

---

# **Aethon Minerals Corporation** **(Formerly Watusi Capital Corp.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
AUGUST 31, 2018**

**(Expressed in Canadian Dollars)**

**(UNAUDITED)**

---

## **Notice to Reader**

The accompanying unaudited condensed interim consolidated financial statements of Aethon Minerals Corporation (formerly Watusi Capital Corp.) (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three and nine months ended August 31, 2018 have not been reviewed by the Company's auditors.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)  
(Unaudited)

As at	August 31, 2018	November 30, 2017
<b>Assets</b>		
Current assets		
Cash	\$ 5,255,697	\$ 477,683
Receivables	250,357	-
Prepaid expenses	30,064	-
Total current assets	5,536,118	477,683
Equipment (note 4)	5,550	-
Mineral property interest (note 5)	6,901,776	-
<b>Total Assets</b>	<b>\$ 12,443,444</b>	<b>\$ 477,683</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 244,274	\$ 6,867
<b>Shareholders' Equity</b>		
Share capital (note 6(b))	10,547,535	701,063
Warrants (notes 6,8 and 9)	3,030,138	-
Contributed surplus (note 7)	279,916	64,966
Accumulated other comprehensive income	4,711	-
Deficit	(1,663,130)	(295,213)
Total shareholders' equity	12,199,170	470,816
<b>Total Liabilities and Equity</b>	<b>\$ 12,443,444</b>	<b>\$ 477,683</b>

Nature of operations (note 1)  
Commitments (note 14)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
<b>Expenses</b>				
Share-based compensation (note 10)	\$ 155,712	\$ -	\$ 214,950	\$ 31,942
Professional fees	70,520	-	211,380	1,688
Consulting fees	(14,328)	-	155,685	-
Office administration and facilities	55,692	3,722	105,597	10,214
Marketing expenses	39,078	-	39,078	-
Transfer agent, listing and filing	18,087	1,372	77,519	11,465
Travel	16,360	-	119,995	-
Salaries and benefits	158,939	-	330,502	-
Director fees	15,972	-	22,222	-
Investor relations	3,162	-	8,162	-
Foreign exchange loss	73,862	-	82,827	-
<b>Net loss for the period</b>	<b>593,056</b>	<b>5,094</b>	<b>1,367,917</b>	<b>55,309</b>
Other comprehensive income:				
Items that will not subsequently be reclassified to net loss:				
Foreign currency translation differences from foreign operations	302	-	(4,711)	-
<b>Total loss and comprehensive loss for the period</b>	<b>\$ 593,358</b>	<b>\$ 5,094</b>	<b>\$ 1,363,206</b>	<b>\$ 55,309</b>
<b>Basic and diluted loss per share</b>	<b>\$ 0.02</b>	<b>\$ 0.00</b>	<b>\$ 0.10</b>	<b>\$ 0.04</b>
<b>Weighted average number of shares outstanding</b>	<b>27,633,333</b>	<b>1,500,000</b>	<b>13,523,479</b>	<b>1,500,000</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
 (Expressed in Canadian Dollars)  
 (Unaudited)

	Share Capital		Warrants	Accumulated			Total
	Number	Amount		Contributed Surplus	Other Comprehensive Income	Deficit	
Balance, November 30, 2016	1,333,333	\$ 701,063	\$ -	\$ 33,024	\$ -	\$ (228,328)	\$ 505,759
Net loss and comprehensive loss for the period	-	-	-	31,942	-	(55,309)	(23,367)
Balance, August 31, 2017	1,333,333	\$ 701,063	\$ -	\$ 64,966	\$ -	\$ (283,637)	\$ 482,392
Balance, November 30, 2017	1,333,333	\$ 701,063	\$ -	\$ 64,966	\$ -	\$ (295,213)	\$ 470,816
Shares issued in private placement	15,100,000	7,701,000	-	-	-	-	7,701,000
Fair value of warrants issued in private placement	-	(3,014,942)	3,014,942	-	-	-	-
Fair value of broker warrants issued in private placement	-	(225,193)	225,193	-	-	-	-
Transaction costs in private placement	-	(326,393)	(209,997)	-	-	-	(536,390)
Shares issued for purchase of option in mineral property interest	11,200,000	5,712,000	-	-	-	-	5,712,000
Stock-based compensation	-	-	-	214,950	-	-	214,950
Net loss and comprehensive loss for the period	-	-	-	-	4,711	(1,367,917)	(1,363,206)
Balance, August 31, 2018	27,633,333	\$ 10,547,535	\$ 3,030,138	\$ 279,916	\$ 4,711	\$ (1,663,130)	\$ 12,199,170

