

Antler Gold Inc.

Annual Consolidated Financial Statements

**For the years ended
December 31, 2019 and 2018**

April 28, 2020

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Antler Gold Inc. (the "Company") are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting including those related to transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS").

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented by the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed) "*Dan Whittaker*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Rob Randall*"
Chief Financial Officer
Halifax, Nova Scotia



KPMG LLP
Purdy's Wharf Tower One
1959 Upper Water Street, Suite 1500
Halifax Nova Scotia B3J 3N2
Canada
Telephone (902) 492-6000
Fax (902) 429-1307

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Antler Gold Inc.,

Opinion

We have audited the consolidated financial statements of Antler Gold Inc. (the Entity), which comprise:

- The consolidated statements of financial position as at end of December 31, 2019 and December 31, 2018
- the consolidated statements of loss and other comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as at end of December 31, 2019 and December 31, 2018, and its financial performance, and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Consolidated financial statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that Antler Gold Inc. experienced losses and negative cash flows from operations in 2019 and 2018 and does not have sufficient capital to fund its operations and planned expenditures beyond 2019 without additional financing.

As stated in Note 1 in the consolidated financial statements, these events or conditions, along with other matters as set forth in Note 1 in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are/is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that tapers at both ends, resembling a stylized underline or a flourish.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Carey Blair.

Halifax, Canada

April 28, 2020

Antler Gold Inc.

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

	As at December 31, 2019 \$	As at December 31, 2018 \$
Assets		
Current assets		
Cash	30,017	606,773
Amounts recoverable	18,687	58,970
Prepaid expenses	16,762	19,585
Investments (note 5)	11,984	-
	<u>77,450</u>	<u>685,328</u>
Property and equipment (note 6)	-	25,180
Resource properties (note 7)		
Acquisition costs	288,045	1,381,600
Exploration expenditures, net of recoveries	652,501	3,283,300
	<u>940,546</u>	<u>4,664,900</u>
	<u>1,017,996</u>	<u>5,375,408</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	174,989	62,628
Shareholders' equity (note 8)		
Capital stock	6,740,337	6,740,337
Warrants	26,247	26,247
Contributed surplus	663,499	647,771
Deficit	(6,587,076)	(2,101,575)
	<u>843,007</u>	<u>5,312,780</u>
	<u>1,017,996</u>	<u>5,375,408</u>
Going concern (note 1)		
Commitments (note 12)		
Subsequent event (note 13)		

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 consolidated financial statements.

Antler Gold Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

	Year ended December 31, 2019 \$	Year ended December 31, 2018 \$
Expenses		
Salaries and benefits	1,743	68,051
Professional fees	50,472	26,861
Consulting fees	283,090	271,806
Regulatory and filing fees	26,011	25,495
Share-based compensation	15,728	127,337
Travel	46,853	23,889
Office costs	49,975	34,951
Insurance	12,999	13,801
Property investigation fees	70,000	25,732
Costs related to subsidiary purchase (note 7)	9,749	-
Write-down of resource properties (note 7)	3,913,690	375,784
	<u>4,480,310</u>	<u>993,707</u>
Unrealized loss on investments (note 5)	3,016	-
Realized loss on sale of equipment (note 6)	2,175	-
Loss before income tax	<u>4,485,501</u>	<u>993,707</u>
Income tax recovery (note 11)	-	<u>(34,000)</u>
Net loss and comprehensive loss for the year	<u>4,485,501</u>	<u>959,707</u>
Weighted-average number of shares outstanding during the year	<u>45,691,818</u>	<u>42,826,467</u>
Basic and diluted loss per share	<u>(0.098)</u>	<u>(0.022)</u>

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

Antler Gold Inc.**Consolidated Statements of Changes in Equity****Years ended December 31, 2019 and 2018*****(Expressed in Canadian dollars unless otherwise indicated)***

