

Antler Gold Inc.

**Unaudited Condensed Interim
Consolidated Financial Statements**

September 30, 2019

November 26, 2019

Management's Responsibility for Financial Reporting

The accompanying unaudited condensed interim consolidated financial statements of **Antler Gold Inc.** are the responsibility of management and have been approved by the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). The unaudited condensed interim consolidated financial statements include certain amounts and assumptions that are based on management’s best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for the preparation of the financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company’s unaudited condensed interim consolidated financial statements and recommended their approval by the Board of Directors.

These unaudited condensed interim consolidated financial statements have not been reviewed by the external auditors of the Company.

(signed) “*Daniel Whittaker*”
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) “*Robert Randall*”
Chief Financial Officer
Halifax, Nova Scotia

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2019 and December 31, 2018

(Expressed in Canadian dollars unless otherwise indicated)

| | As at September 30, 2019 | As at December 31, 2018 |
|--|--------------------------------|-------------------------------|
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash | 230,458 | 606,773 |
| Amounts recoverable | 17,490 | 58,970 |
| Prepaid expenses | 11,620 | 19,585 |
| Investments (note 5) | 12,711 | - |
| | <hr/> 272,279 | <hr/> 685,328 |
| Capital assets (note 6) | 19,530 | 25,180 |
| Resource properties (note 7) | 4,715,872 | 4,664,900 |
| | <hr/> 5,007,681 | <hr/> 5,375,408 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 134,000 | 62,628 |
| Shareholders' equity (note 8) | | |
| Capital stock | 6,740,337 | 6,740,337 |
| Warrants | 26,247 | 26,247 |
| Contributed surplus | 661,402 | 647,771 |
| Deficit | (2,554,305) | (2,101,575) |
| | <hr/> 4,873,681 | <hr/> 5,312,780 |
| | <hr/> 5,007,681 | <hr/> 5,375,408 |
| Going concern (note 1) | | |
| Commitments (note 12) | | |

Approved on behalf of the Board of Directors

(signed) "Jim Megann", Director

(signed) "Daniel Whittaker", Director

The accompanying notes form an integral part of these financial statements.

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss For the three and nine-month periods ended September 30, 2019 and 2018 (Expressed in Canadian dollars unless otherwise indicated)

| | Three-month period ended September 30, 2019 | Three-month period ended September 30, 2018 | Nine-month period ended September 30, 2019 | Nine-month period ended September 30, 2018 |
|--|--|--|---|---|
| | \$ | \$ | \$ | \$ |
| Expenses | | | | |
| Salaries and benefits | 200 | 7,507 | 1,255 | 48,701 |
| Professional fees | 16,694 | 5,845 | 43,535 | 20,314 |
| Consulting fees (note 9) | 69,729 | 67,729 | 213,360 | 201,077 |
| Regulatory and filing fees | 3,328 | 8,121 | 16,165 | 23,087 |
| Share-based compensation | 4,194 | - | 13,631 | 127,337 |
| Travel | 13,179 | 999 | 37,441 | 11,202 |
| Office costs (note 9) | 12,641 | 8,956 | 34,869 | 21,113 |
| Property investigation costs | 20,000 | 5,300 | 60,000 | 11,790 |
| Insurance | 3,334 | 2,898 | 9,892 | 10,680 |
| Write-down of resource properties (note 7) | 10,544 | - | 10,544 | - |
| | (153,843) | (107,355) | (440,692) | (475,301) |
| Unrealized loss on investments (note 5) | (2,289) | - | (2,289) | - |
| Costs related to subsidiary purchase (note 7) | - | - | (9,749) | - |
| Loss before income tax | (156,132) | (107,355) | (452,730) | (475,301) |
| Income tax recovery (note 11) | - | 34,000 | - | 34,000 |
| Loss and comprehensive loss for the period | (156,132) | (73,355) | (452,730) | (441,301) |
| Weighted-average number of shares outstanding during the period | 45,691,818 | 43,492,066 | 45,691,818 | 41,860,854 |
| Basic and diluted loss per share | (0.003) | (0.002) | (0.010) | (0.011) |

The accompanying notes form an integral part of these financial statements.