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)  
(Unaudited)

	Nine Months Ended August 31,	
	2018	2017
<b>Operating Activities</b>		
Net loss for the period	\$ (1,367,917)	\$ (55,309)
Items not affecting cash:		
Share-based compensation	214,950	31,942
Changes in non-cash operating working capital:		
Prepays and receivables	(280,421)	-
Accounts payable and accrued liabilities	237,407	(6,613)
<b>Cash (used in) operating activities</b>	<b>(1,195,981)</b>	<b>(29,980)</b>
<b>Investing Activities</b>		
Purchase of equipment	(5,550)	-
Mineral property interest	(1,189,776)	-
<b>Cash (used in) investing activities</b>	<b>(1,195,326)</b>	<b>-</b>
<b>Financing Activities</b>		
Proceeds on issuance of shares, net of issuance costs	7,164,610	-
<b>Cash provided by financing activities</b>	<b>7,164,610</b>	<b>-</b>
<b>Change in cash during the year</b>	<b>4,773,303</b>	<b>(29,980)</b>
<b>Impact of foreign exchange rate on cash</b>	<b>4,711</b>	<b>-</b>
<b>Cash, beginning of the period</b>	<b>477,683</b>	<b>513,437</b>
<b>Cash, end of the period</b>	<b>\$ 5,255,697</b>	<b>\$ 483,457</b>

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 1. Nature of operations

Aethon Minerals Corporation (formerly Watusi Capital Corp.) (the “Company”) was incorporated under the Business Corporations Act (Alberta) on October 6, 2011. On May 12, 2016, the Company continued into the province of British Columbia. The Company’s registered office address is Suite 704-595 Howe St., Vancouver, BC. Following completion of the Qualifying Transaction, the Company’s principal place of business was located at Suite 550-220 Bay Street, Toronto, Ontario. Upon completion of the Qualifying Transaction, the Company ceased to be a Capital Pool Company as defined in the TSX Venture Exchange (the “TSXV”) Policy 2.

On January 23, 2018, the Company entered into an option agreement (the “Option Agreement”) with Prospex SpA, BLC SpA and Calisto SpA (collectively, the “Optionors”), as amended February 28, 2018, pursuant to which the Company has been granted an option (the “Option”) to earn a 100% interest in four blocks of exploration-stage mineral concessions with prospective copper and gold targets located in northern Chile, subject to certain underlying royalties. The Option Agreement also provides for the sale by the Optionors of the related exploration databases to the Company. The transaction subject to the Option Agreement was intended to constitute the Company’s Qualifying Transaction which was completed on April 26, 2018. Following completion of the Qualifying Transaction, the Company became a Tier 2 mining issuer. Prior to the closing of the Qualifying Transaction, the Company changed its name to “Aethon Minerals Corporation” and effected a consolidation (the “Consolidation”) resulting in the consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for each three common share issued and outstanding immediately prior to the Consolidation. All common shares, warrants, stock options and exercise prices of the comparative periods in this unaudited condensed interim consolidated financial statements have been retrospectively restated to reflect the Consolidation.

In connection with the Qualifying Transaction, the Company completed a private placement financing (the “Financing”) of 15,100,000 subscription receipts (the “Subscription Receipts”) on February 23, 2018 for gross proceeds of \$7,701,000. The net proceeds of the Financing will be used to fund the exploration activities on the properties subject to the Option and for general corporate purposes.

Aethon Minerals Chile SpA was incorporated on January 2, 2018 and become a wholly owned subsidiary of the Company at the completion of the Qualifying Transaction on April 27, 2018 (note 3).