	Common Shares (1) #	Share Capital \$	Warrants #	Warrants \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance – December 31, 2017	41,262,310	6,180,997	344,891	46,596	478,636	(1,141,868)	5,564,361
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	-	-
Share-based compensation	-	-	-	-	127,337	-	127,337
Loss for the year	-	-	-	-	-	(959,707)	(959,707)
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	-	-	-	-	15,728	-	15,728
Loss for the year	-	-	-	-	-	(4,485,501)	(4,485,501)
Balance – December 31, 2019	45,691,818	6,740,337	243,943	26,247	663,499	(6,587,076)	843,007

(1) On July 14, 2017, the Company completed a one and a half (1.5) for one share split of its common shares. All references to the number of common shares, stock options and warrants have been adjusted retrospectively to reflect the Company's share split for the year ended December 31, 2017.

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

Antler Gold Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

	Year ended December 31, 2019 \$	Year ended December 31, 2018 \$
Cash provided by (used in)		
Operating activities		
Loss for the year	(4,485,501)	(959,707)
Non-cash items:		
Share-based compensation	15,728	127,337
Income tax recovery	-	(34,000)
Unrealized loss on investments	3,016	-
Realized loss on sale of equipment	2,175	-
Costs related to subsidiary purchase	9,749	-
Write-down of resource properties	3,913,690	375,784
	(541,143)	(490,586)
Net changes in non-cash working capital balances related to operations:		
Decrease in amounts recoverable	40,283	113,520
Decrease (increase) in prepaid expenses	2,823	(2,888)
Increase (decrease) in accounts payable and accrued liabilities	76,714	(13,354)
	(421,323)	(393,308)
Investing activities		
Proceeds on sale of equipment	15,700	-
Resource property additions, net of recoveries	(171,133)	(892,566)
	(155,433)	(892,566)
Financing activities		
Proceeds from issuance of common shares - net	-	605,643
Proceeds on the exercise of warrants	-	9,146
	-	614,789
Decrease in cash during the year	(576,756)	(671,085)
Cash – Beginning of year	606,773	1,277,858
Cash – End of year	30,017	606,773

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

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 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. Antler is classified as a Tier 2 Company as defined in the TSX Venture Exchange (the “TSXV” or 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.

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

Going concern

These consolidated financial statements have been prepared in accordance with 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 \$4,485,501 for the year ended December 31, 2019 (year ended December 31, 2018 – net loss of \$959,707) 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 in 2020. 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. Subsequent to December 31, 2019 the Company secured a financing for gross proceeds of \$690,000 (note 13). There is no certainty that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital required to meet its obligations. 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 consolidated 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

These consolidated financial statements of the Company have been prepared in accordance with IFRS. These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 28, 2020.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

Basis of presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 6321593 Canada Inc. (note 3), Minera Zapoteca, S.A. de C.V. (note 3), and Antler Gold Namibia (Proprietary) Limited (note 7). All intercompany transactions and balances have been eliminated on consolidation of the accounts. These financial statements have been prepared on a historical cost basis except for any financial assets and liabilities classified as fair value through profit and loss ("FVTPL"). The Company's functional currency is the Canadian dollar, and these consolidated financial statements are presented in Canadian dollars.

a) Resource properties and related exploration costs:

Pre-exploration expenditures are expensed as incurred. All direct costs related to the acquisition of resource property interests are capitalized by property. Exploration and evaluation costs are capitalized.

Resource properties are initially measured at cost and include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, metallurgical studies, and other direct costs related to exploration or evaluation of a project. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to supporting exploration activities in a particular area of interest.

