# Antler Gold Inc.

## Annual Consolidated Financial Statements

**For the years ended**
**December 31, 2020 and 2019**

April 29, 2021

## 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. 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 NS  B3J 3N2
Canada
Tel 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, 2020 and December 31, 2019
- 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 financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2020 and December 31, 2019, and its consolidated financial performance, and its consolidated 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 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 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.

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### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the financial statements, which indicates that Antler Gold Inc. experienced losses and negative cash flows from operations in 2020 and 2019 and does not have sufficient capital to fund its operations and planned expenditures beyond 2020 without additional financing.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the 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 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 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 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 financial statements*

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

In preparing the 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 financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 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 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 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 financial statements, including the disclosures, and whether the 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.

KPMG LLP

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

Halifax, Canada

April 29, 2021

# Antler Gold Inc.

Consolidated Statements of Financial Position

**As at December 31, 2020 and 2019**

***(Expressed in Canadian dollars unless otherwise indicated)***

| | As at December 31, 2020 $ | As at December 31, 2019 $ |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash | 1,667,955 | 30,017 |
| Amounts recoverable | 28,108 | 18,687 |
| Prepaid expenses | 28,650 | 16,762 |
| Investments (note 4) | 19,486 | 11,984 |
| | 1,744,199 | 77,450 |
| **Resource properties (note 6)** | | |
| Acquisition costs | 149,791 | 288,045 |
| Exploration expenditures, net of recoveries | 1,228,112 | 652,501 |
| | 1,377,903 | 940,546 |
| | 3,122,102 | 1,017,996 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | 161,646 | 174,989 |
| **Shareholders' equity (note 7)** | | |
| **Capital stock** | 7,965,214 | 6,740,337 |
| **Warrants** | 1,455,848 | 26,247 |
| **Contributed surplus** | 1,256,962 | 663,499 |
| **Deficit** | (7,717,568) | (6,587,076) |
| | 2,960,456 | 843,007 |
| | 3,122,102 | 1,017,996 |

**Going concern (note 1)**
**Commitments (note 11)**
**Subsequent event (note 12)**

**Approved on behalf of the Board of Directors**

(signed) "*Jim Megann*", Director (signed) "*Daniel Whittaker*", Director

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

## Antler Gold Inc.

Consolidated Statements of Loss and Comprehensive Loss

**For the years ended December 31, 2020 and 2019**

***(Expressed in Canadian dollars unless otherwise indicated)***

| | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| **Expenses** | | |
| Professional fees | 66,923 | 50,472 |
| Consulting fees | 286,977 | 283,090 |
| Regulatory and filing fees | 30,683 | 26,011 |
| Share-based compensation | 593,463 | 15,728 |
| Travel | 28,971 | 46,853 |
| Office costs | 46,421 | 51,557 |
| Insurance | 12,019 | 12,999 |
| Foreign exchange loss (gain) | (7,582) | 161 |
| Property investigation fees | 80,119 | 70,000 |
| Costs related to subsidiary purchase (note 6) | - | 9,749 |
| Write-down of resource properties (note 6) | - | 3,913,690 |
| | 1,137,994 | 4,480,310 |
| Unrealized loss (gain) on investments (note 4) | (7,502) | 3,016 |
| Realized loss on sale of equipment (note 5) | - | 2,175 |
| **Net loss and comprehensive loss for the year** | 1,130,492 | 4,485,501 |
| **Weighted-average number of shares outstanding during the year** | 56,016,689 | 45,691,818 |
| **Basic and diluted loss per share** | (0.020) | (0.098) |