These unaudited condensed interim consolidated financial statements, approved by the Board of Directors on October 24, 2018, have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

---

### 2. Summary of significant accounting policies

#### (a) Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The accounting policies and methods of computation applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company’s annual consolidated financial statements for the year ended November 30, 2017 other than below. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending November 30, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### (b) New accounting policies adopted

##### *Basis of consolidation*

Subsidiaries are entities controlled by Aethon. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with subsidiaries are eliminated to the extent of the Company’s interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The unaudited condensed interim consolidated financial statements of the Company set out the assets, liabilities, expenses, and cash flows of the Company and its subsidiaries, namely:

---

<b>Entity</b>	<b>Country of incorporation</b>	<b>Ownership interest at</b>
Aethon Minerals Chile SpA	Chile	100%

---

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

---

### 2. Summary of significant accounting policies (continued)

#### (b) New accounting policies adopted (continued)

##### *Foreign currency translation*

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statement of loss and comprehensive loss.

Foreign exchange gains and losses on intercompany loans receivable from foreign operations, for which settlement is neither planned nor likely to occur in the foreseeable future are recognized in other comprehensive loss and accumulated in a separate component of equity, irrespective of the currency the intercompany loan is denominated in. In substance, such an item forms part of the Company's net investment in the foreign operation. Such items are reclassified from equity to profit or loss on disposal of the net investment in foreign operations.

##### *Mineral properties and deferred expenditures*

General exploration and evaluation ("E&E") expenditures incurred prior to acquiring the legal right to explore are charged to the consolidated statement of comprehensive loss as incurred.

E&E expenditures incurred subsequent to acquisition of the legal right to explore, including license and property acquisition costs, geological and geophysical expenditures, costs of drilling exploratory holes and directly attributable overhead including salaries and employee benefits, are initially capitalized as E&E assets. E&E assets are not depleted and are moved into property, plant and equipment when they are determined to meet certain technical feasibility and commercial viability thresholds as determined by management. Upon transfer to property, plant and equipment the assets are considered available for use and amortization begins to be recorded. When events and or changes in circumstances indicate that carrying amount may not be recoverable, E&E assets are assessed for impairment in addition to regular impairment reviews to ensure they are not carried at amounts above their estimated recoverable values.

#### (c) Standards issued or amended which will be adopted in future periods

##### *i. IFRS 9, Financial Instruments*

The IASB intends to replace IAS 39, Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost, except for financial liabilities classified as fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

---

### 2. Summary of significant accounting policies (continued)

(c) Standards issued or amended which will be adopted in future periods (continued)

#### ii. IFRS 2, Share-based Payment

IFRS 2 has been amended to provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after January 1, 2018.

#### v. IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify leases as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

### 3. Acquisition

Aethon Minerals Chile SpA ("Aethon Chile") was incorporated on January 2, 2018 and on April 27, 2018 the Company acquired 100% of Aethon Chile for a nominal amount of \$1 and at the time of the acquisition, Aethon Chile had no assets or liabilities therefore no business acquisition equation is presented.

### 4. Equipment

Equipment includes furnitures and computers purchased which have not been put to use and no depreciation was recorded during the three and nine months ended August 31, 2018.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
 August 31, 2018  
 (Expressed in Canadian Dollars)  
 (Unaudited)

### 5. Mineral property interests

	Arcas and Maricunga Projects	LLanos Project	Total
November 30, 2017	\$ -	\$ -	\$ -
Acquisition	5,712,000	178,776	5,890,776
Legal expenses	106,904	26,739	133,643
Mining fees	339,540	7,197	346,737
Consultant fees	79,263	39,389	118,652
Lab	1,929	10,508	12,437
Drilling	-	185,361	185,361
Geology	78,716	108,675	187,391
Others	12,337	14,442	26,779
August 31, 2018	\$ 6,330,689	\$ 571,087	\$ 6,901,776

#### Arcas and Maricunga Projects

On January 23, 2018, the Company entered into the Option Agreement with the "Optionors, as amended February 28, 2018, pursuant to which the Company has been granted the Option to earn a 100% interest in four blocks of exploration-stage mineral concessions with prospective copper and gold targets located in northern Chile, subject to certain underlying royalties. The properties subject to the Option cover 130,000 hectares of prospective projects in the Antofagasta copper region and the Maricunga gold - silver region. The Option Agreement also provides for the sale by the Optionors of the related exploration databases to the Company.