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity (note 8)
For the periods ended September 30, 2019 and 2018 and December 31, 2018
(Expressed in Canadian dollars unless otherwise indicated)

| | Common Shares # | Share Capital \$ | Warrants # | Warrants \$ | Contributed Surplus \$ | Deficit \$ | Total Equity \$ |
|--|-----------------------|---------------------|----------------|----------------|------------------------------|--------------------|--------------------|
| Balance – January 1, 2018 | 41,262,310 | 6,180,997 | 344,891 | 46,596 | 478,636 | (1,141,868) | 5,564,361 |
| Share-based compensation | - | - | - | - | 127,337 | - | 127,337 |
| Shares issued for cash | 4,292,316 | 678,232 | - | - | - | - | 678,232 |
| Share issue costs | - | (72,589) | - | - | - | - | (72,589) |
| Flow-through premium | - | (34,000) | - | - | - | - | (34,000) |
| Broker warrants | - | (26,247) | 243,943 | 26,247 | - | - | - |
| Shares issued on exercise of broker warrants | 137,192 | 13,944 | (137,192) | (4,798) | - | - | 9,146 |
| Warrant expiry | - | - | (207,699) | (41,798) | 41,798 | - | - |
| Loss and comprehensive loss for the period | - | - | - | - | - | (441,301) | (441,301) |
| Balance – September 30, 2018 | 45,691,818 | 6,740,337 | 243,943 | 26,247 | 647,771 | (1,583,169) | 5,831,186 |
| Loss and comprehensive loss for the period | - | - | - | - | - | (518,406) | (518,406) |
| Balance – December 31, 2018 | 45,691,818 | 6,740,337 | 243,943 | 26,247 | 647,771 | (2,101,575) | 5,312,780 |
| Share-based compensation | - | - | - | - | 13,631 | - | 13,631 |
| Loss and comprehensive loss for the period | - | - | - | - | - | (452,730) | (452,730) |
| Balance – September 30, 2019 | 45,691,818 | 6,740,337 | 243,943 | 26,247 | 661,402 | (2,554,305) | 4,873,681 |

The accompanying notes form an integral part of these financial statements.

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

| | Nine-month period ended September 30, 2019 | Nine-month period ended September 30, 2018 |
|---|--|--|
| | \$ | \$ |
| Cash provided by (used in) | | |
| Operating activities | | |
| Net loss for the period | (452,730) | (441,301) |
| <i>Non-cash items</i> | | |
| Share-based compensation | 13,631 | 127,337 |
| Write-down of resource properties | 10,544 | - |
| Unrealized loss on investments | 2,289 | - |
| Income tax recovery | - | (34,000) |
| | (426,266) | (347,964) |
| Net changes in non-cash working capital balances related to operations: | | |
| Decrease in amounts recoverable | 41,480 | 121,039 |
| Decrease in prepaid expenses | 7,965 | 2,754 |
| Increase in accounts payable and accrued liabilities | 61,343 | 55,987 |
| | (315,478) | (168,184) |
| Investing activities | | |
| Resource property expenditures, net of recoveries | (60,837) | (662,035) |
| Financing activities | | |
| Proceeds from issuance of common shares – net | - | 605,643 |
| Proceeds on the exercise of warrants | - | 9,146 |
| | - | 614,789 |
| Net change in cash during the period | (376,315) | (215,430) |
| Cash – beginning of period | 606,773 | 1,277,858 |
| Cash – end of period | 230,458 | 1,062,428 |

The accompanying notes form an integral part of these financial statements.

Antler Gold Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

1. Nature of Operations and Going Concern

Nature of operations

Antler Gold Inc. (“Antler” or the “Company”) was incorporated under the Canada Business Corporations Act on March 23, 2016. The Company is classified as a Tier 2 Company as defined in the TSX Venture Exchange (the “Exchange”) Policies. The principal business of the Company is the exploration and development of mineral properties. The Company’s corporate and registered office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia, B3J 3R7.

Antler's common shares were listed for trading on the Exchange as a Capital Pool Company at the close of business on September 9, 2016 and on September 12, 2016, the Company completed its Initial Public Offering (“IPO”) of 4,500,000 common shares at \$0.067 per common share, qualified by the Company's prospectus dated August 19, 2016.

On November 8, 2016, the Company closed its qualifying transaction (“QT”) with the acquisition of an option to acquire a 100% interest in a gold exploration property in central Newfoundland known as the Wilding Lake project (the “Project”) from Altius Minerals Inc. (“Altius”). Under the terms of the QT Option Agreement, the Company issued 6,750,000 common shares of the Company to Altius and could exercise the option (the “QT Option”) provided the Company incurred \$500,000 in exploration expenses on the Project within one year of signing. The QT Option was exercised on May 25, 2017 and Altius and the Company finalized a 2% net smelter royalty (“NSR”) in favour of Altius over all mineral production from the Project. Concurrent with the closing of its QT, the Company completed a private placement financing, issuing 9,900,000 shares at a price of \$0.167 per share for gross proceeds of \$1,650,000.