*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, 2020 and 2019**

***(Expressed in Canadian dollars unless otherwise indicated)***

| | Common Shares # | Share Capital $ | Warrants # | Warrants $ | Contributed Surplus $ | Deficit $ | Total Equity $ |
|---|---|---|---|---|---|---|---|
| **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 |
| Units issued for cash (note 7) | 23,500,000 | 2,590,181 | 11,750,000 | 1,099,819 | - | - | 3,690,000 |
| Financing issue costs (note 7) | - | (305,585) | - | - | - | - | (305,585) |
| Broker warrants (note 7) | - | (356,029) | 1,308,400 | 356,029 | - | - | - |
| Shares cancelled (note 6) | (8,220,000) | (780,900) | - | - | - | - | (780,900) |
| Shares issued pursuant to resource property agreements (note 6) | 132,430 | 14,372 | - | - | - | - | 14,372 |
| Warrants exercised (note 7) | 243,943 | 62,838 | (243,943) | (26,247) | - | - | 36,591 |
| Share-based compensation | - | - | - | - | 593,463 | - | 593,463 |
| Loss for the year | - | - | - | - | - | (1,130,492) | (1,130,492) |
| **Balance – December 31, 2020** | 61,348,191 | 7,965,214 | 13,058,400 | 1,455,848 | 1,256,962 | (7,717,568) | 2,960,456 |

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

***(Expressed in Canadian dollars unless otherwise indicated)***

| | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Loss for the year | (1,130,492) | (4,485,501) |
| Non-cash items: | | |
| Share-based compensation | 593,463 | 15,728 |
| Unrealized loss (gain) on investments | (7,502) | 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 |
| | (544,531) | (541,143) |
| Net changes in non-cash working capital balances related to operations: | | |
| Decrease (increase) in amounts recoverable | (9,421) | 40,283 |
| Decrease (increase) in prepaid expenses | (11,888) | 2,823 |
| Increase (decrease) in accounts payable and accrued liabilities | (84,835) | 76,714 |
| | (650,675) | (421,323) |
| **Investing activities** | | |
| Proceeds on sale of equipment | - | 15,700 |
| Resource property additions, net of recoveries | (1,132,393) | (171,133) |
| | (1,132,393) | (155,433) |
| **Financing activities** | | |
| Proceeds from issuance of common shares – net of issuance costs | 3,384,415 | - |
| Proceeds from the exercise of warrants | 36,591 | - |
| | 3,421,006 | - |
| **Decrease in cash during the year** | 1,637,938 | (576,756) |
| **Cash – Beginning of year** | 30,017 | 606,773 |
| **Cash – End of year** | 1,667,955 | 30,017 |

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

## 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 $1,130,492 for the year ended December 31, 2020 (2019 – net loss of $4,485,501) 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 year ended December 31, 2020, the Company completed two financings for net proceeds of $3,384,415 (note 7). 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 future exploration objectives. 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 29, 2021.

### Basis of presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 6321593 Canada Inc., Minera Zapoteca, S.A. de C.V., and Antler Gold Namibia (Proprietary) Limited (note 6). 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 7. 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) 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.

**e) 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 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.

**f) 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. Financial assets that do not qualify to be measured at amortized cost of 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. 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.

**g) 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.

*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.

*COVID-19 Pandemic*

During the year ended December 31, 2020 and subsequent to the end of the year, the outbreak of the novel strain of coronavirus, specifically identified as “SARS-CoV-2,” and commonly referred to 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 incurred a delay of a number of months in its planned exploration activities in 2020 due to COVID-19 restrictions. If future delays are required due to government imposed restrictions, this may impact the Company’s 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.

**h) Leases**

In accordance with IFRS 16, Leases (“IFRS 16), substantially all lessee leases are recorded on the consolidated statements of financial position. The Company did not identify any leases requiring assessment under IFRS 16. The Company will monitor any leases for appropriate recognition in future periods.

**i) Warrants**

From time to time, the Company issues warrants in conjunction with share capital. Proceeds are allocated between share capital and warrants based on the relative fair value of each instrument. The fair value of the warrants is estimated using an appropriate option price model. Warrants issued not in conjunction with share capital are valued based on the fair value of the service or goods received.

**j) New and revised IFRS Accounting Pronouncements**

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2020. These changes were made in accordance with the applicable transitional provisions.

i) IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Estimates and Errors

   On October 31, 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. These amendments clarify the definition of ‘material’ and aligns the definition used within the IFRS Standards. The application of this amendment did not have a material impact on the Company.

ii) IFRS 3, Business Combinations

On October 22, 2018, the IASB issued an amendment to IFRS 3, Business Combinations, to narrow the definition of a business and introduce a screening test, which eliminates the requirement for a detailed assessment of the definition, when met. The application of this amendment did not have a material impact on the Company.

