 10% of the number of common shares of the Company issued and outstanding from time to time. In addition, the number of common shares which may be reserved for issuance on a yearly basis to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued shares calculated at the time of grant. All options granted under the stock option plan will expire no later than the date that is ten years from the date that such options are granted.

The Company granted 1,100,000 stock options to various officers, directors, and consultants exercisable at a price of \$0.05 for a period of five years during the three-month period ended June 30, 2020 (December 31, 2019 – nil). Total share-based payments recognized in the statement of loss and comprehensive loss for the nine-month ended September 30, 2020 was \$31,418 (December 31, 2019 - \$nil) for incentive options vested and was recognized in the profit or loss.

The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>
Risk-free interest rate	1.14%	-
Expected life of option	5 years	-
Expected annualized volatility	100%	-
Expected dividend rate	0%	-

The following is a summary of stock options outstanding as at September 30, 2020 and December 31, 2019 and changes during the periods then ended:

	Number of Stock Options	Weighted Average Exercise Price
Balance, December 31, 2018	1,750,000	\$ 0.15
Cancelled during the year	(300,000)	0.16
Balance, December 31, 2019	1,450,000	\$ 0.15
Issued during the period	1,100,000	0.05
Balance, September 30, 2020	2,550,000	\$ 0.11

At September 30, 2020 the following stock options were outstanding:

Number outstanding	Number outstanding and exercisable	Exercise Price	Expiry Date
1,450,000	1,450,000	\$ 0.15	September 11, 2023
1,100,000	1,100,000	\$ 0.05	February 27, 2025
2,550,000	2,550,000		

**5. SHAREHOLDERS' EQUITY (cont'd...)**

**Escrow Agreement**

During the year ended December 31, 2017, the Company entered into an escrow agreement whereby 2,125,000 common shares are subject to an escrow agreement and may not be transferred without the consent of the TSXV. The escrow agreement provides, among other things, that 10% of such common shares will be released from escrow on the date the common shares commence trading on the Exchange and 15% of such common shares will be released every six months thereafter. As at September 30, 2020, 637,500 common shares remain in escrow.

**6. SEGMENT INFORMATION**

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties in one geographical location, being Canada.

**7. FINANCIAL AND CAPITAL RISK MANAGEMENT**

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying value of receivables, reclamation bond, and accounts payable and accrued liabilities approximates fair value due to the short-term nature of the financial instruments. Cash is valued at a level 1 fair value measurement and is carried at fair value through profit or loss. Receivables, reclamation bond, and accounts payable and accrued liabilities are carried at amortized cost.

**Risk management**

The Company is exposed to varying degrees to a variety of financial instrument related risks:

*Credit risk*

Credit risk is the risk of an unexpected loss of a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and reclamation bond are held at a large Canadian financial institution in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist of Goods and Services Tax receivable and the BC Mining Exploration Tax Credit from the government of Canada and the Company considers credit risk associated with these amounts to be low.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

**7. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)**

**Risk management (cont'd...)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on cash. The Company's practice has been to invest cash at floating rates of interest, in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at September 30, 2020, the Company is not exposed to significant interest rate risk.

b) Foreign currency risk

The majority of purchases are transacted in the Canadian dollar. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

c) Price risk

The Company is exposed to price risk with respect to commodity prices, particularly gold. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

*Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and evaluation of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**8. SUBSEQUENT EVENT**

Subsequent to the period ended September 30, 2020, the Company entered into an option agreement with 1218802 B.C. Ltd. (the "Vendor") to acquire a 100% interest in the 2,186-hectare Texas property, located in the Greenwood Mining District in Southern British Columbia. The Company can acquire a 100% interest by paying the Vendor a total of \$85,000 and issuing three million shares over a two-year period. Upon vesting the Vendor will retain a 1.5% NSR of which Troubadour can purchase 1% for \$1,000,000 any time prior to commencement of commercial production.