Where a project is determined to be technically and commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant resource property asset is tested for impairment and the balance is reclassified as a resource property in property and equipment.

b) Share-based compensation

The Company has a share-based compensation plan that is described in note 8. Awards of options to employees and others providing similar services under this plan are expensed based on the estimated fair value of the options at the grant date, with a corresponding credit to contributed surplus in shareholders' equity. Fair value is measured using the Black-Scholes pricing model. If the options are subject to a vesting period, the compensation cost is recognized over this period, based on the Company's estimate of the shares that will eventually vest.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration paid by employees on the exercise of stock options is credited to share capital together with the amounts originally recorded as share-based compensation in contributed surplus related to the exercised options.

c) Share issuance costs

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

d) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. As permitted under the Income Tax Act (Canada), the tax attributes of eligible expenditures incurred with the proceeds of flow-through share issuances are renounced to the flow-through

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

shareholders. At the time of share issuance, the proceeds are allocated between share capital and the obligation to deliver the tax deduction. The allocation is based on the estimated fair value of the tax deduction to the flow-through shareholders. The fair value is estimated using market data at the date of the flow-through share issuance.

Deferred income taxes related to the temporary differences created by the renunciation of flow-through share tax benefits to subscribers are recorded on a pro-rata basis when the qualified expenditures are incurred. When the qualified expenditures are incurred, the tax value of the renunciation is recorded on a pro-rata basis as a deferred income tax liability with a corresponding charge to income tax expense in the statement of loss and comprehensive loss. Additionally, as qualified expenditures are incurred, the Company recognizes a pro-rata reduction of the flow-through premium liability as a recovery of deferred income taxes in the statement of loss and comprehensive loss.

e) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is calculated using the declining-balance method at the annual rate of 30% for exploration equipment and vehicles.

f) Loss per share

The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to equity shareholders by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted-average number of common shares for the dilutive effect of share-based payments, employee incentive share units, and warrants using the treasury stock method (if, and when, applicable). Under this method, stock options, whose exercise price is less than the average market price of the Company's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

g) Income taxes

The Company uses the liability method of accounting for income taxes.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- In respect of taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, or venture and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

credits and unused tax losses can be utilized, except:

- When results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”). A financial asset is measured at amortized cost if it meets the both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to holds assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that do not qualify to be measured at amortized cost or FVOCI or have been elected so at initial adoption are classified at FVTPL. The Company may elect on initial recognition of an equity investment to irrevocable classify it as FVOCI. Financial liabilities are recognized at amortized cost unless the Company elects to classify them as FVTPL on initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company’s financial instruments are classified as follows:

Asset / Liability	Classification
Cash	Amortized cost
Amounts recoverable	Amortized cost
Investments	FVTPL
Accounts payable and accrued liabilities	Amortized cost

Impairment of financial assets at amortized cost

The Company recognizes an allowance using the Expected Credit Loss (“ECL”) model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

i) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The determination of estimates requires the exercise of judgments based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from those estimates.

Critical accounting estimates:

Asset acquisitions

The Company applies judgment in determining whether the exploration and evaluation assets it acquires are considered to be asset acquisitions or business combinations. Key factors in this determination are whether reserves have been established, whether the project is capable of being managed as a business by a market participant, and the nature of the additional work to convert resources into reserves.

Estimate of recovery for non-financial assets

Events or changes in circumstances may give rise to significant impairment charges or reversals of impairment in a particular year. In accordance with the Company's accounting policy, each non-financial asset unit is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is made and an impairment loss is recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell and value in use.

Value in use is generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is determined based on the present value of estimated future cash flows from each long-lived asset or cash generating unit. The assumptions used in determining the fair value less costs of disposal are typically life of mine plans, long-term commodity prices, discount rates, foreign exchange rates, and net asset value multiples.

Future cash flow estimates are based on expected production and sales volumes, mineral prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs, and future capital expenditures.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

Share-based payments

Equity-settled share-based payments issued to employees are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and expected lives based on information available at the time the fair value is measured.