*New accounting standards not yet adopted*

The IASB issued the following standards that have not been applied in preparing these consolidated financial statements, as their effective date falls within annual periods beginning after the year ended December 31, 2020.

i) IAS 1, Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements, providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or noncurrent depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied retrospectively, with early adoption permitted. The Company is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

ii) IAS 37, Provisions, Contingent Liabilities and Contingent Assets

On May 14, 2020, the IASB issued an amendment to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, to specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to the contract can either be incremental costs of fulfilling the contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which the Company has not yet fulfilled all its obligations on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

iii) IFRS 9, Financing Instruments

On May 14, 2020, the IASB issued an amendment to IFRS 9, Financial Instruments, clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 with early adoption permitted. The Company is currently assessing the financial impact of the amendment and expects to apply the amendment at the effective date.

(Expressed in Canadian dollars unless otherwise indicated)

## 3. 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. There are no external restrictions on the Company's capital. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2020 and 2019.

## 4. Investments

Changes in the Company's equity investments during the years ended December 31, 2020 and 2019 are as follows:

| | $ |
|---|---|
| **Balance – January 1, 2019** | - |
| Fair value of equity investments received | 15,000 |
| Fair value adjustment for the year | (3,016) |
| **Balance – December 31, 2019** | 11,984 |
| Fair value adjustment for the year | 7,502 |
| **Balance – December 31, 2020** | 19,486 |

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, 2020, the Company recorded an unrealized gain of $7,502 on its investments (December 31, 2019 - unrealized loss of $3,016).

## 5. Property and equipment

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 was recorded on the consolidated statement of loss for the year ended December 31, 2019. The Company does not hold property and equipment as at December 31, 2020.

***(Expressed in Canadian dollars unless otherwise indicated)***

## 6. Resource properties

| | Central Newfoundland | Namibia | Other | Total December 31, 2020 | Total December 31, 2019 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| *Acquisition Costs* | | | | | |
| Opening balance | 230,334 | 57,711 | - | 288,045 | 1,381,600 |
| Acquisition costs | - | 92,080 | - | 92,080 | 57,711 |
| Recoveries | (230,334) | - | - | (230,334) | - |
| Write-off | - | - | - | - | (1,151,266) |
| Ending balance | - | 149,791 | - | 149,791 | 288,045 |
| *Exploration Expenditures* | | | | | |
| Opening balance | 550,566 | 99,535 | 2,400 | 652,501 | 3,283,300 |
| Additions incurred | - | 1,120,897 | 5,280 | 1,126,177 | 196,625 |
| Recoveries | (550,566) | - | - | (550,566) | (65,000) |
| Write-off | - | - | - | - | (2,762,424) |
| Ending balance | - | 1,220,432 | 7,680 | 1,228,112 | 652,501 |
| *Total Resource Properties* | - | 1,370,223 | 7,680 | 1,377,903 | 940,546 |

The Company's interest in resource properties consists of:

*Namibia*

A shell subsidiary, Antler Gold Namibia (Proprietary) Limited ("Antler Pty"), was purchased from an independent third party for a nominal amount during the year ended December 31, 2020. The Company used Antler Pty to acquire certain properties in Namibia.

*Erongo Central Project*

On September 9, 2019 and amended October 6, 2019, the Company entered 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 EPL 6162 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, 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 30,833 common shares issued per the EPL 6162 Agreement, being 10,000 common shares of Antler and a further $2,500 of common shares, was made during the year ended December 31, 2020. The renewal date cash payment of $5,000 was also made during the year ended December 31, 2020. Further share issuances pursuant to the EPL 6162 Agreement upon the renewal date, being $2,500 of common shares and $2,050 for the value of an additional 10,000 common shares of the Company, have been accrued as at December 31, 2020. These shares were issued subsequent to the year ended December 31, 2020.

