



Aldebaran Resources Inc.

(the “Company”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

(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, 2021	June 30, 2021
Assets		
Current Assets		
Cash	\$ 5,942,355	\$ 7,285,359
Receivables	17,519	18,896
Prepaid expenses	33,553	48,863
Marketable securities	114,956	47,505
Due from related party (Note 6)	-	867
	6,108,383	7,401,490
Property and equipment	-	-
Exploration and evaluation assets (Note 4)	69,019,212	66,617,900
Total Assets	\$ 75,127,595	\$ 74,019,390
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 59,110	\$ 78,320
Due to related parties (Note 6)	20,698	-
	79,808	78,320
Non-Current Liabilities		
Decommissioning liability	339,487	339,809
Deferred tax liability	112,000	112,000
	531,295	530,129
Shareholders' Equity		
Share capital (Note 5)	78,860,284	78,860,284
Reserves (Note 5)	2,331,075	2,246,012
Accumulated other comprehensive loss	(2,059,083)	(3,294,463)
Deficit	(4,535,976)	(4,322,572)
	74,596,300	73,489,261
Total Liabilities and Shareholders' Equity	\$ 75,127,595	\$ 74,019,390

Nature and continuance of operations (Note 1)
Commitments (Note 8)

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 Income (Loss)
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three months ended September 30, 2021	Three months ended September 30, 2020
EXPENSES		
Accounting and audit	\$ 30,308	\$ 24,288
Amortization	-	47
Consulting (Note 6)	27,307	19,494
Insurance	7,345	6,851
Interest	10,837	5,903
Investor relations	46,666	13,970
Legal	5,163	4,821
Management fees (Note 6)	89,619	93,811
Office and administration (Note 6)	70,109	100,326
Share-based compensation (Note 5, 6)	85,063	799,394
Transfer agent and filing fees	13,451	1,887
Travel	297	-
Wages and benefits	23,839	13,450
	<u>(410,004)</u>	<u>(1,084,242)</u>
OTHER ITEMS		
Gain (loss) on foreign exchange	198,514	(9,345)
Gain (loss) on disposal of marketable securities	(6,391)	4,670
Interest income	6,119	695
Write-off of sales taxes	(1,642)	(4,552)
	<u>(1,642)</u>	<u>(4,552)</u>
Loss for the period	\$ (213,404)	\$ (1,092,774)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	1,235,380	96,141
Comprehensive income (loss) for the period	\$ 1,021,976	\$ (996,633)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	114,494,531	80,244,654

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 Income (Loss) (Translation Adjustment)	Deficit	Total
Balance, June 30, 2020	77,635,959	\$ 65,019,385	\$ 1,356,775	\$ 701,277	\$ (2,538,798)	\$ 64,538,639
Shares issued for cash	15,999,999	4,800,000	-	-	-	4,800,000
Share issuance costs	-	(101,735)	-	-	-	(101,735)
Share-based compensation	-	-	799,394	-	-	799,394
Foreign exchange adjustment	-	-	-	96,141	-	96,141
Loss for the period	-	-	-	-	(1,092,774)	(1,092,774)
Balance, September 30, 2020	93,635,958	\$ 69,717,650	\$ 2,156,169	\$ 797,418	\$ (3,631,572)	\$ 69,039,665
Balance, June 30, 2021	114,494,531	\$ 78,860,284	\$ 2,246,012	\$ (3,294,463)	\$ (4,322,572)	\$ 73,489,261
Share-based compensation	-	-	85,063	-	-	85,063
Foreign exchange adjustment	-	-	-	1,235,380	-	1,235,380
Loss for the period	-	-	-	-	(213,404)	(213,404)
Balance, September 30, 2021	114,494,531	\$ 78,860,284	\$ 2,331,075	\$ (2,059,083)	\$ (4,535,976)	\$ 74,596,300

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, 2021	Three months ended September 30, 2020
Cash Flows from Operating Activities		
Loss for the period	\$ (213,404)	\$ (1,092,774)
Items not affecting cash:		
Amortization	-	47
Share-based compensation	85,063	799,394
Foreign exchange on marketable securities	(109,111)	-
Loss (gain) on disposal of marketable securities	6,391	(4,670)
Changes in non-cash working capital items:		
Receivables	1,377	(31,964)
Due from related parties	867	-
Prepaid expenses	15,310	(107,378)
Accounts payable and accrued liabilities	12,382	120,520
Due to related parties	20,698	302
Net cash used in operating activities	<u>(180,427)</u>	<u>(316,523)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of shares	-	4,800,000
Share issuance costs	-	(101,735)
Net cash provided by financing activities	<u>-</u>	<u>4,698,265</u>
Cash Flows from Investing Activities		
Exploration and evaluation asset expenditures	(1,199,435)	(473,977)
Net cash received from purchase and sale of marketable securities	<u>35,269</u>	<u>25,376</u>
Net cash used in investing activities	<u>(1,164,166)</u>	<u>(448,601)</u>
Effect of foreign exchange on cash	<u>1,589</u>	<u>88,189</u>
Change in cash for the period	<u>(1,343,004)</u>	<u>4,021,330</u>
Cash, beginning of the period	<u>7,285,359</u>	<u>505,569</u>
Cash, end of the period	<u>\$ 5,942,355</u>	<u>\$ 4,526,899</u>

During the period ended September 30, 2021, the Company:

- Accrued \$28,034 of exploration and evaluation assets through accounts payable and accrued liabilities.

