



Aldebaran Resources Inc.

(the “Company”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF 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 condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

Aldebaran Resources Inc.
Interim Condensed Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	September 30, 2019	June 30, 2019
Assets		
Current Assets		
Cash	\$ 4,585,795	\$ 5,163,303
Receivables	9,184	15,388
Prepaid expenses	45,238	19,399
	<u>4,640,217</u>	<u>5,198,090</u>
Property and equipment	240	401
Exploration and evaluation assets (Note 5)	<u>59,853,766</u>	<u>59,484,187</u>
Total Assets	<u>\$ 64,494,223</u>	<u>\$ 64,682,678</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 99,501	\$ 51,879
Due to related parties (Note 8)	99,656	49,986
	<u>199,157</u>	<u>101,865</u>
Non-Current Liabilities		
Decommissioning liability (Note 6)	314,884	323,293
	<u>514,041</u>	<u>425,158</u>
Shareholders' Equity		
Share capital (Note 7)	65,019,385	65,019,385
Reserves (Note 7)	560,557	124,998
Accumulated other comprehensive loss	(336,574)	(342,647)
Deficit	(1,263,186)	(544,216)
	<u>63,980,182</u>	<u>64,257,520</u>
Total Liabilities and Shareholders' Equity	<u>\$ 64,494,223</u>	<u>\$ 64,682,678</u>

Nature and continuance of operations (Note 1)
Commitments (Note 10)

Approved by the Board of Directors:

"John Black"

Director

"Mark Wayne"

Director

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

Aldebaran Resources Inc.
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended September 30, 2019	Three months ended September 30, 2018
EXPENSES		
Accounting and audit	\$ 24,574	\$ 92,100
Advertising and promotion	2,854	-
Amortization	70	-
Consulting (Note 8)	16,006	-
Insurance	5,987	-
Interest	4,631	-
Investor relations	9,922	17,376
Legal	10,842	499,600
Management fees (Note 8)	93,162	-
Office and administration (Note 8)	87,554	-
Share-based compensation (Note 7 and 8)	435,559	-
Transfer agent and filing fees	20,507	25,000
Travel	231	-
Wages and benefits	16,303	-
	<u>(728,202)</u>	<u>(634,076)</u>
OTHER ITEMS		
Loss on foreign exchange	(15,385)	-
Interest income	24,617	-
	<u>(15,385)</u>	<u>-</u>
Loss for the period	\$ (718,970)	\$ (634,076)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	6,073	-
	<u>6,073</u>	<u>-</u>
Comprehensive loss for the period	\$ (712,897)	\$ (634,076)
Basic and diluted loss per common share	\$ (0.01)	\$ (634,076)
Weighted average number of common shares outstanding – basic and diluted	77,635,959	1

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

Aldebaran Resources Inc.
Interim Condensed Consolidated Statements of Shareholders' Equity
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Accumulated Other Comprehensive Loss (Translation Adjustment)	Deficit	Total
Balance, June 30, 2018	1	\$ 1	\$ -	\$ -	\$ -	\$ 1
Loss for the period	-	-	-	-	(634,076)	(634,076)
Balance, September 30, 2018	1	\$ 1	\$ -	\$ -	\$ (634,076)	\$ (634,076)
Balance, June 30, 2019	77,635,959	\$ 65,019,385	\$ 124,998	\$ (342,647)	\$ (544,216)	\$ 64,257,520
Share-based compensation	-	-	435,559	-	-	435,559
Foreign exchange adjustment	-	-	-	6,073	-	6,073
Loss for the period	-	-	-	-	(718,970)	(718,970)
Balance, September 30, 2019	77,635,959	\$ 65,019,385	\$ 560,557	\$ (336,574)	\$ (1,263,186)	\$ 63,980,182

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

Aldebaran Resources Inc.
Interim Condensed Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three months ended, September 30, 2019	Three months ended, September 30, 2018
Cash Flows from Operating Activities		
Loss for the period	\$ (718,970)	\$ (634,076)
Items not affecting cash:		
Amortization	70	-
Share-based compensation	435,559	-
Changes in non-cash working capital items:		
Receivables	6,204	-
Prepaid expenses	(25,839)	(8,500)
Accounts payable and accrued liabilities	14,654	494,037
Due to related parties	28,191	148,539
Net cash used in operating activities	(260,131)	-
Cash Flows from Investing Activities		
Exploration and evaluation asset expenditures	(315,132)	-
Net cash used in investing activities	(315,132)	-
Effect of foreign exchange on cash	(2,245)	-
Change in cash for the period	(577,508)	-
Cash, beginning of period	5,163,303	1
Cash, end of period	\$ 4,585,795	\$ 1
Supplemental disclosures with respect to cash flows:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