The consideration for the purchase of the Databases and the grant of the Option is the issuance of an aggregate of 11,200,000 post-Consolidation common shares of the Company at a deemed issue price of \$0.51 per share. To exercise the Option, the Company must incur cumulative expenditures of at least \$750,000 on the exploration and development of the Properties within 18 months from the closing of the Qualifying Transaction of which at least \$500,000 must be incurred within 12 months from the closing date. The Company must also pay an aggregate of \$1,000 to the Optionors. Any production from the Properties is subject to an existing 0.98% gross sales royalty in favour of a third party and a new 1.02% gross sales royalty in favour of the Optionors, for a total gross sales royalty of 2.0%.

As at August 31, 2018, the Company had incurred \$618,668 in legal and other charges related to the Qualifying Transaction and also some consultation expenses and permit fees which have been capitalized as deferred acquisition costs included in the mineral property interest.

#### Llanos Project

On May 16, 2018, the Company, through its wholly-owned subsidiary Aethon Minerals Chile SpA, entered into an option agreement with Sociedad Legal Minera La Florida De Canela, an arm's length private Chilean company, to acquire a 100% interest in the Llanos De Llahuin project ("Llanos" or the "Project") in Chile.

The Project, located in Chile's Region IV close to the city of Illapel, is approximately 250 km north of Santiago and is situated in a region with excellent access and existing infrastructure. Numerous underground copper mines are located in the area and the Llanos project is considered to have potential for a substantial copper-gold-molybdenum porphyry body, together with associated higher-grade breccia and shear zone bodies.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

### 5. Mineral property interests (continued)

#### Llanos Project (continued)

US\$100,000, equivalent to \$121,850, was paid on execution of the option agreement which has been capitalized as deferred acquisition costs included in the mineral property interest. In order to exercise the option, the Company is required to complete the following payments: US\$100,000 six months after the option agreement execution, US\$150,000 twelve months after the option agreement execution, US\$500,000 eighteen months after the option agreement execution, US\$650,000 twenty four months after the option agreement execution, US\$1,800,000 thirty six months after the option agreement execution and US\$3,000,000 forty eight months after the option agreement execution.

### 6. Share capital

#### a) Authorized share capital

Unlimited common shares, without nominal or par value.

Unlimited preferred shares issuable in series without nominal or par value.

#### b) Issued share capital

The following is a continuity of shares issued:

	Shares	Amount
<b>Balance, November 30, 2016 and August 31, 2017</b>	<b>1,333,333</b>	<b>\$ 701,063</b>
<b>Balance, November 30, 2017</b>	<b>1,333,333</b>	<b>\$ 701,063</b>
Shares issued in private placement	15,100,000	7,701,000
Fair value of warrants issued in private placement	-	(3,014,942)
Fair value of broker warrants issued in private placement	-	(225,193)
Transaction costs in private placement	-	(326,393)
Shares issued for purchase of option in mineral property interest	11,200,000	5,712,000
<b>Balance, August 31, 2018</b>	<b>27,633,333</b>	<b>\$ 10,547,535</b>

On April 25, 2018, the Company completed the Consolidation and the Name Change (note 1).

On April 26, 2018, the Company completed its Qualifying Transaction under which the Company was granted an Option to acquire 100% interest in the Properties (subject to underlying royalties) and acquired the related Databases by issuing 11,200,000 post-Consolidation common shares and paying \$1,000 to the Optionors. The 11,200,000 post-Consolidation common shares issued to the Optionors pursuant to the Qualifying Transaction are escrowed. Upon the completion of the Qualifying Transaction, 10% of the escrowed common shares were released on the issuance of the Final Exchange Bulletin (the "Initial Release"). An additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. (note 3)

In connection with the Qualifying Transaction, the Corporation completed the Financing on February 23, 2018. Following the completion of the Qualifying Transaction and resulting conversion of the Subscription Receipts on April 26, 2018, the private placement funds held in escrow were released to the Company, net of a \$427,635 cash commission payable to the finders of the Financing upon the release of escrowed funds. The net proceeds of the Financing will be used to fund the exploration activities on the Properties, including the exploration expenditures pursuant to the Option Agreement, and for general corporate purposes.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

