

Antler Gold Inc.

**Unaudited Condensed Interim
Consolidated Financial Statements**

June 30, 2020

August 31, 2020

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 June 30, 2020 and December 31, 2019

(Expressed in Canadian dollars unless otherwise indicated)

	As at June 30, 2020 \$	As at December 31, 2019 \$
Assets		
Current assets		
Cash	160,153	30,017
Amounts recoverable	25,607	18,687
Prepaid expenses	25,741	16,762
Investments (note 4)	15,386	11,984
	<u>226,887</u>	<u>77,450</u>
Resource properties (note 5)		
Acquisition costs	87,101	288,045
Exploration expenditures, net of recoveries	324,103	652,501
	<u>411,204</u>	<u>940,546</u>
	<u>638,091</u>	<u>1,017,996</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	214,608	174,989
Shareholders' equity (note 6)		
Capital stock	6,429,242	6,740,337
Warrants	212,722	26,247
Contributed surplus	664,548	663,499
Deficit	(6,883,029)	(6,587,076)
	<u>423,483</u>	<u>843,007</u>
	<u>638,091</u>	<u>1,017,996</u>

Going concern (note 1)

Commitments (note 10)

Subsequent events (note 11)

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 six-month periods ended June 30, 2020 and 2019
(Expressed in Canadian dollars unless otherwise indicated)

	Three-month period ended June 30, 2020 \$	Three-month period ended June 30, 2019 \$	Six-month period ended June 30, 2020 \$	Six-month period ended June 30, 2019 \$
Expenses				
Salaries and benefits	-	291	-	1,055
Professional fees	20,096	13,761	52,225	26,841
Consulting fees (note 7)	71,729	73,902	141,306	143,631
Regulatory and filing fees	9,764	5,750	15,705	12,837
Share-based compensation	-	6,291	1,049	9,437
Travel	83	9,624	18,607	24,262
Office costs (note 7)	9,273	9,402	25,668	22,228
Property investigation costs	11,387	20,000	39,076	40,000
Insurance	2,860	3,297	5,719	6,558
	(125,192)	(142,318)	(299,355)	(286,849)
Unrealized gain on investments (note 4)	8,747	-	3,402	-
Costs related to subsidiary purchase (note 5)	-	(9,749)	-	(9,749)
Loss and comprehensive loss for the period	(116,445)	(152,067)	(295,953)	(296,598)
Weighted-average number of shares outstanding during the period	49,370,974	45,691,818	52,017,660	45,691,818
Basic and diluted loss per share	(0.002)	(0.003)	(0.006)	(0.006)

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

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity (note 6)

For the periods ended June 30, 2020 and 2019 and December 31, 2019

(Expressed in Canadian dollars unless otherwise indicated)

	Common Shares #	Share Capital \$	Warrants #	Warrants \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance – January 1, 2019	45,691,818	6,740,337	243,943	26,247	647,771	(2,101,575)	5,312,780
Share-based compensation	-	-	-	-	9,437	-	9,437
Loss and comprehensive loss for the period	-	-	-	-	-	(296,598)	(296,598)
Balance – June 30, 2019	45,691,818	6,740,337	243,943	26,247	657,208	(2,398,173)	5,025,619
Share-based compensation	-	-	-	-	6,291	-	6,291
Loss and comprehensive loss for the period	-	-	-	-	-	(4,188,903)	(4,188,903)
Balance – December 31, 2019	45,691,818	6,740,337	243,943	26,247	663,499	(6,587,076)	843,007
Share-based compensation	-	-	-	-	1,049	-	1,049
Units issued for cash (note 6)	11,500,000	532,747	5,750,000	157,253	-	-	690,000
Financing issue costs (note 6)	-	(48,092)	-	-	-	-	(48,092)
Broker warrants (note 6)	-	(29,222)	495,000	29,222	-	-	-
Shares cancelled (note 5)	(8,220,000)	(780,900)	-	-	-	-	(780,900)
Shares issued pursuant to resource property agreements (note 5)	132,430	14,372	-	-	-	-	14,372
Loss and comprehensive loss for the period	-	-	-	-	-	(295,953)	(295,953)
Balance – June 30, 2020	49,104,248	6,429,242	6,488,943	212,722	664,548	(6,883,029)	423,483

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

Antler Gold Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

For the six-month periods ended June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise indicated)