During the period ended September 30, 2020, the Company:

- Accrued \$7,861 of exploration and evaluation assets through accounts payable and accrued liabilities.

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 Management)
(Expressed in Canadian Dollars)
For the three months ended September 30, 2021

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 to reorganize Regulus Resources Inc. (“Regulus”). The Company’s business activity is the acquisition and exploration of exploration and evaluation properties. The Company’s head office is located at Suite 2710 – 200 Granville Street, Vancouver, BC V6C 1S4. 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 and holds a 100% interest in the Rio Grande project and several other earlier stage projects, all located in Argentina.

During the year ended June 30, 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Given the uncertainty, management exercised significant judgment in determining the impact of COVID-19 on the Company’s interim condensed consolidated financial statements, including with respect to financial risks, including liquidity, and the assessment of going concern and the carrying values of the Company’s exploration and evaluation assets. 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. The Company will continue to assess the impact of COVID-19 on commodity, credit, and equity markets, which may impact management’s judgments in the future. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

As at September 30, 2021, the Company had working capital of \$6,028,575.

These interim condensed consolidated financial statements were authorized by the board of directors of the Company on November 29, 2021.

2. BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Accordingly, these interim condensed consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process. These interim condensed consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended June 30, 2021.

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.

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, 2021

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

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 4).

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.

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.

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Notes to the Interim Condensed Consolidated Financial Statements
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2. BASIS OF PREPARATION (cont'd...)

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 6). 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 interim condensed consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

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 profit or loss.

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3. 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, 2021. 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, 2021.

4. 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.

	Altar, Argentina	Rio Grande, Argentina	Other Properties, Argentina	Total
Balance, June 30, 2020	\$ 44,614,470	\$ 9,995,065	\$ 9,872,151	\$ 64,481,686
Additions:				
Deferred exploration costs:				
Administrative services	789	4,617	-	5,406
Consulting	560,121	-	24,843	584,964
Environmental engineering	113,777	-	-	113,777
Field operations	4,439,421	2,043	521	4,441,985
Labour	335,497	104,938	-	440,435
Mapping	221,857	-	-	221,857
Taxes and licenses	-	13,239	21,459	34,698
Travel and accommodation	7,220	-	-	7,220
	<u>5,678,682</u>	<u>124,837</u>	<u>46,823</u>	<u>5,850,342</u>
Foreign exchange movement	(3,392,361)	(293,180)	(28,587)	(3,714,128)
Balance, June 30, 2021	<u>46,900,791</u>	<u>9,826,722</u>	<u>9,890,387</u>	<u>66,617,900</u>
Additions:				
Acquisition	162,461	-	-	162,461
Deferred exploration costs:				
Administrative services	129	958	-	1,087
Assaying	21,167	-	-	21,167
Consulting	103,933	-	8,193	112,126
Environmental engineering	27,301	-	-	27,301
Field operations	490,819	87	2,220	493,126
Geology	189,104	-	-	189,104
Labour	117,384	-	8,163	125,547
Mapping	3,704	25,397	6,498	35,599
Taxes and licenses	-	-	325	325
	<u>1,116,002</u>	<u>26,442</u>	<u>25,399</u>	<u>1,167,843</u>
Foreign exchange movement	1,087,358	134,687	11,424	1,233,469
Balance, September 30, 2021	<u>\$ 49,104,151</u>	<u>\$ 9,987,851</u>	<u>\$ 9,927,210</u>	<u>\$ 69,019,212</u>

4. 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 Sibanye Stillwater Limited ("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 Sibanye-Stillwater 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 Sibanye-Stillwater upon closing of the Arrangement (issued); and
- (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.

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. 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.

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.

5. SHARE CAPITAL AND RESERVES

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

There were no share issuances during the period ended September 30, 2021.

During the year ended June 30, 2021, the Company closed a financing of 20,730,940 units at \$0.45 per unit for total gross proceeds of \$9,328,923. Each unit consists of one common share in the capital of the Company and one-half of one warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.70 until May 3, 2023. The Company issued 294,304 broker's warrants with the same terms at a fair value of \$51,179, paid cash share issuance costs of \$130,254, and issued 127,633 units to finders for total value of \$57,435 in relation to the financing.

During the year ended June 30, 2021, the Company closed a financing of 15,999,999 units at \$0.30 per unit for total gross proceeds of \$4,800,000. Each Unit consists of one common share in the capital of the Company and one-half of one warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one additional common share at a price of \$0.70 until September 15, 2022. The Company paid cash share issuance costs of \$106,591 related to the financing.