Taxation

The Company's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses, and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends, and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

j) Impairment of long-lived assets

The carrying amount of the Company's non-financial assets, excluding resource properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets which generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The Company's assets do not generate separate cash inflows. If there is an indication that an asset may be impaired, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognized directly against the carrying amount of the asset whenever the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU's are allocated first to the goodwill and then to the carrying amounts of the assets in the unit (group of units) on a pro-rata basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, however the revised carrying amount cannot exceed the asset's (or CGU's) original cost before impairment calculated as if no impairment loss had been previously recognized. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

k) New and revised IFRS Accounting Pronouncements

i) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company did not identify any leases requiring assessment under IFRS 16. The Company will monitor any leases for appropriate recognition in future periods.

ii) 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 consolidated 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 year ended December 31, 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) 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 the 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 year ended December 31, 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

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

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.

4. Capital management

Antler 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 December 31, 2019	Fair Value at December 31, 2018
	\$	\$	\$	\$
Equity investments	15,000	(3,016)	11,984	-

During the year ended December 31, 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.

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 year ended December 31, 2019, the Company recorded an unrealized loss on its investments of \$3,016.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

6. Property and equipment

Cost	Exploration equipment and vehicles
	\$
As at December 31, 2017 and 2018	46,200
Sale of equipment	(46,200)
As at December 31, 2019	-
Accumulated depreciation	Exploration equipment and vehicles
	\$
As at December 31, 2017	10,228
Depreciation	10,792
As at December 31, 2018	21,020
Depreciation	7,305
Sale of equipment	(28,325)
As at December 31, 2019	-
Carrying amount	Exploration equipment and vehicles
	\$
As at December 31, 2019	-
As at December 31, 2018	25,180

Depreciation of exploration equipment and vehicles is recorded as an addition to resource exploration expenditures. During the year ended December 31, 2019, the Company sold its exploration equipment and vehicles for gross proceeds of \$15,700. Depreciation of \$7,305 was recorded prior to the date of sale. A loss on sale of \$2,175 has been recorded on the consolidated statement of loss for the year ended December 31, 2019.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

7. Resource properties

	Central Newfoundland	Namibia	Other	Total December 31, 2019	Total December 31, 2018
	\$	\$	\$	\$	\$
<i>Acquisition Costs</i>					
Opening balance	1,381,600	-	-	1,381,600	1,597,098
Acquisition costs	-	57,711	-	57,711	4,680
Write-off	(1,151,266)	-	-	(1,151,266)	(220,178)
Ending balance	230,334	57,711	-	288,045	1,381,600
<i>Exploration Expenditures</i>					
Opening balance	3,283,300	-	-	3,283,300	2,730,443
Additions incurred	94,690	99,535	2,400	196,625	746,133
Recoveries	(65,000)	-	-	(65,000)	(37,670)
Write-off	(2,762,424)	-	-	(2,762,424)	(155,606)
Ending balance	550,566	99,535	2,400	652,501	3,283,300
<i>Total Resource Properties</i>	780,900	157,246	2,400	940,546	4,664,900

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 on 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 year ended December 31, 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 the Cape Ray resource property of \$10,544 during year ended December 31, 2019, which resulted from the write-down of the Cape Ray property to the \$65,000 value sold to Matador.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

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 year ended December 31, 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.

Subsequent to the year ended December 31, 2019, the Company announced that it entered a binding letter agreement (the "Binding Agreement") with Altius, to transfer the Company's remaining exploration properties located in Newfoundland to Altius in exchange for 8,220,000 common shares of Antler held by Altius (note 13). In exchange for the transfer of the remaining Newfoundland resource properties to Altius, Altius will transfer the 8,220,000 common shares to Antler for cancellation. Completion of the transfer is subject to the satisfaction of certain conditions, including the approval of the TSX Venture Exchange and approval of shareholders of Antler in accordance with the TSXV policies, with closing expected to occur five business days after all conditions are satisfied. This transaction with Altius closed subsequent to year end on April 16, 2020. As a result of this transaction, the Company wrote-down the remaining properties in Newfoundland to \$780,900 at December 31, 2019, which is the value of the 8,220,000 shares as at the date of the Binding Agreement. This resulted in a further write-down of \$3,903,146, in addition to the \$10,544 write-down of the Cape Ray resource property during the year, for a total write-down of Central Newfoundland resource properties of \$3,913,690 for the year ended December 31, 2019 (\$1,151,266 recording of acquisition costs and \$2,762,424 recorded of exploration expenditures).