	Six-month period ended June 30, 2020 \$	Six-month period ended June 30, 2019 \$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(295,953)	(296,598)
<i>Non-cash items</i>		
Share-based compensation	1,049	9,437
Costs related to subsidiary purchase	-	9,749
Unrealized gain on investments	(3,402)	-
	<u>(298,306)</u>	<u>(277,412)</u>
Net changes in non-cash working capital balances related to operations:		
Decrease (increase) in amounts recoverable	(6,920)	34,752
Decrease (increase) in prepaid expenses	(8,979)	1,380
Increase in accounts payable and accrued liabilities	45,744	31,322
	<u>(268,461)</u>	<u>(209,958)</u>
Investing activities		
Resource property expenditures	<u>(243,311)</u>	<u>(70,492)</u>
Financing activities		
Proceeds from private placement, net of issuance costs (note 6)	<u>641,908</u>	-
Net change in cash during the period	130,136	(280,450)
Cash – beginning of period	<u>30,017</u>	<u>606,773</u>
Cash – end of period	<u>160,153</u>	<u>326,323</u>

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 June 30, 2020 and 2019 (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.

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

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 \$295,953 for the six-month period ended June 30, 2020 (net loss of \$4,485,501 for the year ended December 31, 2019) 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. During the six-month period ended June 30, 2020, the Company secured a financing for gross proceeds of \$690,000 (note 6), and a financing was completed subsequent to the period ended June 30, 2020 for gross proceeds of \$3,000,000 (note 11). 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.

Antler Gold Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise indicated)

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, 2019.

The policies applied in these unaudited condensed interim consolidated financial statements are based on the IFRS as of August 31, 2020, 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, 2020 could result in the restatement of these unaudited condensed interim consolidated financial statements.

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) and Antler Gold Namibia (Proprietary) Limited (note 5). 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, 2019. Refer to note 2, *Significant Accounting Policies*, and note 3, *Capital Management*, of the Company’s annual financial statements for the year ended December 31, 2019 for information on the accounting policies as well as new accounting standards adopted.

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 “KM61 Property”).

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Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the periods ended June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise indicated)

Pursuant to the Sona Purchase Agreement, the Company acquired the KM61 Property (the “Acquisition”) 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 by the Company in the Future Transaction (net of the Company’s aggregate expenses related to the marketing, selling, upkeep and maintenance of the KM61 Property incurred between the acquisition of the KM61 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 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. 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.

4. Investments

	Fair Value at Receipt	Fair Value at December 31, 2019	Unrealized Gain (Loss)	Fair Value at June 30, 2020
Equity investments	\$ 15,000	\$ 11,984	\$ 3,402	\$ 15,386

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 six-month period ended June 30, 2020, the Company recorded an unrealized gain on its investments of \$3,402 (year ended December 31, 2019 – unrealized loss of \$3,016).

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Notes to Unaudited Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian dollars unless otherwise indicated)

5. Resource Properties

	Central Newfoundland	Namibia	Other	Total June 30, 2020	Total December 31, 2019
	\$	\$	\$	\$	\$
<i>Acquisition Costs</i>					
Opening balance	230,334	57,711	-	288,045	1,381,600
Acquisition costs	-	29,390	-	29,390	57,711
Recoveries	(230,334)	-	-	(230,334)	-
Write-off	-	-	-	-	(1,151,266)
Ending balance	-	87,101	-	87,101	288,045
<i>Exploration Expenditures</i>					
Opening balance	550,566	99,535	2,400	652,501	3,283,300
Additions incurred	-	219,528	2,640	222,168	196,625
Recoveries	(550,566)	-	-	(550,566)	(65,000)
Write-off	-	-	-	-	(2,762,424)
Ending balance	-	319,063	5,040	324,103	652,501
<i>Total Resource Properties</i>	-	406,164	5,040	401,204	940,546

The Company's interest in resource properties consists of:

Central Newfoundland, Canada

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. The proceeds of sale in the amount of \$65,000 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 value for which it was sold to Matador.

During the six-month period ended June 30, 2020, the Company announced that it entered a binding letter agreement (the "Altius Agreement") with Altius Resources Inc. ("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, which will be cancelled. Completion of the transfer 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 with Altius closed on April 16, 2020.