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

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited – Prepared by the Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

1. NATURE AND CONTINUANCE OF OPERATIONS

Aldebaran Resources Inc. (“Aldebaran” or the “Company”) was incorporated on June 7, 2018 under the *Business Corporations Act* (Alberta) as part of a plan of arrangement (Note 2) to reorganize Regulus Resources Inc. (“Regulus”). The Company’s business activity is the acquisition and exploration of exploration and evaluation properties (Note 5). The Company’s head office is located at Suite 2300 – 1177 West Hastings Street, Vancouver, BC V6E 2K3. The Company’s registered office is located at 15th Floor, Bankers Court, 850 – 2nd Street SW, Calgary, Alberta T2P 0R8.

The Company operates in Canada and Argentina. The Company has an option to earn up to an 80% interest in the Altar Project along with holding a 100% interest in the Rio Grande project and several other earlier stage projects, all located in Argentina.

As at September 30, 2019 the Company had working capital of \$4,441,060. The Company has no source of operating cash flows and as such the Company’s ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. As a result, there is increased uncertainty and economic risks of failure associated with the Company’s exploration activities.

These interim condensed consolidated financial statements were authorized by the audit committee and by the board of directors of the Company on November 29, 2019.

2. PLAN OF ARRANGEMENT

During the year ended June 30, 2019, Aldebaran completed the spin-out from Regulus by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the "Plan of Arrangement") wherein Regulus transferred its Argentine subsidiaries to Aldebaran in exchange for 30,331,534 common shares ("Aldebaran Shares") of Aldebaran, which have been distributed to Regulus shareholders on the basis of one Aldebaran Share for each three Regulus common shares. The Company commenced trading on the TSX Venture Exchange (the “Exchange”) on November 2, 2018 (the “Measurement Date”).

The fair value of the Argentine subsidiaries contributed pursuant to the Plan of Arrangement consisted of the following:

	Regulus		Minera		
	Argentina S.A.		El Toro S.A.		Total
Assets:					
Cash	\$	174,821	\$	18,046	\$ 192,867
Receivables and prepaid expenses		2,525		6,064	8,589
Equipment		740		139	879
Exploration and evaluation assets		482,448		430,607	913,055
Total assets		660,534		454,856	1,115,390
Liabilities:					
Accounts payable and accrued liabilities		11,010		-	11,010
Decommissioning liability		171,530		251,927	423,457
Total liabilities		182,540		251,927	434,467
Fair value of Argentine subsidiaries contributed	\$	477,994	\$	202,929	\$ 680,923

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
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(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

2. PLAN OF ARRANGEMENT (cont'd...)

The Plan of Arrangement resulted in an increase of share capital amounting to \$18,198,920 (\$680,923 fair value of Argentine subsidiaries and \$17,517,997 net contribution from spin-out assets). The net contribution from the spin-out assets distributed was based on a share price of Aldebaran of \$0.60 per share multiplied by the total number of shares issued, 30,331,534, less the fair value of the Argentina subsidiaries. The \$0.60 price was based on the trading price of the shares on the measurement date. The Company incurred \$1,626,268 of transactions costs and issued 604,870 common shares at a value of \$750,000 related to the Plan of Arrangement which were classified as share issuance costs.

3. BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

These interim condensed consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable, except for financial instruments at fair value through profit and loss. The interim condensed consolidated financial statements are presented in Canadian dollars unless otherwise noted.

The preparation of these interim condensed consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Judgments

In the process of applying the Company’s accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements:

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. The functional currency of each entity is disclosed below under “Foreign Exchange”.

Asset Acquisitions

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The joint venture and option agreement to acquire up to an 80% interest in Peregrine Metals Ltd. is determined to constitute an acquisition of assets (Note 5).

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. Determining whether to test for impairment of exploration and evaluation assets requires management’s judgment, and consideration of whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. BASIS OF PREPARATION (cont'd...)

Estimates

Significant estimates, made by management, about the future and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or disposition of the mineral properties. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could affect management's assessment of the overall viability of its properties or to the likelihood of generating future cash flows necessary to recover the carrying value of the Company's exploration and evaluation assets.

To the extent that any of management's assumptions change there could be a significant effect on the Company's future financial position, operating results and cash flows.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development or commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets and deferred income tax provisions or recoveries could be affected.

Decommissioning costs

Upon retirement of the Company's exploration and evaluation assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the corresponding expense are affected by estimates with respect to the costs and timing of decommissioning.