Namibia

On September 9, 2019 and amended October 6, 2019, the Company entered into a Purchase Agreement to acquire EPL 6162, a gold exploration license in Namibia that 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. Once the license is renewed, on or before March 31, 2020, 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.

The Company paid the EPL 6162 vendor the acquisition fee of \$2,000 as well as \$5,711 in other acquisition costs and fees. 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.

Pursuant to the Namibia Purchase Agreement, 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.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

Also during the year ended December 31, 2019, the Company entered into an agreement to acquire a 75% interest in a private company, the sole asset of which is exclusive exploration license 5455 (the "License" or "EPL 5455") in Namibia. EPL 5455 is located west of the town Usakos in the Erongo region of central Namibia. Antler acquired the right to acquire a 75% interest in the private company by paying the vendor, whose shareholders are arm's length parties to Antler, a non-refundable cash deposit of \$10,000 and a further cash payment of \$40,000 upon signing of the Agreement.

Further amounts to be paid pursuant to the purchase are \$50,000 on December 16, 2020, which is the first anniversary of the Due Diligence Waiver Date ("Waiver Date"), and a further cash payment of \$75,000 on the second anniversary of the Waiver Date, being December 16, 2021, and issue \$25,000 worth of common shares of Antler based on the 10-day volume weighted average price per common share immediately prior to the second anniversary of the Waiver Date. In addition to the cash and share consideration above, Antler must also incur \$75,000 of exploration expenses within 12 months from the Waiver Date and an additional \$125,000 within 24 months.

The Company has the right to accelerate the payment of cash and share consideration and the timeline for incurring exploration expenditures. Once Antler acquires the 75% interest in the private company, it has the right to purchase the remaining 25% minority interest at the fair market value determined by a professional business valuator selected by Antler. If Antler does not exercise its right to purchase the minority interest, all shareholders will contribute on a pro-rata basis to fund the company's activities, including exploration expenditures. Should the minority shareholders elect not to fund its portion of exploration expenditures and be diluted below 10%, then their interest will automatically convert to a free carried 5% interest in EPL 5455 which Antler can purchase at a price to be determined by a professional selected by Antler using international best practices for evaluating mining assets. If within three years from the date of the Agreement, any vendor shareholder stakes or acquires an interest in any EPL in Namibia, then such additional interest must be offered in writing to Antler for an amount to be mutually agreed upon. The vendor has performed past work exploring for graphite on a portion of the License and should a transaction be made to sell or joint venture the graphite area, the vendor shareholders will retain 90% of the proceeds and Antler is entitled to 10%.

No exploration expenses or operations were incurred in the Namibian subsidiary during the year ended December 31, 2019.

Other - Mexico

In the second quarter of the year ended December 31, 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 year ended December 31, 2019.

Other - Ontario, Canada

On May 15, 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 ("KM61 Property") located in Armstrong, Ontario. The Company acquired the KM61 Property in consideration of the assumption of all liabilities of Sona associated with the KM61 Property (which were nominal) and the future payment to Sona of contingent consideration if the Company disposes of the KM61 Property to a third party, or enters into an agreement or arrangement with a third party to otherwise monetize the KM61 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

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

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 KM Property and the date of such Future Transaction, to a maximum of \$3,000,000. 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 \$2,400 were incurred during the year ended December 31, 2019 for maintenance of the property.

8. Shareholders' equity

a) Capital stock

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

On August 24, 2018, the Company completed a private placement financing (the "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 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 (see note 11).

In August 2018, the Company received proceeds of \$7,056 from the exercise of 105,847 warrants. The share price on the dates 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.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

b) 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 under the Plan. 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.