As a result of the transaction with Altius, 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 Altius 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 ended December 31, 2019, for a total write-down of Central Newfoundland resource properties of \$3,913,690 for the year (\$1,151,266 recorded against acquisition costs and \$2,762,424 recorded against exploration expenditures). There were no costs incurred on the Central Newfoundland properties during the period ended June 30, 2020 as the Company was in the process of completing the transaction with Altius. The recovery of \$780,900 for the

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(Expressed in Canadian dollars unless otherwise indicated)

value of the shares cancelled as at the date of the Altius Agreement was recorded during the six-month period ended June 30, 2020 when the transaction with Altius was closed.

Namibia

A shell subsidiary, Antler Gold Namibia (Proprietary) Limited, was purchased from an independent third party for a nominal amount during the six-month period ended June 30, 2020, which the Company used to acquire certain properties in Namibia.

Namibia – Central Project

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 (the “EPL 6162 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 EPL 6162 Agreement. 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.

The Company paid the EPL 6162 vendor the acquisition fee of \$2,000 as well as \$5,711 in other acquisition costs and fees during the year ended December 31, 2019. An acquisition payment of \$3,700, which represents the value of the EPL 6162 initial share issuance, being 10,000 common shares of Antler and a further \$2,500 of common shares, was made during the period ended June 30, 2020. The renewal date cash payment of \$5,000 and the further share issuances pursuant to the EPL 6162 Agreement upon the renewal date have been deferred pending further conditions.

Pursuant to the EPL 6162 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 EPL 6162 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 EPL 6162 Agreement and incur exploration expenditures of at least \$75,000 within one year of the new license acquisition.

During the six-month period ended June 30, 2020, the Company entered into an agreement to acquire 100% of a gold exploration license in Namibia known as EPL 7261, which is located adjacent to EPL 6162 (the “EPL 7261 Agreement”). Pursuant to the EPL 7261 Agreement, Antler may acquire a 100% interest in EPL 7261 by paying the arm’s length vendor a cash payment of \$7,000, issuing 20,000 common shares of Antler and \$5,000 of common shares of Antler based on the 10-day volume weighted-average price per common share immediately prior to the EPL 7261 Agreement. Antler must also incur exploration expenditures of at least \$75,000 before the first anniversary of the agreement, being February 23, 2021.

During the six-month period ended June 30, 2020, the Company paid the EPL 7261 acquisition fee of \$7,000 and completed the share issuance requirement of \$7,222, which is \$5,000 of common shares as well as the value of 20,000 common shares issued.

During the six-month period ended June 30, 2020, the Company entered into an agreement to acquire 100% of a gold exploration license in Namibia known as EPL 6550 (the “EPL 6550 Agreement”).

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For the periods ended June 30, 2020 and 2019

(Expressed in Canadian dollars unless otherwise indicated)

Pursuant to the EPL 6550 Agreement, Antler may acquire a 100% interest in EPL 6550 by paying the arm's length vendor a cash payment of \$3,500, issuing 10,000 common shares of Antler and \$2,500 of common shares of Antler based on the 10-day volume weighted-average price per common share immediately prior to the EPL 6550 Agreement. Antler must also incur exploration expenditures of at least \$25,000 before the EPL 6550 renewal date of May 27, 2020. Once EPL 6550 is renewed, the Company 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 6550 renewal. Antler must also incur additional exploration expenditures of at least \$75,000 within one year of renewal.

Pursuant to the EPL 6550 Agreement, Antler has a right of first refusal to acquire a 100% interest in any EPL acquired by the vendor within two years from the date of the EPL 6550 Agreement. If Antler decides to acquire a new EPL 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 EPL 6550 Agreement and incur exploration expenditures of at least \$75,000 within one year of the vendor's acquisition of the new EPL.

During the six-month period ended June 30, 2020, the Company paid the EPL 6550 acquisition fee of \$3,500 and completed the share issuance requirement of \$3,450, which is \$2,500 of common shares as well as the value of 10,000 common shares issued.

During the six-month period ended June 30, 2020, the Company entered into an agreement to acquire an 85% interest in a gold exploration license in Namibia known as EPL 6408 (the "EPL 6408 Agreement"). Pursuant to the EPL 6408 Agreement, Antler may acquire an 85% interest in EPL 6408 by paying the arm's length vendor a cash payment of 6,500 Namibian dollars (CAD\$517) upon signing and paying a further N\$25,000 upon the satisfactory completion of a 21 day due diligence period, as well as a final payment of N\$25,000 or the issuance of \$1,500 (at the option of Antler) upon the successful transfer of EPL 6408 into a subsidiary of Antler Namibia (Proprietary) Limited. Upon earning the 85% interest in EPL 6408, Antler and the vendor will enter into a standard participating joint venture agreement, including proportionate cash funding obligations, which shall contain terms providing that if the vendor's interest is reduced to less than 10%, its interest will automatically be converted into a 5% free carried interest which can be purchased by Antler at any time for the payment of \$2,500 or the issuance of \$25,000 of Antler common shares. The decision to pay cash or issue shares will be at Antler's option.