On March 30, 2017, the Company entered into a Second Option Agreement with Altius for the acquisition of an option to acquire a 100% interest in 1,678 additional mineral claims representing six separate projects in central Newfoundland (the “Second Option”). To exercise the Second Option, the Company issued 1,470,000 common shares to Altius during the year ended December 31, 2017. To date, the Company has incurred a minimum of \$300,000 in exploration expenditures and is deemed to have exercised the Second Option. Notice was provided to Altius during the year ended December 31, 2018 to transfer title to the Company, subject to Altius’ retention of a 2% NSR.

During the period ended September 30, 2019, the Company acquired a 100% title and interest in and to certain mineral claims comprising the Crescent Lake/KM61 project in Armstrong, Ontario from Sona Nanotech Inc. and entered into a Purchase Agreement to acquire EPL 6162, a gold exploration license in Namibia from an arm’s length third party. Refer to note 7 for further details on these acquisitions.

The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. To date, the Company has not earned significant revenues and is considered to be a development stage enterprise.

Antler Gold Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian dollars unless otherwise indicated)

Going concern

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern. The going concern basis of presentation assumes that Antler will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern, as described in the following paragraphs.

The Company incurred a net loss of \$452,730 for the period ended September 30, 2019 (net loss of \$959,707 for the year ended December 31, 2018) and has no operations at this time which will generate revenue. Management estimates current working capital may not be sufficient to fund all of the Company’s planned expenditures. The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on securing financing or monetizing assets. There is no certainty that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital. These matters indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

The financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities the reported revenues and expenses, and the statement of financial position classifications used.

2. Significant Accounting Policies

Statement of compliance

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of Chartered Professional Accountants of Canada – Part 1 (“CPA Canada Handbook”), which incorporates IFRS as issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), as issued by the IASB. Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s annual audited financial statements for the year ended December 31, 2018.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of November 26, 2019, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ended December 31, 2019 could result in the restatement of these unaudited condensed interim consolidated financial statements.

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Notes to Unaudited Condensed Interim Consolidated Financial Statements

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Basis of presentation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 6321593 Canada Inc. and Minera Zapoteca, S.A. de C.V. (note 3). All intercompany transactions and balances have been eliminated on consolidation of the accounts. These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for any financial assets and liabilities classified as available for sale. The Company's functional currency is the Canadian dollar, and these unaudited condensed interim consolidated financial statements are presented in Canadian dollars.

Significant accounting policies

These financial statements have been prepared using the same policies and methods of computation as the annual financial statements of the Company for the year ended December 31, 2018, with the exception of the changes as the result of the adoption of new accounting standards as outlined below. Refer to note 2, *Significant Accounting Policies*, of the Company's annual financial statements for the year ended December 31, 2018 for information on the accounting policies as well as new accounting standards not yet effective.

New accounting standards adopted during the period

Effective January 1, 2019, the Company adopted IFRS 16, *Leases* ("IFRS 16"). This change in accounting policy will also be reflected in the Company's subsequent quarters and annual financial statements as at and for the year ended December 31, 2019.

Description of IFRS 16

IFRS 16, *Leases* ("IFRS 16"), a new standard on lease accounting, was issued on January 13, 2016 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the statements of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company has one operating lease for office space which the Company considers to be a short-term lease at the commencement date and therefore there was no impact to the financial statements when the standard was adopted. The Company will monitor all leases for appropriate recognition in future periods.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Early application is permitted. The Interpretation clarifies the accounting for income tax treatments (current and deferred tax) that have yet to be accepted by tax authorities. The Company adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2019, and it did not have a material impact on the Company's financial statements.

3. Transaction with Sona Nanotech Inc.

During the period ended September 30, 2019, the Company and Sona Nanotech Inc. (formerly Stockport Exploration Inc.) ("Sona") entered into an asset purchase agreement ("Sona Purchase Agreement") pursuant to which the Company acquired Sona's 100% title and interest in and to certain mineral claims comprising the Crescent Lake/KM61 molybdenum-copper-silver project located in Armstrong, Ontario (the "Property").

Pursuant to the Sona Purchase Agreement, the Company acquired the Property (the "Acquisition") in consideration of the assumption of all liabilities of Sona associated with the Property (which are nominal)

Antler Gold Inc.

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(Expressed in Canadian dollars unless otherwise indicated)

and the future payment to Sona of contingent consideration if the Company disposes of the Property to a third party, or enters into an agreement or arrangement with a third party to otherwise monetize the Property by way of joint venture, option or other form of transaction (a “Future Transaction”). The amount of the contingent consideration payable to Sona will be equal to 50% of the consideration received by the Company in the Future Transaction (net of the Company’s aggregate expenses related to the marketing, selling, upkeep and maintenance of the Property incurred between the acquisition of the Property and the date of such Future Transaction), to a maximum of \$3,000,000 (“Future Consideration”).

