

**Antler Gold Inc.**

**Annual Consolidated Financial Statements**

**For the years ended  
December 31, 2022 and 2021**

April 28, 2023

### **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) "*Christopher Drysdale*"  
Chief Executive Officer  
Halifax, Nova Scotia

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



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## INDEPENDENT AUDITOR'S 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, 2022 and December 31, 2021
- 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 financial position of the Entity as at end of December 31, 2022 and December 31, 2021, and its financial performance, and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the financial statements***" section of our auditor's 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.

### ***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 2022 and 2021, has an accumulated deficit and estimates current working capital (current assets less current liabilities) may not be sufficient to fund all of the Entity's planned expenditures for the next twelve months 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.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "**Material Uncertainty Related to Going Concern**" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### ***Evaluation of impairment indicators for resource properties***

#### ***Description of the matter***

We draw attention to Notes 2b), 2i) and 7 to the financial statements. The Entity has resource properties of \$3,283,047. At the end of each reporting period, the Entity assesses its resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as expiration of rights to explore with no right or expectation of renewal, substantive expenditure or further exploration and evaluation in the specific area is neither budgeted nor planned or the Entity has decided to discontinue such activities in the specific area, no commercially viable quantities are discovered and exploration and evaluation activities will be discontinued, or sufficient data exists to indicate that the carrying amount of the resource properties are unlikely to be recovered in full from successful development or by sale (the "factors").

#### ***Why the matter is a key audit matter***

We identified the evaluation of impairment indicators for resource properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the resource properties. Significant auditor judgment was required to evaluate the results of our audit procedures and assess



the Entity's determination of whether the factors, individually and in the aggregate, resulted in indicators of impairment for resource properties.

***How the matter was addressed in the audit***

The primary procedures we performed to address this key audit matter included the following:

We assessed that the Entity's evaluation of potential impairment indicators was consistent with:

- Information included in Entity's press releases
- Inspecting publicly available information for changes in the price of applicable minerals
- Evidence obtained from reading the results of exploration activities
- Information obtained from reading internal communications to management and the Board of Directors

We assessed expiration of rights to explore with no right or expectation of renewal by inquiring with management if any rights were not expected to be renewed and by inspecting government registries.

We assessed whether substantive expenditure on further exploration and evaluation in the specific area is neither budgeted nor planned or the Entity has decided to discontinue such activities in the specific area by inspecting budgeted expenditures, available cash flow to meet these budgeted expenditures, and inquired with management on the Entity's plans. We evaluated the Entity's ability to accurately budget expenditures by comparing the budgeted expenditures to actual expenditures in the current year.

***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 auditor's 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 auditor's 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.

### ***Auditor's Responsibilities for the Audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are/is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditor's 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 auditor's 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.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Halifax, Canada

April 28, 2023

# Antler Gold Inc.

## Consolidated Statements of Financial Position

As at December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise indicated)

	As at December 31, 2022 \$	As at December 31, 2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	639,856	338,511
Amounts recoverable (note 4)	31,583	65,046
Prepaid expenses	16,376	30,841
Investments (note 5)	6,030	14,186
	<u>693,845</u>	<u>448,584</u>
<b>Property and equipment (note 6)</b>	18,770	34,268
<b>Resource properties (note 7)</b>		
Acquisition costs	266,740	146,740
Exploration expenditures	3,016,307	2,500,539
	<u>3,283,047</u>	<u>2,647,279</u>
	<u>3,995,662</u>	<u>3,130,131</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	319,313	241,290
<b>Shareholders' equity (note 8)</b>		
<b>Capital stock</b>	10,814,032	8,306,148
<b>Warrants</b>	617,198	1,610,618
<b>Contributed surplus</b>	1,307,453	1,675,673
<b>Deficit</b>	(9,062,334)	(8,703,598)
	<u>3,676,349</u>	<u>2,888,841</u>
	<u>3,995,662</u>	<u>3,130,131</u>
<b>Going concern (note 1)</b>		
<b>Commitments (note 12)</b>		