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 year ended December 31, 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

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the 1,125,000 options granted on March 5, 2017 is \$538,248, the estimated fair value of the 262,500 options granted on June 23, 2017 is \$67,725, and the estimated fair value of the 200,000 options granted on February 12, 2019 is \$16,777. This amount is amortized over the vesting period, and \$15,728 has been expensed during the year ended December 31, 2019 (2018 - \$127,337). As at December 31, 2019, 1,487,500 options have vested. 100,000 of the options issued on February 12, 2019 remain unvested at December 31, 2019.

The options outstanding as at December 31, 2019 are:

Weighted-Average Exercise Price per Share (\$)	Number of Options Outstanding	Expiry Date	Weighted-Average Remaining Contractual Life (years)	Number of Options Exercisable
\$0.533	1,125,000	March 5, 2022	2.2	1,125,000
\$0.500	262,500	June 23, 2022	2.5	262,500
\$0.150	<u>200,000</u>	February 12, 2024	4.1	<u>100,000</u>
\$0.480	<u>1,587,500</u>		2.5	<u>1,487,500</u>

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

c) 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.

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

The changes in the Company’s warrants during the years ended December 31, 2018 and 2019 are as follows:

	Expiry Date	Weighted- Average Exercise Price \$	Number of warrants	Ascribed Value \$
Balance – December 31, 2017			344,891	46,596
Broker warrants issued	August 24, 2020	\$0.15	243,943	26,247
Warrants exercised		\$0.067	(137,192)	(4,798)
Warrants expired		\$0.435	(207,699)	(41,798)
Balance – December 31, 2018 and 2019		\$0.15	243,943	26,247

The warrants outstanding as at December 31, 2019 are:

Weighted-Average Exercise Price (\$)	Number of Warrants Outstanding	Expiry Date	Weighted- Average Remaining Life (years)	Number of Warrants Exercisable
\$0.15	243,943	August 24, 2020	0.65	243,943

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

9. Related party transactions

Amounts payable to officers, directors and companies owned thereby were \$81,573 at December 31, 2019 (December 31, 2018 - \$18,711). 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 at year end owns 8,220,000 common shares, approximately 18.0% of the issued and outstanding shares of the Company.

Subsequent to the year ended December 31, 2019, the Company announced that it entered into a binding letter agreement with Altius to sell the Company's remaining exploration properties located in Newfoundland to Altius in exchange for 8,220,000 common shares of Antler held by Altius (notes 7 and 13).

b) Compensation of key management personnel:

Key management includes all Directors, including Executive and Non-Executive Directors, as well as the President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary, the VP, Exploration, and a Strategic Advisor. Compensation earned by key management is summarized as follows:

	2019	2018
	\$	\$
Salaries, management and consulting fees	229,118	416,923
Share-based compensation	-	119,546
	229,118	536,469

Antler has consulting arrangements with certain executives, including the President and CEO and a Consultant of the Company which provides 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 \$10 million, based on any 10-day volume weighted trading price within the three-month period following the effective date of the change in control. These agreements may also be terminated by the Company or the 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.

c) Management services agreement:

At December 31, 2019, Antler had a services agreement with a company owned by a director and an insider of Antler for the provision of consulting services, accounting services, rent and other office costs, at a 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.

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

During the year ended December 31, 2019, the Company incurred costs for consulting and accounting services in the amount of \$49,800, and incurred rent, office costs and other cost reimbursements, in the amount of \$35,602 (year ended December 31, 2018 – consulting and accounting 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, in addition to the service fees applicable for the 90 day notice period.

d) 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.

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 year ended December 31, 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).

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 December 31, 2019, the Company had a cash balance of \$30,017 and a negative working capital balance of \$97,539. 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 (note 13).

Fair value

During the year ended December 31, 2019, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities. The fair values of the Company's cash, amounts recoverable, and

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(Expressed in Canadian dollars unless otherwise indicated)

accounts payable and accrued liabilities are considered to approximate the carrying amounts due to their short term to maturity. Investments are recorded at fair value based on the quoted market price which is a level 1 fair value category as the securities exchanged in the quoted market are identical to the interments held by the Company.