The Acquisition is a non-arm’s length transaction pursuant to Exchange policies, as certain officers, directors and insiders of the Company are also insiders of Sona. Pursuant to Exchange requirements, the Acquisition (including the payment of the Future Consideration) required disinterested shareholder approval. A resolution covering the acquisition and the obligation to pay Future Consideration was passed by disinterested shareholders at Antler’s annual meeting held on June 27, 2019, and the transfer of the Property from Sona to the Company was completed during the quarter ended September 30, 2019.

Antler also agreed to purchase two subsidiaries of Sona that own technical and physical data on historical mineral interests in Mexico, and associated offsetting intercompany receivables, for a nominal purchase price (together with the property Acquisition, the “Transactions”). The assets and third party liabilities other than the data referred to above are nominal for both subsidiaries, and Antler and the subsidiaries will not owe any amounts to Sona in relation to the intercompany receivables following the purchase. The purchase of these subsidiaries was completed prior to the Acquisition during the period ended September 30, 2019 (notes 7 and 9).

4. Capital Management

The Company manages its capital structure, and makes adjustments to it, based on the funds available to the Company, in order to continue as a going concern. The Company considers capital to be shareholders’ equity. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company’s management to sustain future development of the business.

5. Investments

| | Fair Value at Receipt | Unrealized Gain (Loss) | Fair Value at September 30, 2019 | Fair Value at December 31, 2018 |
|--------------------|----------------------------------|-----------------------------------|---|--|
| | \$ | \$ | \$ | \$ |
| Equity investments | 15,000 | (2,289) | 12,711 | - |

During the quarter ended September 30, 2019, the Company sold the 100% interest in its Cape Ray licenses in Newfoundland, Canada to Cape Ray Mining Limited, a wholly-owned indirect subsidiary of Matador Mining Limited (“Matador”). In order to acquire the interest, Matador made a cash payment of \$50,000 to Antler and issued the Company \$15,000 worth of Matador common shares. The number of shares issued was determined based on the 15-day volume weighted-average price per share of Matador immediately prior to the closing date.

In accordance with the Company’s accounting policy for equity investments, the shares are recorded at fair value at the end of an accounting period, with any change in the fair value of the investments recorded on the Statement of Loss and Comprehensive Loss. During the period ended September 30, 2019, the Company recorded an unrealized loss on its investments of \$2,289.

Antler Gold Inc.

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(Expressed in Canadian dollars unless otherwise indicated)

6. Capital Assets

| Cost | Exploration equipment and vehicles |
|--|---|
| As at December 31, 2018 and September 30, 2019 | \$ 46,200 |
| Accumulated depreciation | Exploration equipment and vehicles |
| As at December 31, 2018 | \$ 21,020 |
| Depreciation | 5,650 |
| As at September 30, 2019 | \$ 26,670 |
| Carrying amount | Exploration equipment and vehicles |
| As at December 31, 2018 | \$ 25,180 |
| As at September 30, 2019 | \$ 19,530 |

Depreciation of exploration equipment and vehicles is recorded as an addition to resource exploration expenditures.

7. Resource Properties

| | Central Newfoundland | Namibia | Other | Total September 30, 2019 | Total December 31, 2018 |
|----------------------------------|-----------------------------|----------------|--------------|---------------------------------|--------------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <i>Acquisition Costs</i> | | | | | |
| Opening balance | 1,381,600 | - | - | 1,381,600 | 1,597,098 |
| Acquisition costs | - | 2,000 | - | 2,000 | 4,680 |
| Write-off | - | - | - | - | (220,178) |
| Ending balance | 1,381,600 | 2,000 | - | 1,383,600 | 1,381,600 |
| <i>Exploration Expenditures</i> | | | | | |
| Opening balance | 3,283,300 | - | - | 3,283,300 | 2,730,443 |
| Additions incurred | 88,323 | 34,993 | 1,200 | 124,516 | 746,133 |
| Recoveries | (65,000) | - | - | (65,000) | (37,670) |
| Write-off | (10,544) | - | - | (10,544) | (155,606) |
| Ending balance | 3,296,079 | 34,993 | 1,200 | 3,332,272 | 3,283,300 |
| <i>Total Resource Properties</i> | <i>4,677,679</i> | <i>36,993</i> | <i>1,200</i> | <i>4,715,872</i> | <i>4,664,900</i> |

Antler Gold Inc.