Approved on behalf of the Board of Directors

(signed) "Carl Hansen", 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, 2022 and 2021**

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

	<b>Year ended December 31, 2022 \$</b>	<b>Year ended December 31, 2021 \$</b>
<b>Expenses</b>		
Professional fees	162,477	72,090
Consulting fees	287,792	280,255
Regulatory and filing fees	32,330	25,734
Share-based compensation	237,752	418,711
Travel	25,344	-
Office and administration	116,107	56,508
Insurance	19,422	16,099
Foreign exchange loss (gain)	(1,166)	14,877
Property investigation fees	73,972	15,885
Depreciation	1,621	278
Write-down of resource properties (note 7)	-	80,293
	<hr/> 955,651	<hr/> 980,730
Loss on sale of equipment	901	-
Unrealized loss on investments (note 5)	8,156	5,300
	<hr/>	<hr/>
<b>Net loss and comprehensive loss for the year</b>	<b>964,708</b>	<b>986,030</b>
	<hr/>	<hr/>
<b>Weighted-average number of shares outstanding during the year</b>	<b>74,594,096</b>	<b>62,935,885</b>
	<hr/>	<hr/>
<b>Basic and diluted loss per share</b>	<b>(0.013)</b>	<b>(0.016)</b>
	<hr/>	<hr/>

*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, 2022 and 2021

(Expressed in Canadian dollars unless otherwise indicated)

	Common Shares	Share Capital	Warrants	Warrants	Contributed Surplus	Deficit	Total Equity
	#	\$	#	\$	\$	\$	\$
<b>Balance – December 31, 2020</b>	61,348,191	7,965,214	13,058,400	1,455,848	1,256,962	(7,717,568)	2,960,456
Units issued for cash (note 8)	5,000,000	345,230	2,500,000	154,770	-	-	500,000
Financing issue costs (note 8)	-	(8,296)	-	-	-	-	(8,296)
Shares issued pursuant to resource property agreements (note 7)	17,077	4,000	-	-	-	-	4,000
Share-based compensation	-	-	-	-	418,711	-	418,711
Loss for the year	-	-	-	-	-	(986,030)	(986,030)
<b>Balance – December 31, 2021</b>	66,365,268	8,306,148	15,558,400	1,610,618	1,675,673	(8,703,598)	2,888,841
Units issued for cash (note 8)	11,500,000	718,700	11,500,000	431,300	-	-	1,150,000
Shares issued for finders fee (note 8)	399,000	39,900	-	-	-	-	39,900
Financing issue costs (note 8)	-	(60,436)	-	-	-	-	(60,436)
Broker warrants (note 8)	-	(31,128)	399,000	31,128	-	-	-
Shares issued upon exercise of warrants (note 8)	2,566,667	455,194	(2,566,667)	(70,194)	-	-	385,000
Warrants expired (note 8)	-	1,385,654	(10,491,733)	(1,385,654)	-	-	-
Value of stock options expired	-	-	-	-	(605,972)	605,972	-
Share-based compensation	-	-	-	-	237,752	-	237,752
Loss for the year	-	-	-	-	-	(964,708)	(964,708)
<b>Balance – December 31, 2022</b>	80,830,935	10,814,032	14,399,000	617,198	1,307,453	(9,062,334)	3,676,349

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

# Antler Gold Inc.

## Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise indicated)

	Year ended December 31, 2022 \$	Year ended December 31, 2021 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Loss for the year	(964,708)	(986,030)
Non-cash items:		
Share-based compensation	237,752	418,711
Loss on sale of equipment	901	-
Unrealized loss on investments	8,156	5,300
Depreciation	1,621	278
Write-down of resource properties	-	80,293
	<u>(716,278)</u>	<u>(481,448)</u>
Net changes in non-cash working capital balances related to operations:		
Decrease (increase) in amounts recoverable	33,463	(36,938)
Decrease (increase) in prepaid expenses	14,465	(2,191)
Increase in accounts payable and accrued liabilities	41,505	156,912
	<u>(626,845)</u>	<u>(363,665)</u>
<b>Investing activities</b>		
Acquisition of equipment	(7,543)	(46,938)
Proceeds on sale of equipment	11,707	-
Resource property additions	(590,438)	(1,410,545)
	<u>(586,274)</u>	<u>(1,457,483)</u>
<b>Financing activities</b>		
Proceeds from issuance of common shares – net of issuance costs	1,129,464	491,704
Proceeds from the exercise of warrants	385,000	-
	<u>1,514,464</u>	<u>491,704</u>
<b>Increase (decrease) in cash during the year</b>	<b>301,345</b>	<b>(1,329,444)</b>
<b>Cash – Beginning of year</b>	<b>338,511</b>	<b>1,667,955</b>
<b>Cash – End of year</b>	<b>639,856</b>	<b>338,511</b>