---

### 6. Share capital (continued)

#### b) Issued share capital (continued)

Pursuant to the Financing, on closing of the Qualifying Transaction, the Company issued 15,100,000 post-Consolidation common shares and 15,100,000 Warrants to holders of the Subscription Receipts. Each Warrant will entitle the holder thereof to acquire one post-Consolidation common share of the Company at a price of \$1.02 for a five-year period ending April 26, 2023, subject to acceleration and adjustment in accordance with its terms. If, after June 23, 2018, the closing price of the Company's common shares is higher than \$1.55 for any 20-consecutive trading-day period, the expiry date of the Warrants may be accelerated by the Company to the 20th trading day following the end of such a 20-day period by the issuance, within two trading days, of a news release announcing such acceleration. The fair value of the warrants was estimated at \$3,014,942 using Black-Scholes valuation model with the following assumptions: exercise price of \$1.02, risk-free interest rate of 2.10%, volatility of 100%, dividend yield of 0% and time to expiry of 5 years. In connection with the Financing, the Company incurred total transaction costs of \$536,390 of which \$209,997 was allocated to the warrants and the remaining \$326,393 was allocated to the share capital.

Following the completion of the Qualifying Transaction and resulting conversion of the Subscription Receipts, the net proceeds of the Financing were released to the Company. In connection with the Financing, the Company paid to Sprott Capital Partners, a division of Sprott Private Wealth LP, and Sprott Global Resource Investments, Ltd. (the "Finders"), from the proceeds of the Financing, fees of \$425,370, representing 6.0% of the gross proceeds raised from purchasers introduced by, or whose subscriptions are attributable to the efforts of, the Finders, together with applicable expenses and taxes, and issued to the Finders 834,060 finder's warrants (the "Finder's Warrants"), representing 6.0% of the number of Subscription Receipts purchased by such purchasers. Each Finder's Warrant is exercisable to purchase on or before April 26, 2020 one post-Consolidation common share at an exercise price of \$0.51. Pursuant to the terms of the finder's fee agreements, with the Finders, the Company also reimbursed the Finders' reasonable fees and disbursements incurred in connection with the Financing.

The fair value of the broker warrants was estimated at \$225,193 using Black-Scholes valuation model with the following assumptions: exercise price of \$0.51, risk-free interest rate of 1.86%, volatility of 100%, dividend yield of 0% and time to expiry of 2 years.

### 7. Stock options

The Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSXV requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, November 30, 2016 and August 31, 2017	116,667	\$ 0.60
Balance, November 30, 2017	116,667	\$ 0.60
Granted	2,644,000	0.51
Balance, August 31, 2018	2,760,667	\$ 0.51

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
 August 31, 2018  
 (Expressed in Canadian Dollars)  
 (Unaudited)

### 7. Stock options (continued)

On closing of the Qualifying Transaction, the Company granted 2,644,000 stock options to new officers, directors and consultants. The fair value of the stock options was estimated at \$1,011,440 using Black-Scholes valuation model with the following assumptions: exercise price of \$0.51, risk-free interest rate of 2.10%, volatility of 100%, forfeiture rate of 0%, dividend yield of 0% and time to expiry of 5 years. The stock options vest as to one-third on the one-year anniversary of the date of grant, one-third on the two-year anniversary of the date of grant and one-third on the three-year anniversary of the date of grant. During the three and nine months ended August 31, 2018, the Company recorded \$155,712 and \$214,950, respectively, in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Stock options outstanding as at August 31, 2018:

Expiry date	Options outstanding	Exercise price (\$)	Remaining contractual life (years)	Options exercisable
April 26, 2022	116,667	0.60	3.65	116,667
April 26, 2023	2,644,000	0.51	4.65	-
	2,760,667	0.51	4.61	116,667

### 8. Warrants

Warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, November 30, 2016 and August 31, 2017	-	\$ -
Balance, November 30, 2017	-	\$ -
Granted	15,100,000	1.02
Balance, August 31, 2018	15,100,000	\$ 1.02

Warrants outstanding as at August 31, 2018:

Expiry date	Warrants outstanding	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
April 26, 2023	15,100,000	1.02	4.65	15,100,000

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
 August 31, 2018  
 (Expressed in Canadian Dollars)  
 (Unaudited)