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

Stock Options

The following table summarizes movements in stock options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance – June 30, 2020	5,420,000	\$ 1.08
Granted	2,300,000	0.40
Expired/forfeited	(200,000)	0.75
Balance – June 30, 2021 and September 30, 2021	7,520,000	\$ 0.88
Exercisable – June 30, 2021 and September 30, 2021	5,745,000	\$ 1.02

Additional information regarding stock options outstanding as at September 30, 2021 is as follows:

Number of Options	Exercise Price (\$)	Expiry Date
300,000	0.40	August 28, 2023
3,400,000	1.25	June 3, 2024
1,620,000	0.75	June 3, 2024
200,000	1.25	July 15, 2024
2,000,000	0.40	August 28, 2025
7,520,000		

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

	Three months ended September 30, 2021	Year ended June 30, 2021
Risk-free interest rate	-	0.39%
Expected life of grant	-	4.74 years
Volatility	-	72.75%
Dividend	-	0%
Weighted average fair value per option	-	\$0.32

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, 2021, the Company recognized \$85,063 (2020 - \$799,394) in share-based compensation expense.

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

Warrants

The following table summarizes movements in warrants outstanding:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2020	-	\$ -
Warrants issued	18,723,587	0.70
Balance, June 30, 2021 and September 30, 2021	18,723,587	\$ 0.70

The following table summarizes information about warrants outstanding at September 30, 2021:

Exercise Price	Number Outstanding	Expiry Date
\$ 0.70	7,999,996	September 15, 2022
\$ 0.70	10,429,287	May 3, 2023
\$ 0.70	294,304*	May 3, 2023
	18,723,587	

*Broker's warrants

The following weighted average assumptions were used for the Black-Scholes valuation of broker's warrants:

	Three months ended September 30, 2021	Year ended June 30, 2021
Risk-free interest rate	-	0.30%
Expected life of grant	-	2 years
Volatility	-	82.23%
Dividend	-	0%
Weighted average fair value per warrant	-	\$0.17

6. RELATED PARTY TRANSACTIONS

The interim condensed consolidated 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

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

During the period ended September 30, 2021, 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, 2021, DBD Resources was paid \$31,497 (2020 - \$33,197). Management services paid to DBD Resources are classified as management fees in the interim condensed consolidated statements of profit or loss. At September 30, 2021, the Company owed \$Nil (June 30, 2021 – \$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, 2021, Unicus was paid \$18,750 (2020 – \$18,750). Management services paid to Unicus are classified as management fees in the interim condensed consolidated statements of profit or loss. At September 30, 2021, the Company owed \$Nil (June 30, 2021 – \$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, 2021, K.B. Heather was paid \$39,372 (2020 – \$41,864). Management services paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit or loss. At September 30, 2021, the Company owed \$Nil (June 30, 2021 – \$Nil) to K.B. Heather.
- d) At September 30, 2021, the Company owed \$20,698 (June 30, 2021 – was owed \$867 from) of expenses to Regulus Resources Inc., a company with common directors and management.
- e) During the period ended September 30, 2021, the Company issued nil (2020 – 1,825,000) stock options to directors and officers of the Company. The Company recognized a total of \$40,212 (2020 - \$429,277) share-based compensation expense to related parties, which included vested options that had been issued in previous years.

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
Period ended September 30, 2021			
Chief Executive Officer	\$ 31,497	\$ 10,473	\$ 41,970
Chief Geological Officer	39,372	10,473	49,845
Chief Financial Officer	18,750	10,473	29,223
Non-executive directors	-	8,793	8,793
	\$ 89,619	\$ 40,212	\$ 129,831
Period ended September 30, 2020			
Chief Executive Officer	\$ 33,197	\$ 113,856	\$ 147,053
Chief Geological Officer	41,864	113,856	155,720
Chief Financial Officer	18,750	113,856	132,606
Non-executive directors	-	87,709	87,709
	\$ 93,811	\$ 429,277	\$ 523,088

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

7. 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, due from related party, accounts payable and accrued liabilities, and due to related parties approximate their carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instruments, cash and marketable securities, under the fair value hierarchy, are based on level 1 quoted prices in active markets for identical assets or liabilities.

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, 2021, the Company had a cash balance of \$5,942,355 to settle current liabilities of \$79,808. Management believes that it has sufficient funds to meet its current liabilities as they become due; however, as the COVID-19 pandemic has continued to spread, it may impact workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. This has impacted the Company's ability to raise necessary funds. It is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company's business or results from its operations.

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\$ against A-Peso and US\$ against the Canadian dollar simultaneously, would affect profit and loss for the period by approximately \$9,000.

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

Market risk (cont'd...)

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's investment in marketable securities is classified as FVTPL and trades on the stock market. The Company closely monitors its marketable securities, stock market movements, commodity prices and individual equity movements 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.

8. COMMITMENTS

If the Company fails to complete the expenditures pursuant to the Altar JV Agreement as described in Note 4, the Company will forfeit its right to earn any interest in the Altar Project.

9. 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.