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

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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### **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 resource properties. The Company’s corporate and registered office is located at 1969 Upper Water Street, Suite 2001, Halifax, Nova Scotia, B3J 3R7. The Company’s technical office is located at 18 Liliencron Street, Windhoek, Namibia.

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 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 preparation 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 \$964,708 for the year ended December 31, 2022 (2021 – net loss of \$986,030), has an accumulated deficit of \$9,062,334 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 for the next twelve months. 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 the successful issue of equity to investors. There is no certainty that investors will subscribe to future offerings of equity by the Company. These matters indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, that it may not be able to realize its assets and discharge its liabilities in the normal course of business.

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

### **2. Significant accounting policies**

#### **Statement of compliance**

These consolidated financial statements of the Company have been prepared in accordance with IFRS. These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 28, 2023.

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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### **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., Antler Gold Namibia (Proprietary) Limited (“Antler Pty”), Antler Exploration Zambia Limited, and 87.5% owned Antler Gold PG Inc. (“Antler PG”). 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”).

#### **a) Foreign currency translation**

The Canadian dollar is the functional and presentation currency of the Company and its subsidiaries, as this is the principal currency of the economic environment in which the Company operates. Foreign currency transactions are translated as follows: (i) monetary assets and liabilities denominated in currencies other than the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing at the consolidated statements of financial position dates; and (ii) non-monetary assets and liabilities denominated in foreign currencies and measured in terms of historic costs are translated using rates of exchange at the transaction dates.

#### **b) Resource properties**

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 properties are tested for impairment and the balance is reclassified as a resource property in property and equipment.

Resource properties are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. Such circumstances would include expiration of rights to explore with no right or expectation of renewal, substantive expenditure on further exploration and evaluation in the specific area is neither budgeted nor planned or the entity has decided to discontinue such activities in the specific area, no commercially viable quantities are discovered and exploration and evaluation activities will be discontinued, or sufficient data exists to indicate that the carrying amount of the resource properties are unlikely to be recovered in full from successful development or by sale. An impairment loss is recognized for the amount by which the resource asset's carrying amount exceeds its recoverable amount. Where the assets are not associated with a specific cash generating unit, the recoverable amount is assessed using fair value less costs to sell for the specific assets.

#### **c) Share-based compensation**

The Company has a share-based compensation plan that is described in note 8 b). 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

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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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 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.

### **d) 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.

### **e) 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.

### **f) Property and equipment**

Property and equipment is measured at cost less accumulated amortization. Depreciation is calculated using the declining-balance method at the annual rate of 30% for office equipment and exploration vehicles.

### **g) Income taxes**

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

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

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

# Antler Gold Inc.

## Notes to Consolidated Financial Statements

Years ended December 31, 2022 and 2021

*(Expressed in Canadian dollars unless otherwise indicated)*

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- 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.

### h) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”). A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold 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 or FVOCI or have been elected so at initial adoption are classified at FVTPL. The Company may elect on initial recognition of an equity investment to irrevocably 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:

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

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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### *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.

### **i) Use of estimates and judgments**

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

Critical accounting estimates and judgments:

#### *Going concern*

The assessment of the Company’s ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual development and exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 1 for more information.