### 9. Broker warrants

Broker warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price (\$)
Balance, November 30, 2016 and August 31, 2017	-	\$ -
Balance, November 30, 2017	-	\$ -
Granted	834,060	1.02
Balance, August 31, 2018	834,060	\$ 1.02

Broker warrants outstanding as at August 31, 2018:

Expiry date	Warrants outstanding	Exercise price (\$)	Remaining contractual life (years)	Warrants exercisable
April 26, 2020	834,060	1.02	1.65	834,060

### 10. Related party transactions

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
Payment to key management personnel:				
Cash compensation	\$ 174,306	\$ -	\$ 308,248	\$ 9,450
Stock-based compensation	\$ 155,712	\$ -	\$ 214,950	\$ -

Related party transactions reflected in these consolidated financial statements are as follows:

(i) Until April 25, 2018, the Company was party to a corporate service agreement with Earlston Management Corp. ("Earlston"), a company related by virtue of having certain officers and directors in common, that provides office facilities and support services to the Company for a fee of \$1,000 per month plus sales taxes. Earlston is also reimbursed for all reasonable expenses incurred in the performance of its services. During the three and nine months ended August 31, 2018, the Company incurred \$nil and \$5,731, respectively (2017 - \$nil and \$9,450, respectively) of such costs to Earlston and incurred \$40,000 transaction costs for the issuance of shares in the private placement.

(ii) Certain shareholders of the Company incurred \$431,283 in the deferred acquisition costs for the mineral property interest on behalf of the Company (note 5).

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 11. Financial instruments and risk management

As at August 31, 2018, the Company's financial instruments comprise of cash and accounts payable and accrued liabilities. The fair values of cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs that are not based on observable market data (unobservable inputs).

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

#### **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 credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

#### **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 ensures there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. Following the closing of the Financing and subsequent release of the proceeds from escrow on April 26, 2018, the Company believes it has sufficient cash to fund its near-term operations and its planned exploration expenditures. As at August 31, 2018, the Company had a cash balance of \$5,255,697 (November 30, 2017 - \$477,683) to settle current liabilities of \$244,274 (November 30, 2017 - \$6,867). All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and subject to normal trade terms.

#### **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. The Company has no investments at risk to interest fluctuations, commodity prices or other market factors and all financial instruments are denominated in Canadian dollars. Consequently, as at February 28, 2018, the Company has no exposure to market risks.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements  
August 31, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

---

### 12. Capital management

Capital comprises the Company's shareholders' equity and any debt that it may issue. As at August 31, 2018, the Company's shareholders' equity was \$12,199,170 (November 30, 2017 - \$470,816). Additionally, the Company had current liabilities of \$244,274 (November 30, 2017 - \$6,867). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares and Subscription Receipts. The net proceeds raised to date will be sufficient to maintain the Company's near-term operations and to fund the planned exploration expenditures required to exercise the Option for the Properties. Should further exploration be undertaken, the Company may require additional funds.

The Company is not subject to any externally imposed capital requirements, and the Company's approach to managing capital remains unchanged from the year ended November 30, 2017.

### 13. Segmented information

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Company's CEO.

The Company's reportable segments are based on the geographic region for the Company's operations and include Canada and Chile.

The segmental report is as follows:

As at August 31, 2018	Canada	Chile	Total
Current assets	\$ 5,155,452	\$ 380,666	\$ 5,536,118
Equipment	-	5,550	5,550
Mineral property interest	-	6,901,776	6,901,776
Total assets	\$ 5,155,452	\$ 7,287,992	\$ 12,443,444
Total liabilities	\$ 88,815	\$ 155,459	\$ 244,274
Net loss for the nine months ended August 31, 2018	\$ 1,188,579	\$ 179,338	\$ 1,367,917

As at November 30, 2017 all assets and liabilities of the Company were under Canada and for the nine months ended August 31, 2017, all losses were from Canada.

# Aethon Minerals Corporation

## (Formerly Watusi Capital Corp.)

Notes to Condensed Interim Consolidated Financial Statements

August 31, 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 14. Commitments

The Company is subject to the following commitments for premises rent:

<u>Year</u>	<u>Amounts</u>
For the year ended November 30, 2018	\$ 29,706
For the year ended November 30, 2019	100,646
	<u>\$ 130,352</u>