Measurement of non-cash transactions

The Company applies significant estimates and judgments in determining the measurement of non-cash transactions, most significantly in relation to transactions settled in equity. Management uses judgment to determine whether goods or services acquired can be reliably valued, and if not, measures the transaction with reference to the fair value of the equity issued. Determining the fair value of equity can involve significant estimation to determine the appropriate share price.

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 8). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

3. BASIS OF PREPARATION (cont'd...)

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company) and the United States Dollar (“USD”) (Aldebaran Argentina S.A. and Minera El Toro S.A).

The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the entities’ functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of an entity that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of operations and comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at June 30, 2019. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended June 30, 2019.

New Accounting Standards Adopted During the Period

IFRS 16 – Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company assessed the impact of IFRS 16 and concluded that it had no effect on the interim condensed consolidated financial statements.

5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, title to its property is in good standing.

The exploration and evaluation assets in which the Company has an interest are located in Argentina and the Company is therefore relying on title opinions by legal counsel who are basing such opinions on the laws of Argentina.

In situations where the legal rights to explore a property are obtained through an option agreement (as in the case of Altar, discussed further below), as opposed to title held under the Company’s name, to the best of the Company’s knowledge those agreements are in good standing and the Company is complying with its commitments, unless otherwise disclosed.

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

	Altar, Argentina	Rio Grande, Argentina	Other Properties, Argentina	Total
Acquisition costs:				
Balance, June 30, 2018	\$ -	\$ -	\$ -	\$ -
Additions	28,858,233	-	-	28,858,233
Contribution from spinout assets	-	9,738,761	8,692,291	18,431,052
Balance, June 30, 2019	28,858,233	9,738,761	8,692,291	47,289,285
Deferred exploration costs:				
Balance, June 30, 2018	-	-	-	-
Additions:				
Administrative services	-	14,240	2,676	16,916
Asset retirement obligation	28,491	-	-	28,491
Change in estimates related to decommissioning liability	-	(96,911)	(59,549)	(156,460)
Consulting	400,208	4,796	-	405,004
Field operations	11,649,705	11,560	10,617	11,671,882
Labour	-	471,083	-	471,083
Mapping	4,169	-	-	4,169
Recoveries	-	(12,404)	-	(12,404)
Supplies and equipment	8,589	-	-	8,589
Taxes and licenses	-	18,933	31,682	50,615
Travel and accommodation	43,090	-	-	43,090
Balance, June 30, 2019	12,134,252	411,297	(14,574)	12,530,975
Foreign exchange movement	-	(176,262)	(159,811)	(336,073)
Total exploration and evaluation assets, June 30, 2019	40,992,485	9,973,796	8,517,906	59,484,187
Additions:				
Deferred exploration costs:				
Administrative services	-	-	1,359	1,359
Consulting	152,121	-	-	152,121
Field operations	114,036	163	20,606	134,805
Labour	-	77,461	-	77,461
Mapping	8,721	-	-	8,721
Recoveries	-	(4,262)	-	(4,262)
Taxes and licenses	-	-	247	247
Travel and accommodation	6,586	-	-	6,586
	281,464	73,362	22,212	377,038
Foreign exchange movement	-	(3,912)	(3,547)	(7,459)
Total exploration and evaluation assets, September 30, 2019	\$ 41,273,949	\$ 10,043,246	\$ 8,536,571	\$ 59,853,766

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Altar, Argentina

During the year ended June 30, 2019, the Company entered into a joint venture and option agreement (the "Altar JV Agreement") with Stillwater Canada LLC, an indirect subsidiary of Sibanye Gold Limited, trading as Sibanye-Stillwater ("Sibanye-Stillwater"), to acquire up to an 80% interest in Peregrine Metals Ltd. ("Peregrine"), a wholly-owned subsidiary of Sibanye-Stillwater, that owns the Altar copper-gold project in San Juan Province, Argentina ("Altar" or the "Altar Project"). The Altar Project consists of nine mining concessions and nine servidumbres (mining rights of way, occupation and camp encumbrances) (the "Altar Concessions"). It also includes an option on five adjacent Rio Cenicero concessions (the "Rio Cenicero Concessions").

The consideration to acquire an initial 60% interest comprises:

- (a) an upfront cash payment of US\$15,000,000 (\$19,588,500) to Stillwater Canada LLC upon closing of the Arrangement (paid);
- (b) the issuance of 19.9% of the Aldebaran Shares (15,449,555 common shares with a fair value of \$9,269,733) to Stillwater Canada LLC upon closing of the Arrangement (issued);
- (c) Aldebaran's commitment to fund the next US\$30 million of expenditures on the Altar Project over five (5) years, inclusive of Peregrine's 2018 drilling that was conducted between February and May of 2018, with a minimum of US\$3 million each year.