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:

	December 31, 2019	December 31, 2018
	\$	\$
Operating loss before income taxes	(4,485,501)	(993,707)
Income tax recovery based on substantively enacted rates	(1,390,505)	(308,050)
Pro-rata reduction of flow-through premium liability	-	(34,000)
Current year loss and deductible temporary differences for which no asset recognized	168,762	151,573
Impact of write-down of resource properties	1,213,244	116,493
Permanent differences and other	8,499	39,984
Income tax recovery	-	(34,000)

The Company has recognized the following deferred tax assets (liabilities):

	2019	2018
	\$	\$
Resource properties	-	(601,115)
Property and equipment	-	2,332
Eligible capital property and deferred financing	-	84,430
Non-capital loss carryforwards	-	514,353
	-	-

The Company has the following temporary differences for which no deferred tax asset or liability is recognized in the statement of financial position:

	2019	2018
	\$	\$
Resource properties	1,760,820	-
Eligible capital property and deferred financing	182,545	-
Non-capital loss carryforwards	3,322,720	2,467,202
	5,266,085	2,467,202

The Company's has approximately \$3.3 million in non-capital losses available to reduce future taxable income for Canadian income tax purposes (December 31, 2018 - \$2.5 million). These non-capital losses expire between 2036 and 2039.

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Notes to Consolidated Financial Statements

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b) Flow-through share premium liability

For the year ended December 31, 2018, a flow-through premium liability of \$34,000 was recorded on the issuance of flow-through shares. This liability was settled during the same year by the renouncing of exploration expenditures, resulting in no flow-through premium liability at December 31, 2018. There has been no flow-through share activity for the year ended December 31, 2019, and there is no flow-through share liability as at December 31, 2019.

12. Commitments

Antler has consulting arrangements with certain executives, including the President and CEO and a Consultant of the Company which provides 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 \$10 million, based on any 10-day volume weighted trading price within the three-month period following the effective date of the change in control. These agreements may also be terminated by the Company or the 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 December 31, 2019, Antler had a management services agreement with a company owned a director and consultant of the Company for the provision of management services, rent and other office costs, at a fee of \$6,700 per month and continuing until both parties mutually agree to terminate. See note 9 for further details.

13. Subsequent events

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks 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 the government and central bank interventions. The Company may incur significant delays in planned exploration activity, impacting its ability to meet obligations under current regulations or its agreements and may reduce its ability to source financing for future activities. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods at this time.

On January 21, 2020, the Company completed a brokered private placement financing. Gross proceeds of \$690,000 were raised pursuant to the financing through the issuance of 11,500,000 Units at a price of \$0.06 per Unit. Each Unit consists of one common share of Antler and one-half share purchase warrant, with each whole warrant exercisable into one common share of Antler at an exercise price of \$0.15 per share for a period of 24 months from the closing date. Insiders of the Company subscribed for a total of 3,800,000 Units under the financing.

Numus Capital acted as the agent for the Financing and received cash compensation of \$29,700. Antler also issued compensation warrants entitling Numus Capital to purchase 495,000 common shares. These

Antler Gold Inc.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

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compensation warrants have an exercise price of \$0.15 per common share and expire on January 21, 2022. All securities issued pursuant to the January 21, 2020 financing are subject to a four-month hold period.

On February 3, 2020, the Company announced it had entered into a Binding Agreement with Altius to sell the Company's remaining exploration properties located in Newfoundland to Altius in exchange for 8,220,000 common shares of Antler held by Altius (note 7). In exchange for the transfer of the remaining Newfoundland resource properties to Altius, Altius will transfer the 8,220,000 common shares to Antler for cancellation. Completion of the sale was subject to the satisfaction of certain conditions, including the approval of the TSX Venture Exchange and approval of shareholders of Antler in accordance with the TSXV policies, with closing expected to occur five business days after all conditions are satisfied. This transaction closed on April 16, 2020, and the 8,220,000 common shares were transferred to Antler for cancellation.