The EPL 6408 Agreement is conditional upon TSX Venture Exchange approval. During the period ended June 30, 2020, the Company paid the acquisition fee of N\$6,500.

Namibia – Western Project

In late 2019, the Company entered into an agreement to acquire a 75% interest in a private company, the sole asset of which is 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 agreement are \$50,000 on December 16, 2020, which is the first anniversary of the Due Diligence Waiver Date ("Waiver Date"), and a cash payment of \$75,000 on the second anniversary of the Waiver Date along with the issuance of \$25,000 worth of common shares of Antler based on the 10-day volume weighted-average price per common share

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immediately prior to the second anniversary of the Waiver Date. In addition to the cash and share consideration above, Antler must also incur exploration expenses of \$75,000 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 EPL 5455 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%.

Other – Mexico

During 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 were recorded as an expense to the Company. No exploration expenditures have been incurred by the Company in Mexico.

Other – Ontario, Canada

In May 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. 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 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 KM61 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 \$5,040 have been incurred to June 30, 2020 for the maintenance of the KM61 Property.

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6. Shareholders' Equity

i) Capital Stock

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

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 until January 21, 2022. Insiders of the Company subscribed for a total of 3,800,000 Units under the financing. All securities issued pursuant to the January 21, 2020 financing were subject to a four-month hold period.

The value allocated to the common shares issued was \$532,747 and the value allocated to the common share purchase warrants was \$157,253. Total costs associated with the private placement, consisting primarily of professional and regulatory fees, as well as finder's fees, were \$48,092. Numus Capital acted as the agent for the Financing and received cash compensation of \$29,700. Antler also issued broker warrants entitling Numus Capital to purchase 495,000 common shares. These broker warrants have an exercise price of \$0.15 per common share, expire on January 21, 2022 and were valued at \$29,222.

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 5). This transaction closed on April 16, 2020, and the 8,220,000 common shares with a value of \$780,900 were transferred to Antler and cancelled.

During the six-month period ended June 30, 2020, the Company issued 132,430 common shares to vendors of Namibian exploration licenses as part of the acquisition agreements on certain licenses (note 5). The value of the common shares issued was \$14,372.

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. During the six-month period ended June 30, 2020, 225,000 options were cancelled with a weighted-average exercise price of \$0.53. There were no options granted during the six-month period ended June 30, 2020.

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:

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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 \$1,049 has been expensed during the six-month period ended June 30, 2020 (June 30, 2019 - \$9,437). As at June 30, 2020, all options had vested.

The options outstanding as at June 30, 2020 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	937,500	March 5, 2022	1.7	937,500
\$0.500	225,000	June 23, 2022	2.0	225,000
\$0.150	200,000	February 12, 2024	3.6	200,000
\$0.480	<u>1,362,500</u>		2.0	<u>1,362,500</u>

ii) Warrants

Pursuant to a financing completed by the Company on August 24, 2018, the Company issued 243,943 warrants with an exercise price of \$0.15, expiring August 24, 2020. Pursuant to the financing completed by the Company on January 21, 2020, Antler issued 5,750,000 common share purchase warrants and 495,000 broker warrants. The warrants issued on January 21, 2020 have an exercise price of \$0.15 and expire on January 21, 2022.

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

	Aug. 2018 Warrants	Jan. 2020 Warrants
Risk-free interest rate	2%	2%
Expected volatility	119%	134%
Expected dividend yield	-	-
Expected life	2 years	2 years
Fair value per warrant	\$0.108	\$0.059

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The changes in the Company's warrants during the year ended December 31, 2019 and the period ended June 30, 2020 are as follows:

	Expiry Date	Weighted-Average Exercise Price	Number	Value
		\$		\$
Balance – January 1, 2019 and December 31, 2019	August 24, 2020	0.15	243,943	26,247
Warrants issued pursuant to financing	January 21, 2022	0.15	5,750,000	157,253
Broker warrants issued	January 21, 2022	0.15	495,000	29,222
Balance – June 30, 2020			<u>6,488,943</u>	<u>212,722</u>

7. Related Party Transactions

a) Operating agreement with Altius:

In connection with the Qualifying Transaction Option Agreement on the Company's Newfoundland properties in 2016, 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 Qualifying Transaction. In 2017, the Company entered into a Second Option Agreement with Altius to acquire an option to earn a 100% interest in additional mineral claimed in central Newfoundland. 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.