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 common shares of Antler Gold under similar terms as those issued under the EPL 6162 Agreement, and incur exploration expenditures of at least $75,000 within one year of the new license acquisition.

During the year ended December 31, 2020, the Company entered 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, which the Company has met.

During the year ended December 31, 2020, the Company paid the EPL 7261 acquisition fee of $7,000 and issued 65,652 common shares valued at $7,222, being $5,000 of common shares as well as the value of 20,000 common shares issued.

During the year ended December 31, 2020, the Company entered into an agreement to acquire 100% of a Namibian gold exploration license, EPL 6550 (the “EPL 6550 Agreement”) and referred to as the Etiro Dome Project. 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 $50,000 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 $8,500, issue common shares of Antler Gold under similar terms as those issued 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 year ended December 31, 2020, the Company paid the EPL 6550 acquisition fee of $3,500 and issued 35,945 common shares valued at $3,450, which is $2,500 of common shares as well as the value of 10,000 common shares issued.

During the year ended December 31, 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 N$6,500 (CAD$517) upon signing and paying a further N$25,000 (CAD$2,040), as well as a final payment of N$25,000 or the issuance of $1,500 worth of Antler common shares (at the option of Antler) upon the successful transfer of EPL 6408 into 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 $25,000 or the issuance of $25,000 of Antler common shares. The decision to pay cash or issue shares will be at Antler's option.

During the year ended December 31, 2020, the Company paid the acquisition fee of N$6,500 (CAD$517) and the N$25,000 ($2,040).

*Western Namibian Projects*

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 has 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 cash payments of $50,000 on December 16, 2020, which was paid during the year ended December 31, 2020, and $75,000 on December 16, 2021, 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 immediately prior to December 16, 2021. In addition to the cash and share consideration above, Antler must also incur exploration expenses of $75,000 within 12 months 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 EPL 5455 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, Antler completed the acquisition of two subsidiaries of Sona Nanotech Inc. ("Sona") that own technical and physical data on historical mineral interests in Mexico, and offsetting intercompany receivables (note 8). 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, Antler 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 (note 8). 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 $7,680 have been incurred to December 31, 2020 for the maintenance of the KM61 Property.

*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 year ended December 31, 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 year ended December 31, 2020 as the Company was in the process of completing the transaction with Altius. The recovery of $780,900 for the value of the shares cancelled as at the date of the Altius Agreement was recorded during the year ended December 31, 2020 when the transaction with Altius was closed on April 16, 2020.

## 7. Shareholders' equity

### a) Capital stock

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

On July 21, 2020, the Company completed a private placement financing for gross proceeds of $3,000,000 through the sale of 12,000,000 Units at $0.25 per Unit. Each Unit consisted of one common share of Antler and one-half share purchase warrant. Each whole warrant is exercisable to purchase one common share of Antler at a price of $0.40 per share until July 21, 2022. Insiders and certain other existing shareholders of Antler subscribed for 380,000 Units under the financing. All securities issued pursuant to the financing were subject to a four-month hold period.

The value allocated to the common shares issued on July 21, 2020 was $2,057,434 and the value allocated to the common share purchase warrants was $942,566. Total costs associated with the private placement, consisting primarily of professional and regulatory fees, as well as finder's fees, were $257,493.

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. These broker warrants were valued at $326,807.

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 consisted 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 on January 21, 2020 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 6). 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 year ended December 31, 2020, the Company issued 132,430 common shares to vendors of Namibian exploration licenses as part of the acquisition agreements on certain licenses (note 6). The value of the common shares issued was $14,372.

***(Expressed in Canadian dollars unless otherwise indicated)***

On August 24, 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.

Subsequent to the year ended December 31, 2020, the Company issued 17,077 common shares pursuant to its EPL 6162 Agreement. The value of the shares on the date of issuance was $5,977.

**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 November 10, 2020, the Company granted 250,000 stock options under the Company's Plan to a director. Each option is exercisable into one common share of the Company at a price of $0.30 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.