If the Company fails to fund the US\$30 million of expenditures as described in (c) above, the Company will forfeit its right to earn any interest in the Altar Project.

Aldebaran has the right to earn an additional 20% interest in the Altar Project by spending an additional US\$25 million over a three-year period following Aldebaran's acquisition of the initial 60% interest.

A 1% net smelter return royalty on the Altar mining concessions known as Leona, Loba, Santa Rita, RCA VII, RCA II and Pampa is payable to Osisko Gold Royalties with no buy-out provision. There is also a 1% net smelter return royalty held by the original underlying concession owners on the Altar Concessions known as Loba, Santa Rita, RCA II and RCA VII (the "Other Royalty"). Annual payments of US\$80,000 are due to the holders of the Other Royalty when commercial production commences. The annual payments are in addition to, and not an advance on, the Other Royalty.

Rio Grande, Argentina

The Company holds a 100% interest in the Rio Grande property in Salta Province, Argentina.

Other Properties, Argentina

In addition to the Altar and Rio Grande properties, the Company holds a 100% interest in the Aguas Calientes, El Camino, Catua, Oscuro and La Frontera properties in Argentina.

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(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

6. DECOMMISSIONING LIABILITY

Although the ultimate amount of the decommissioning liability is uncertain, the best estimate of these obligations is based on information currently available. Significant closure activities include land rehabilitation, demolition of buildings and other costs. The following table presents the aggregate carrying amount of the obligation associated with the retirement of the mineral property interests.

Asset retirement obligation – at inception and June 30, 2018	\$	-
Asset retirement obligation – from spinout (Note 2)		423,457
Asset retirement obligation – recognized on Altar		28,491
Accretion		27,805
Change in estimates		(156,460)
Asset retirement obligation – June 30, 2019		323,293
Foreign exchange adjustment		(8,409)
Asset retirement obligation – September 30, 2019	\$	314,884

The present value of the decommissioning liabilities may be subject to change based on management’s estimates, changes in remediation technology or changes to applicable laws and regulations. The decommissioning liability relates to the Company’s Argentinean properties that were transferred from Regulus and the Altar project (Note 5).

7. SHARE CAPITAL AND RESERVES

Authorized: unlimited common shares without par value. All issued shares are fully paid.

During the year ended June 30, 2019, the Company:

- a) Issued 30,331,534 common shares at a fair value of \$18,198,920 as per the Plan of Arrangement whereby Regulus transferred its Argentine subsidiaries to Aldebaran (Note 2).
- b) Closed a financing of 31,250,000 common shares at \$1.25 per share for proceeds of \$39,177,000.
- c) Issued 15,449,555 common shares at a fair value of \$9,269,733 as per the Altar JV Agreement whereby Sibanye-Stillwater granted the Company an option to acquire up to an 80% interest in the Altar Project (Note 5).
- d) Issued 604,870 common shares at a fair value of \$750,000 for share issuance costs.

Pursuant to the Plan of Arrangement, an aggregate of 56,773,140 common shares of the Company held by John Black, Mark Wayne, Kevin B. Heather, Route One Investment Company and Stillwater Canada LLC are subject to escrow provisions (the “Escrowed Shares”). Upon receipt of final approval by the Exchange of the Plan of Arrangement, 25% of the Escrowed Shares were released on October 31, 2018; thereafter 25% of the Escrowed Shares will be released every six months. At September 30, 2019 an aggregated 28,386,570 common shares continued to be held in escrow.

The Company has a stock option plan in place under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the option price of any common share in respect of which an option may be granted under the stock option plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the Exchange.

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
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(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

7. SHARE CAPITAL AND RESERVES (cont'd...)

A summary of the Company's outstanding share purchase options as at September 30, 2019 and the changes during the year are presented below:

	Number of Options	Weighted Average Exercise Price
Balance - June 30, 2018	-	\$ -
Granted	5,220,000	1.08
Balance – June 30, 2019	5,220,000	1.08
Granted	200,000	1.25
Balance – September 30, 2019	5,420,000	\$ 1.08
Exercisable – September 30, 2019	-	\$ 0.00

The weighted average remaining life of the options outstanding at September 30, 2019 was 4.68 years.

Additional information regarding stock options outstanding as at September 30, 2019 is as follows:

Number of Options	Exercise Price (\$)	Expiry Date
3,400,000	1.25	June 3, 2024
1,820,000	0.75	June 3, 2024
200,000	1.25	July 15, 2024
5,420,000		

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	September 30, 2019	September 30, 2018
Risk-free interest rate	1.51%	-
Expected life of grant	5 years	-
Volatility	96.28%	-
Dividend	0%	-
Weighted average fair value per option	\$0.22	-

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted and vested using the fair value based method of accounting.