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For the periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

The Company's interest in resource properties consists of:

Central Newfoundland, Canada

On November 8, 2016, the Company completed its QT. The QT Option was accounted for as an asset acquisition, and the 6,750,000 common shares issued were valued at \$0.167 each for a total acquisition cost of \$1,125,000. On November 10, 2016, the Company received notice from Altius that it had staked an additional 171 claims within the five kilometre Area of Interest ("AOI") as outlined in the QT Option Agreement. The Company agreed to reimburse Altius a total of \$11,115 for its staking claims and these claims have been included in the QT Option Agreement.

On March 30, 2017, the Company entered into the Second Option Agreement with Altius for the right to acquire an option to earn a 100% interest in 1,678 additional mineral claims (the "Second Option"). The acquisition of the Second Option closed June 23, 2017, was accounted for as an asset acquisition, and the 1,470,000 common shares issued were valued at \$0.30 each for total acquisition cost of \$441,000. The Company also incurred an additional \$19,983 of acquisition costs associated with the Second Option Agreement during the year ended December 31, 2017 and \$4,680 of acquisition costs on the Noel Paul block during the year ended December 31, 2018.

During the period ended September 30, 2019, the Company completed the sale of 100% of its Cape Ray licenses to Cape Ray Mining Limited, a wholly-owned indirect subsidiary of Matador Mining Limited ("Matador"). In order to acquire the 100% interest in the Cape Ray licenses, Matador made a cash payment of \$50,000 to Antler and issued Antler \$15,000 worth of Matador common shares. The proceeds of sale were recorded as a recovery of resource properties. The Company also recorded a write-down of resource properties of \$10,544 during the period ended September 30, 2019, which resulted from the write-down of the Cape Ray property to the \$65,000 value sold to Matador.

During the year ended December 31, 2018, the Company completed a strategic review of its claim holdings. As a result, claims on certain Second Option properties, including Intersection, Victoria Lake, Victoria River, and Wilding Lake East, were surrendered during the period ended September 30, 2019. A write-off of the costs associated with these non-core blocks was recorded during the year ended December 31, 2018 in the amount of \$375,784, including \$220,178 of acquisition costs and \$155,606 of exploration expenditures.

Namibia

During the period ended September 30, 2019, the Company entered into a Purchase Agreement to acquire EPL 6162, a gold exploration license in Namibia which measures 105 square kilometres and is located within the Erongo region of central Namibia ("Namibia Purchase Agreement"). Antler can acquire a 100% interest in EPL 6162 by paying the arm's length vendor a cash payment of \$2,000, issuing 10,000 common shares of Antler, and by issuing \$2,500 of common shares of Antler based on the 10-day volume weighted-average price per common share immediately prior to the date of the Namibia Purchase Agreement. The Company must incur exploration expenditures of \$25,000 prior to the EPL 6162 renewal date of March 31, 2020. Once the license is renewed, Antler must make a further cash payment of \$5,000 and issue an additional 10,000 common shares and a further \$2,500 of common shares of Antler based on the 10-day volume weighted-average price per common share immediately prior to the date of the EPL 6162 renewal. Antler must also incur an additional \$50,000 in exploration expenses on EPL 6162 within one year of the renewal date.

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Pursuant to the agreement with the vendor, Antler has a right of first refusal to acquire a 100% interest in any gold exploration licenses in Namibia acquired by the vendor within two years from the date of the Namibia Purchase Agreement. If Antler decides to acquire a new license from the vendor, the Company must make a cash payment of \$7,000, issue the same number of common shares of Antler as under the Namibia Purchase Agreement and incur exploration expenditures of at least \$75,000 within one year of the new license acquisition.

During the period ended September 30, 2019, the Company paid the EPL 6162 vendor the acquisition fee of \$2,000. The issuance of common shares pursuant to the Namibia Purchase Agreement has been deferred pending further conditions of the sale to be met by the vendor.

Other - Mexico

On June 14, 2019, the Company completed the acquisition of two subsidiaries of Sona that own technical and physical data on historical mineral interests in Mexico, and offsetting intercompany receivables. The purchase price of the acquisition of the two subsidiaries, 6321593 Canada Inc. and Minera Zapoteca, S.A. de C.V., was nominal. Assets and liabilities of both subsidiaries are nominal and resulted in the assumption of liabilities of \$9,749, which have been recorded as an expense to the Company. No exploration expenditures were incurred by the Company in Mexico during the period ended September 30, 2019.

Other - Ontario, Canada

During the period ended September 30, 2019, the Company also acquired Sona's 100% title and interest in and to certain mineral claims comprising the Crescent Lake/KM61 molybdenum-copper-silver project located in Armstrong, Ontario for a nominal amount. The majority of the KM61 property, including the mineralized zone, is subject to a 0.5% net smelter royalty ("NSR"). Of the remaining claims on the KM61 property, certain portions are subject to a 3% NSR and the balance are not subject to any royalties. The Company can repurchase 50% of the 0.5% NSR for \$250,000 and/or 50% of the 3% NSR for \$1.0 million. Costs of \$1,200 were incurred during the period ended September 30, 2019 for maintenance of the property.