During the six-month period ended June 30, 2020, the Company announced that it entered into a Binding Agreement with Altius to sell the Company's remaining exploration properties located in Newfoundland to Altius in exchange for the 8,220,000 common shares of Antler held by Altius (note 5). This transaction closed on April 16, 2020 and the shares were returned to Antler and cancelled.

b) Compensation of key management personnel:

Management and consulting fees in the amount of \$114,559 for the six-month period ended June 30, 2020 (year ended December 31, 2019 – \$229,118) were incurred for services of the President and CEO, a Strategic Advisor, and the CFO of the Company.

The Company has consulting arrangements with 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 10).

c) Financing broker:

Numus Capital acted as the broker for the Company's January 21, 2020 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 3,800,000 Units under the Financing. As compensation for its services, Numus Capital received a cash commission of \$29,700, or 7.5% 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 broker warrants entitling Numus Capital to purchase 495,000 common shares. These broker warrants have an exercise price of \$0.15 per common share and expire on January 21, 2022.

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d) Services agreement:

At June 30, 2020 and December 31, 2019, 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 six-month period ended June 30, 2020, the Company incurred costs for consulting and controller services in the amount of \$24,900, and incurred rent, office costs and other cost reimbursements in the amount of \$16,105 (year ended December 31, 2019 – consulting and controller services of \$49,800 and rent, office costs and other cost reimbursements of \$35,602).

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 6) 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 5).

Amounts payable to officers, directors and companies owned thereby were \$89,420 at June 30, 2020 (December 31, 2019 - \$81,573). The 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.

8. 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 June 30, 2020, the Company had a cash balance of \$160,153 and a working capital balance of \$23,279. 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.

Fair value

During the six-month period ended June 30, 2020, 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.

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	Level 1	Level 2	Level 3
Cash	\$160,153	\$ -	\$ -
Amounts recoverable	-	25,607	-
Accounts payable and accrued liabilities	-	214,608	-

9. 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:

	June 30, 2020 \$	June 30, 2019 \$
Operating loss before income taxes	(295,953)	(296,598)
Income tax recovery based on substantively enacted rates	(91,745)	(91,945)
Pro-rata reduction of flow-through premium liability		
Current year loss and deductible temporary differences for which no asset recognized	91,058	88,814
Permanent differences and other	687	3,131
Income tax recovery	-	-

10. 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 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 June 30, 2020 and December 31, 2019, 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 7 for further details.

11. Subsequent Events

Financing

On July 22, 2020, the Company completed a private placement financing for gross proceeds of \$3 million through the sale of 12 million Units at \$0.25 per Unit. Each Unit consists of one common share of Antler and one-half share purchase warrant. Each whole warrant will be exercisable to purchase one common share of Antler at a price of \$0.40 per share for a period of 24 months from the closing date. Insiders and certain other existing shareholders of Antler subscribed for 380,000 Units under the financing.

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Numus Capital Corp. acted as agent for the financing (the “Agent”), in conjunction with Cormark Securities Inc. and PowerOne Capital Markets Limited acting as finders (the “Finders”). As compensation, the Agent and the Finders received cash compensation of \$203,350 and 813,400 broker warrants entitling the Agent and Finders to purchase that same number of common shares of Antler at a price of \$0.25 per share for a period of 24 months from the date of the financing.

All securities issued pursuant to the financing are subject to a four-month hold period.

Option issuance

Subsequent to the period ended June 30, 2020, the Company granted 2,282,500 stock options under the Company’s Plan to officers, directors and consultants. Officers and directors were granted 1,350,000 of the total options granted.

Each option is exercisable into one common share of the Company at a price of \$0.40 per share and will vest at the rate of 50% of the total on each of the six and twelve-month anniversary dates of the grant. The options expire five years from the date of grant.

Warrant exercise

Subsequent to the period ended June 30, 2020, 243,943 common shares were issued upon the exercise of 243,943 share purchase warrants at \$0.15 per share, for gross proceeds of \$36,591. The share price on the date of exercise was \$0.34.

COVID-19

During the six-month period ended June 30, 2020 and subsequent to the end of the period, 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.