During the period ended September 30, 2019, the Company recognized \$435,559 (2018 - \$nil) in share-based compensation expense.

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Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

8. RELATED PARTY TRANSACTIONS

The condensed consolidated interim financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Aldebaran Argentina S.A.	Argentina	100%	Mineral exploration
Minera El Toro S.A.	Argentina	100%	Mineral exploration

During the period ended September 30, 2019, the Company entered into the following transactions with key management personnel and related parties:

- a) Double Black Diamond Resources LLC. (“DBD Resources”) is a private company controlled by Mr. John Black, CEO and a director of the Company. For the period ended September 30, 2019, DBD Resources was paid \$33,072 (2018 - \$Nil). Management services paid to DBD are classified as management fees in the condensed consolidated interim statements of operations and comprehensive loss. At September 30, 2019, the Company owed \$11,034 (June 30, 2019 – \$Nil) to DBD Resources.
- b) Unicus Funds Ltd. (“Unicus”) is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended September 30, 2019, Unicus was paid \$18,750 (2018 – \$Nil). Management services paid to Unicus are classified as management fees in the condensed consolidated interim statements of operations and comprehensive loss. At September 30, 2019, the Company owed \$Nil (June 30, 2019 – \$Nil) to Unicus.
- c) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) (“K.B. Heather”) is a private company controlled by Dr. Kevin B. Heather, CGO and a director of the Company. For the period ended September 30, 2019, K.B. Heather was paid \$41,340 (2018 – \$Nil). Amounts paid to K.B. Heather are classified as consulting fees in the condensed consolidated interim statements of operations and comprehensive loss. At September 30, 2019, the Company owed \$Nil (June 30, 2019 – \$Nil) to K.B. Heather.
- d) Foy Geological Engineering and Mineral Economic Services LLC (“Foy”) is a private company controlled by Mr. Stanford Foy, VP, Project Development of the Company. For the period ended September 30, 2019, Foy was paid \$34,431 (2018 – \$Nil). Amounts paid to Foy are classified as consulting fees capitalized to exploration and evaluation assets. At September 30, 2019, the Company owed \$21,332 (June 30, 2019 – \$Nil) to Foy.
- e) At September 30, 2019, the Company owed \$67,290 (June 30, 2019 - \$49,986) of expenses to Regulus Resources Inc., a company with common directors and management which spun-out assets to Aldebaran during the year ended June 30, 2019.
- f) During the period ended September 30, 2019, the Company issued 200,000 stock options to a Director of the Company and recognized an aggregate total of stock-based compensation expense of \$336,536 which included vested options issued in the year ended June 30, 2019.

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

8. RELATED PARTY TRANSACTIONS (cont'd...)

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and other members of key management personnel are as follows:

	Fees	Share-based Benefits	Total
Three months ended September 30, 2019			
Chief Executive Officer	\$ 33,072	\$ 77,944	\$ 111,016
Chief Geological Officer	41,340	77,944	119,284
Chief Financial Officer	18,750	77,944	96,694
VP, Project Development	34,431	17,683	52,114
Non-executive directors and officers	19,500	85,021	104,521
	\$ 147,093	\$ 336,536	\$ 483,629
Three months ended September 30, 2018			
Chief Executive Officer	\$ -	\$ -	\$ -
Chief Geological Officer	-	-	-
Chief Financial Officer	-	-	-
VP, Project Development	-	-	-
Non-executive directors and officers	-	-	-
	\$ -	\$ -	\$ -

Amounts due to related parties have no specific terms of repayment, are unsecured, and have no interest rate.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value 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 fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instrument, cash, under the fair value hierarchy, is based on level one quoted prices in active markets for identical assets or liabilities.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

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 if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash is held at large Canadian financial institutions in interest-bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of tax credits due from the governments of Canada. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Company had a cash balance of \$4,585,795 to settle current liabilities of \$199,157. Management believes that it has sufficient funds to meet its current liabilities as they become due.

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 has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US\$ and A-Peso. A 10% fluctuation in the US\$ and A-Peso against the Canadian dollar would affect profit and loss for the year by approximately \$443,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market 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 the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests 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 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.

Aldebaran Resources Inc.
Notes to the Interim Condensed Consolidated Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2019

10. COMMITMENTS

If the Company fails to complete the expenditures pursuant to the Altar JV Agreement as described in Note 5, the Company will forfeit its right to earn any interest in the Altar Project.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Argentina. All capital assets and exploration and evaluation assets are located in Argentina.