8. Shareholders' Equity

i) Capital Stock

Authorized: Unlimited number of common shares, without nominal or par value

On August 24, 2018, the Company completed a private placement financing. Gross proceeds of \$678,232 were raised pursuant to the financing through the issuance of 573,079 Units at a price of \$0.66 per Unit and 2,000,000 additional common shares at a price of \$0.15 per common share. Each Unit consisted of three flow-through shares priced at \$0.17 per flow-through share and one common share priced at \$0.15 per common share. The total number of shares issued was 4,292,316, of which 1,719,237 were issued as flow-through shares.

Numus Capital Corp. ("Numus Capital"), an Exempt Market Dealer and a related party owned by a director and an insider of Antler, acted as the broker for the Financing. Insiders and certain other existing shareholders of Antler ("Excluded Purchasers") subscribed for 310,757 Units under the Financing. As compensation for its services, Numus Capital received a cash commission of \$37,851, or 8.0% of the gross proceeds of the Financing, other than proceeds from the sale of any Units sold to Excluded Purchasers (the "Excluded Shares"). Antler also issued compensation warrants entitling Numus Capital ("Broker Warrants") to purchase 243,943 common shares, which is equal to 8.0% of the number of shares sold under the Financing other than the Excluded Shares. These Broker Warrants have an exercise price of \$0.15 per common share and expire on August 24, 2020. The Company has allocated a value of \$26,247 to the value

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of the Broker Warrants issued, calculated using the Black-Scholes option pricing model. The Company incurred other direct share issuance costs of \$34,738, consisting primarily of professional fees and regulatory costs. The Company also recorded a flow-through premium of \$34,000 related to the issuance of flow-through shares pursuant to the financing.

In August 2018, the Company received proceeds of \$7,056 from the exercise of 105,847 warrants. The share price on the date the warrants were exercised was \$0.16. On September 24, 2018, the Company received proceeds of \$2,090 from the exercise of 31,345 warrants. The share price on the date the warrants were exercised was \$0.15.

During the year ended December 31, 2018, 16,539 warrants with an exercise price of \$0.067 and 191,160 warrants with an exercise price of \$0.467 expired unexercised.

i) Stock options

The Company has a stock option plan (the "Plan") for directors, officers, employees and consultants. The Board of Directors have the authority to issue up to 10% of the issued and outstanding common shares of the Company. The options can have up to a ten-year life and the vesting period is set by the Board. Options are granted at a price no lower than the market price of the common shares.

On February 12, 2019, the Company granted 200,000 stock options to a consultant of the Company. The options are exercisable at a price of \$0.15 per share and expire on February 12, 2024. The options will vest at a rate of 50% of the total granted on each of the six and 12-month anniversaries of the grant date. There were no options granted during the year ended December 31, 2018.

On March 5, 2017, the Company granted 1,125,000 stock options to directors, officers, employees and consultants. The options are exercisable at a price of \$0.533 per share and expire on March 5, 2022. The options vested at a rate of 50% of the total granted on each of the six and 12-month anniversaries of the grant date. On June 23, 2017, the Company granted 262,500 stock options to employees and a director. The options are exercisable at a price of \$0.50 per share and expire on June 23, 2022. The options vested at a rate of 50% of the total on each of the six and 12-month anniversaries of the grant date.

The estimated fair value of options recognized has been estimated at the grant date using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected volatility. Changes in the assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable estimate of the fair value of the Company's stock options. Weighted-average assumptions used in the pricing model for the options issued during the period ended September 30, 2019 were as follows:

| | |
|--|---------|
| Risk-free interest rate | 1.79% |
| Expected volatility | 121% |
| Expected dividend yield | - |
| Expected life | 5 years |
| Weighted-average fair value per option | \$0.084 |

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Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the 200,000 options granted on February 12, 2019 is \$16,777, the estimated fair value of the 1,125,000 options granted on March 5, 2017 is \$538,248, and the estimated fair value of the 262,500 options granted on June 23, 2017 is \$67,725. This amount is amortized over the vesting period. \$127,337 was expensed during the year ended December 31, 2018, and \$13,631 has been expensed during the nine-month period ended September 30, 2019. As at September 30, 2019, 1,387,500 options had vested. 100,000 of the options issued on February 12, 2019 remain unvested as at September 30, 2019.