On August 5, 2020, the Company granted 2,282,500 stock options 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.

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.

During the year ended December 31, 2020, 225,000 options with a weighted-average exercise price of $0.53 were cancelled.

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 years ended December 31, 2020 and 2019 were as follows:

| | **December 31, 2020** | **December 31, 2019** |
|---|---|---|
| Risk-free interest rate | 0.29% | 1.79% |
| Expected volatility | 192% | 121% |
| Expected dividend yield | - | - |
| Expected life | 5 years | 5 years |
| Weighted-average fair value per option | $0.392 | $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, the estimated fair value of the 200,000 options granted on February 12, 2019 is $16,777, the estimated fair value of the 2,282,500 options granted on August 5, 2020 is $929,099, and the estimated fair value of the 250,000 options granted on November 10, 2020 is $62,544. This amount is amortized over the vesting period, and $593,463 has been expensed during the year ended December 31, 2020 (2019 - $15,728). As at December 31, 2020, 1,362,500 options have vested. The options granted during the year ended December 31, 2020 remain unvested as at December 31, 2020.

***(Expressed in Canadian dollars unless otherwise indicated)***

The options outstanding as at December 31, 2020 are:

| Weighted-Average Exercise Price per Share | Number of Options Outstanding | Expiry Date | Weighted-Average Remaining Contractual Life (in years) | Number of Options Vested |
|---|---|---|---|---|
| $0.533 | 937,500 | March 5, 2022 | 1.2 | 937,500 |
| $0.500 | 225,000 | June 23, 2022 | 1.5 | 225,000 |
| $0.150 | 200,000 | February 12, 2024 | 3.1 | 200,000 |
| $0.400 | 2,282,500 | August 5, 2025 | 4.6 | - |
| $0.300 | 250,000 | November 10, 2025 | 4.9 | - |
| $0.399 | 3,895,000 | | 3.2 | 1,362,500 |

## c) 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. These warrants were exercised during the year ended December 31, 2020 for gross proceeds of $36,591. The share price on the date of exercise was $0.34.

Pursuant to the financing completed by the Company on July 21, 2020, Antler issued 6,000,000 common share purchase warrants and 813,400 broker warrants. The 6,000,000 warrants issued on July 21, 2020 have an exercise price of $0.40 and expire on July 21, 2022. The 813,400 broker warrants have an exercise price of $0.25 and expire on July 21, 2022.

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 | Jul. 2020 Warrants | Jul. 2020 Broker Warrants |
|---|---|---|---|---|
| Risk-free interest rate | 2% | 2% | 0.2% | 0.2% |
| Expected volatility | 119% | 134% | 242% | 242% |
| Expected dividend yield | - | - | - | - |
| Expected life | 2 years | 2 years | 2 years | 2 years |
| Fair value per warrant | $0.108 | $0.059 | $0.394 | $0.402 |

***(Expressed in Canadian dollars unless otherwise indicated)***

The changes in the Company's warrants during the years ended December 31, 2019 and 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 |
| Warrants issued pursuant to financing | July 21, 2022 | 0.40 | 6,000,000 | 942,566 |
| Broker warrants issued | July 21, 2022 | 0.25 | 813,400 | 326,807 |
| Warrants exercised | August 24, 2020 | 0.15 | (243,943) | (26,247) |
| **Balance –December 31, 2020** | | | 13,058,400 | 1,455,848 |

The warrants outstanding as at December 31, 2020 are:

| Weighted-Average Exercise Price ($) | Number of Warrants Outstanding | Expiry Date | Weighted-Average Remaining Life (years) | Number of Warrants Exercisable |
|---|---|---|---|---|
| $0.15 | 6,245,000 | January 21, 2022 | 1.1 | 6,245,000 |
| $0.25 | 813,400 | July 21, 2022 | 1.6 | 813,400 |
| $0.40 | 6,000,000 | July 21, 2022 | 1.6 | 6,000,000 |
| | 13,058,400 | | 1.3 | 13,058,400 |

## 8. Related party transactions

Amounts payable to officers, directors and companies owned thereby were $4,142 at December 31, 2020 (December 31, 2019 - $81,573). 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 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 year ended December 31, 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 6). This transaction closed on April 16, 2020 and the shares were returned to Antler and cancelled.