#### *Recoverability of resource properties*

At the end of each reporting period, the Company assesses its resource property assets to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as expiration of rights to explore with no right or expectation of renewal, substantive expenditure or further exploration and evaluation in the specific area is neither budgeted nor planned or the entity has decided to discontinue such activities in the specific area, no commercially viable quantities are discovered and exploration and evaluation activities will be discontinued, or sufficient data exists to indicate that the carrying amount of the resource properties are unlikely to be recovered in full from successful development or by sale.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the greater of the fair value less cost of disposal and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital expenditures, exploration potential, and operating costs. Fair value of resource properties is generally determined as the present value of estimated future cash flows arising from the

# Antler Gold Inc.

## Notes to Consolidated Financial Statements

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*(Expressed in Canadian dollars unless otherwise indicated)*

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continued use of the assets, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participation may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk to the asset.

If the Company does not have sufficient information about a particular resource property to meaningfully estimate future cash flows, the fair value is estimated by management through comparison to similar market assets and, where available, industry benchmarks.

### *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.

### **j) 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.

### **k) New and revised IFRS Accounting Pronouncements**

#### *New accounting standards not yet adopted*

The IASB issued the following standards relevant to the Company's financial statements 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, 2022.

#### 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.

### **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, 2022 and 2021.

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### 4. Amounts recoverable

	December 31, 2022	December 31, 2021
	\$	\$
Sales taxes recoverable	22,979	19,728
Other amounts recoverable	8,604	45,318
	<u>31,583</u>	<u>65,046</u>

### 5. Investments

Changes in the Company's equity investments during the years ended December 31, 2022 and 2021 are as follows:

	\$
<b>Balance – December 31, 2020</b>	19,486
Fair value adjustment for the year	<u>(5,300)</u>
<b>Balance – December 31, 2021</b>	14,186
Fair value adjustment for the year	<u>(8,156)</u>
<b>Balance – December 31, 2022</b>	<u>6,030</u>

In accordance with the Company's accounting policy for equity investments, 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, 2022, the Company recorded an unrealized loss of \$8,156 on its investments (December 31, 2021 - unrealized loss of \$5,300).

### 6. Property and equipment

Cost	Exploration vehicles	Office equipment	Total
	\$	\$	\$
As at December 31, 2020	-	-	-
Additions	<u>43,606</u>	<u>3,332</u>	<u>46,938</u>
As at December 31, 2021	43,606	3,332	46,938
Additions	-	7,543	7,543
Disposal	<u>(24,033)</u>	<u>-</u>	<u>(24,033)</u>
As at December 31, 2022	<u>19,573</u>	<u>10,875</u>	<u>30,448</u>

## Antler Gold Inc.

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Accumulated depreciation	Exploration vehicles	Office equipment	Total
	\$	\$	\$
As at December 31, 2020	-	-	-
Depreciation	12,392	278	12,670
As at December 31, 2021	12,392	278	12,670
Disposal	(11,425)	-	(11,425)
Depreciation	8,812	1,621	10,433
As at December 31, 2022	9,779	1,899	11,678

Carrying amount	Exploration vehicles	Office equipment	Total
	\$	\$	\$
As at December 31, 2021	31,214	3,054	34,268
As at December 31, 2022	9,794	8,976	18,770

During the year ended December 31, 2022, the Company purchased office equipment of \$7,543 and sold an exploration vehicle for proceeds of \$11,707. During the year ended December 31, 2021, the Company purchased exploration vehicles at a cost of \$43,606 and office equipment of \$3,332. Depreciation of \$8,812 was capitalized to resource properties during the year ended December 31, 2022 (2021 - \$12,392).