The options outstanding as at September 30, 2019 are:

| Weighted-Average Exercise Price per Share | Number of Options Outstanding | Expiry Date | Weighted-Average Remaining Contractual Life (in years) | Number of Options Exercisable |
|--|--|--------------------|---|--|
| \$0.533 | 1,125,000 | March 5, 2022 | 2.4 | 1,125,000 |
| \$0.500 | 262,500 | June 23, 2022 | 2.7 | 262,500 |
| \$0.150 | 200,000 | February 12, 2024 | 4.4 | 100,000 |
| \$0.480 | <u>1,587,500</u> | | 1.7 | <u>1,487,500</u> |

ii) Warrants

Pursuant to the IPO, Haywood received 450,000 broker warrants to purchase 450,000 common shares at a price of \$0.067 per share (the “IPO Warrants”). The IPO Warrants were recorded at fair value, which was estimated using the Black-Scholes option pricing model, and the unexercised IPO Warrants expired on September 12, 2018. As part of the February 2017 financing, the Agents received 191,160 broker warrants with an exercise price of \$0.467 (the “Feb. 2017 Warrants”). These 191,160 broker warrants expired unexercised on August 23, 2018. Pursuant to the August 24, 2018 financing, the Company issued 243,943 warrants with an exercise price of \$0.15, expiring August 24, 2020. There were no warrants issued during the period ended September 30, 2019.

The assumptions used in the pricing model and fair value results are as follows:

| | IPO Warrants | Feb. 2017 Warrants | Aug. 2018 Warrants |
|------------------------------|-------------------------|-------------------------------|-------------------------------|
| Risk-free interest rate | 1% | 1% | 2% |
| Expected volatility | 100% | 100% | 119% |
| Expected dividend yield | - | - | - |
| Expected life | 2 years | 2 years | 2 years |
| Fair value per warrant | \$0.035 | \$0.215 | \$0.108 |
| Share issue costs – non-cash | \$15,698 | \$41,219 | \$26,247 |

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The changes in the Company's warrants during the year ended December 31, 2018 and the period ended September 30, 2019 are as follows:

| | Expiry Date | Weighted-Average Exercise Price | Number | Value \$ |
|---|-----------------|---------------------------------|----------------|---------------|
| Balance – January 1, 2018 | | | 344,891 | 46,596 |
| Warrants exercised | | \$0.067 | (137,192) | (4,798) |
| Broker warrants issued | August 24, 2020 | \$0.15 | 243,943 | 26,247 |
| Warrants expired | | \$0.435 | (207,699) | (41,798) |
| Balance – December 31, 2018 and September 30, 2019 | | | <u>243,943</u> | <u>26,247</u> |

The warrants outstanding as at September 30, 2019 are:

| Exercise Price | Number of Warrants Outstanding | Expiry Date | Number of Warrants Exercisable |
|----------------|--------------------------------|-----------------|--------------------------------|
| \$0.15 | 243,943 | August 24, 2020 | 243,943 |

9. Related Party Transactions

The following related party transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties.

a) Operating agreement with Altius:

In connection with the QT Option Agreement, Altius became an insider of the Company, as it held 6,750,000 common shares, or approximately 19.95% of the issued and outstanding common shares at the time of the QT. Therefore, the Second Option Agreement constituted a Related Party Transaction under TSX Venture Exchange policies. The acquisition of the Second Option was completed on June 23, 2017 and Altius was issued 1,470,000 additional common shares. Altius currently owns 8,220,000 common shares, approximately 18% of the issued and outstanding shares of the Company.

Exploration services were provided by Altius as operator of the Project and a significant shareholder. These exploration activities included an administration fee of \$23,196 for the year ended December 31, 2017. No exploration services were provided by Altius during the year ended December 31, 2018 or the period ended September 30, 2019.

b) Compensation of key management personnel:

Management and consulting fees in the amount of \$171,838 for the nine-month period ended September 30, 2019 (year ended December 31, 2018 – \$416,923) were incurred for services of the President and CEO, a Strategic Advisor, the CFO, and the VP, Exploration of the Company.

The Company has consulting arrangements with the certain executives including the President and CEO and a Consultant of the Company which provide that, should a change in control event occur, they may individually elect to terminate their employment with the Company, in which event the Company is required to pay a lump sum payment equal to two times the annual compensation (see note 12).