***(Expressed in Canadian dollars unless otherwise indicated)***

**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, and a Strategic Advisor. Compensation earned by key management is summarized as follows:

| | **2020** | **2019** |
|---|---|---|
| | **$** | **$** |
| Salaries, management and consulting fees | 232,843 | 229,118 |
| Share-based compensation | 476,022 | - |
| | 708,865 | 229,118 |

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.

During the year ended December 31, 2020, the Company granted 2,532,500 stock options, of which 1,600,000 were granted to officers and directors of the Company. No stock options were issued to related parties during the year ended December 31, 2019.

**c) Services agreement:**

At December 31, 2020 and 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 year ended December 31, 2020, the Company incurred costs for consulting and controller services in the amount of $49,800, and incurred rent, office costs and other cost reimbursements in the amount of $31,864 (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.

**d) Financing broker:**

Numus Capital acted as the broker for the Company's January 21, 2020 private placement financing and as Agent for the Company's July 21, 2020 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 January 21, 2020 financing and 380,000 Units under the July 21, 2020 financing. As compensation for its services for the financings, Numus Capital received total cash commissions of $100,050. Antler also issued broker warrants entitling Numus Capital to purchase 776,400 common shares. The 495,000 broker warrants issued on January 21, 2020 have an exercise price of $0.15 per common share and expire on January 21, 2022. The 281,400 broker warrants issued on July 21, 2020 have an exercise price of $0.25 per common share and expire on July 21, 2022.

**e) Transaction with Sona Nanotech Inc. ("Sona"):**

During the year ended December 31, 2019, the Company and Sona (formerly Stockport Exploration Inc.) entered into an asset purchase agreement (the "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 was a non-arm's length transaction pursuant to Exchange policies, as certain officers, directors and insiders of the Company were 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

On June 14, 2019, the Company acquired two subsidiaries from Sona (note 6) that own technical and physical data on historical mineral interests in Mexico.

## 9. 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, 2020, the Company had a cash balance of $1,667,955 and a working capital balance of $1,582,553. 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.

***(Expressed in Canadian dollars unless otherwise indicated)***

**Fair value**

During the year ended December 31, 2020, 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 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.

## 10. 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 29.5% (2019 – 31%) to net loss before income taxes. The reasons for the difference are as follows:

| | December 31, 2020 $ | December 31, 2019 $ |
|---|---|---|
| Operating loss before income taxes | (1,130,492) | (4,485,501) |
| Income tax recovery based on substantively enacted rates | (333,495) | (1,390,505) |
| Current year loss and deductible temporary differences for which no asset recognized | 160,349 | 168,762 |
| Impact of write-down of resource properties | - | 1,213,244 |
| Permanent differences and other | 173,146 | 8,499 |
| Income tax recovery | - | - |

The Company has not recognized deferred tax assets (liabilities) during the years ended December 31, 2020 and 2019. The Company has the following temporary differences for which no deferred tax asset or liability is recognized in the statement of financial position:

| | 2020 $ | 2019 $ |
|---|---|---|
| Resource properties | 1,760,820 | 1,760,820 |
| Eligible capital property and deferred financing | 609,496 | 182,545 |
| Non-capital loss carryforwards | 4,101,241 | 3,322,720 |
| | 6,471,557 | 5,266,085 |

The Company's has approximately $4.1 million in non-capital losses available to reduce future taxable income for Canadian income tax purposes (December 31, 2019 - $3.3 million). These non-capital losses expire between 2036 and 2040.

## 11. Commitments

Antler has agreements 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, 2020, 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 8 for further details.

## 12. Subsequent event

*Shares issued pursuant to resource property agreements*

Subsequent to the year ended December 31, 2020, the Company issued 17,077 common shares pursuant to its EPL 6162 Agreement. The fair value of the shares on the date of issuance was $5,977.