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c) Financing broker:

Numus Capital acted as the broker for the Company's August 24, 2018 private placement financing. Numus Capital is an Exempt Market Dealer and a related party owned by a director and an insider of Antler. Insiders and certain other existing shareholders of Antler ("Excluded Purchasers") subscribed for 310,757 Units under the Financing. As compensation for its services, Numus Capital received a cash commission of \$37,851, or 8.0% of the gross proceeds of the Financing, other than proceeds from the sale of any Units sold to Excluded Purchasers (the "Excluded Shares"). Antler also issued compensation warrants entitling Numus Capital ("Broker Warrants") to purchase 243,943 common shares, which is equal to 8.0% of the number of shares sold under the Financing other than the Excluded Shares. These Broker Warrants have an exercise price of \$0.15 per common share and expire on August 24, 2020.

d) Services agreement:

At September 30, 2019 and December 31, 2018, Antler had a services agreement with Numus Financial Inc. ("Numus"), a related party company owned by a director and an insider of Antler for the provision of consulting services, controller services, rent and other office costs, at a total fee of \$6,700 per month and continuing until both parties mutually agree to terminate. Service fees are incurred on a cost recovery basis and include general and administration charges such as utilities and accounting services of the Company. During the period ended September 30, 2019, the Company incurred costs for consulting and controller services in the amount of \$37,350, and incurred rent, office costs and other cost reimbursements, in the amount of \$25,678 (year ended December 31, 2018 – consulting and controller services of \$42,800 and rent, office costs and other cost reimbursements of \$37,320).

As outlined in the services agreement dated September 1, 2018, if the services agreement is cancelled by the Company, a break fee of six (6) months of remuneration, being \$40,200, will be payable to Numus, in addition to the service fees applicable for the 90 day notice period.

e) Acquisition of mineral interests from Sona:

On June 14, 2019, the Company acquired two subsidiaries from Sona Nanotech Inc. (notes 3 and 7) that own technical and physical data on historical mineral interests in Mexico. During the period ended September 30, 2019, the Company also acquired a 100% interest in certain molybdenum-copper-silver mineral claims located in Armstrong, Ontario from Sona for a nominal amount (notes 3 and 7). These acquisitions were non-arm's length transactions pursuant to Exchange policies, as certain officers, directors and insiders of the Company are also insiders of Sona.

10. Financial Instruments

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying amount of the Company's cash and amounts recoverable. The Company manages credit risk by maintaining its cash with high-credit quality financial institutions or in trust with the Company's lawyer. All of the sales taxes recoverable are with the Government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to continue to maintain a cash balance to be able to meet the funding of its liabilities when required. As at September 30, 2019, the Company had a cash balance of \$230,458 and a working capital balance of \$138,279. The Company's ability to continue to meet its liabilities, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings.

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Fair value

During the nine-month period ended September 30, 2019, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair values of the Company's financial instruments are considered to approximate the carrying amounts. The following table provides the disclosures of the fair value and the level in the hierarchy.

| | Level 1 | Level 2 | Level 3 |
|--|----------------|----------------|----------------|
| Cash | \$230,458 | \$ - | \$ - |
| Amounts recoverable | - | 17,490 | - |
| Accounts payable and accrued liabilities | - | 134,000 | - |

11. Income Taxes

- a) Deferred income tax recovery differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 31% to net loss before income taxes. The reasons for the difference are as follows:

| | September 30, 2019 | September 30, 2018 |
|---|-------------------------------|-------------------------------|
| | \$ | \$ |
| Operating loss before income taxes | <u>(452,730)</u> | <u>(475,301)</u> |
| Income tax recovery based on substantively enacted rates | (140,346) | (147,343) |
| Pro-rata reduction of flow-through premium liability | | (34,000) |
| Current year loss and deductible temporary differences for which no asset recognized | 132,853 | 107,690 |
| Permanent differences and other | <u>7,493</u> | <u>39,653</u> |
| Income tax recovery | <u>-</u> | <u>(34,000)</u> |

- b) Flow-through share premium liability

| | September 30, 2019 | September 30, 2018 |
|--|-------------------------------|-------------------------------|
| | \$ | \$ |
| Opening balance | - | - |
| Flow-through share premium liability recorded on issuance of flow-through shares (note 7) | - | 34,000 |
| Pro-rate reduction of flow-through premium liability | <u>-</u> | <u>(34,000)</u> |
| Ending balance | <u>-</u> | <u>-</u> |

12. Commitments

The Company has consulting arrangements with the certain executives including the President and CEO and a Consultant of the Company which provide that, should any change in control event occur, they may individually elect to terminate their employment with the Company, in which event the Company is required to pay a lump sum payment equal to two times the annual compensation. The payment of these change in control settlements would be subject to the Company maintaining an average market capitalization in excess of CDN\$10 million, based on any 10-day volume weighted trading price within the

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three-month period following the effective date of the change in control. These agreements may also be terminated by the Company or Consultant with three months' notice. If these agreements are terminated by the Company, an amount equal to one year's annual compensation will be payable.

At September 30, 2019 and December 31, 2018, the Company has an administrative agreement with a Company owned a director and Consultant of the Company for the provision of administrative and controller services, rent and other office costs. See note 9 for further details.