#### 7. Resource properties

	Namibia	Zambia	Other	Total December 31, 2022	Total December 31, 2021
	\$	\$	\$	\$	\$
<i>Acquisition Costs</i>					
Opening balance	141,740	5,000	-	146,740	149,791
Acquisition costs	120,000	-	-	120,000	5,000
Write-down	-	-	-	-	(8,051)
Ending balance	261,740	5,000	-	266,740	146,740
<i>Exploration Expenditures</i>					
Opening balance	2,388,786	98,793	12,960	2,500,539	1,228,112
Additions incurred	373,560	136,928	5,280	515,768	1,344,669
Write-down	-	-	-	-	(72,242)
Ending balance	2,762,346	235,721	18,240	3,016,307	2,500,539
<i>Total Resource Properties</i>	3,024,086	240,721	18,240	3,283,047	2,647,279

The Company's interest in resource properties consists of:

##### *Namibia*

##### *Erongo Central Project*

In 2019, the Company entered a purchase agreement with an arms-length vendor to acquire Exclusive Prospective License ("EPL") 6162, a gold exploration license in Namibia that is located within the Erongo region of central Namibia (the "EPL 6162 Agreement"). Antler has acquired a 100% interest in EPL 6162

## **Antler Gold Inc.**

### Notes to Consolidated Financial Statements

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by completing all terms of the earn-in, including:

- paying the vendor \$12,000;
- issuing to the vendor 47,910 common shares of Antler with a fair value of \$7,700; and
- incurring \$50,000 of exploration expenditures on EPL 6162 within one year of the renewal date.

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 four years from the date of the EPL 6162 Agreement, which was extended for an additional two years during the year ended December 31, 2022. 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.

In 2020, the Company entered a purchase agreement with an arms-length vendor to acquire a 100% interest in the gold exploration license EPL 7261 (the “EPL 7261 Agreement”), which is located adjacent to EPL 6162. Antler has acquired a 100% interest in EPL 7261 by completing all terms of the earn-in, including:

- paying the vendor \$7,000;
- issuing to the vendor 65,652 common shares of Antler with a fair value of \$7,222; and
- incurring at least \$75,000 of exploration expenditures before the first anniversary of the agreement.

In 2020, the Company entered into a purchase agreement with an arms-length vendor 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 completing all terms of the earn-in, including:

- paying the vendor \$2,557, which has been paid; and
- paying 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 Pty.

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 free carried 5% 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.

#### *Erongo Western Project*

In December 2019, the Company entered into an agreement with an arms-length vendor to acquire a 75% interest in a private company, the sole asset of which is gold exploration license EPL 5455, 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 completing all terms of the earn-in, including:

- paying the vendor initial payments totalling \$50,000, which have been paid;
- paying the vendor an additional payment of \$50,000 on December 16, 2020, which has been paid;
- during the year ended December 31, 2022, the Company renegotiated the final payments with the vendor. Under the new terms, Antler must make a cash payment of \$40,000 on or before January 31, 2022 and a second cash payment of \$42,000 on or before January 31, 2023 to acquire its 75% interest. The first cash payment of \$40,000 and an interim payment of \$30,000 were made during the year ended December 31, 2022. The balance of the second cash payment was paid subsequent to year end; and

## **Antler Gold Inc.**

### Notes to Consolidated Financial Statements

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- In addition to the cash and share consideration, Antler must also incur exploration expenses in the aggregate amount of \$200,000, which the Company has completed.

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 private company's activities, including exploration expenditures. Should the minority shareholder 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 resource properties.

If within three years from the initial date of the EPL 5455 agreement, any of the vendor shareholders 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%.

#### *Zambia*

In 2021, the Company entered into a binding letter agreement (the "Zambia Agreement") with an arm's length vendor to acquire a greenfield rare earth elements project in Zambia (the "Kesya Project"). The Kesya Project is located within the vendor's currently held mineral license. Under the Zambia Agreement, Antler has the right to create a new license over the Kesya Project and to transfer that license into a newly incorporated entity once certain terms and conditions are met, including:

- paying the vendor an initial \$5,000 on signing of the Agreement, which has been paid;
- \$25,000 of exploration work in respect of the Project within six (6) months of expiration of the 30-day due diligence period commencing on the date of the Agreement, which has been completed; and
- an additional \$10,000 payment to the vendor should Antler decide to proceed to establish an entity ("Newco") with the vendor and transfer the license to Newco, which has been paid.

Terms of the proposed agreement between Antler and the vendor will include, among other things, an initial 75% interest for Antler and 25% for the vendor in Newco. Antler will act as the operator of the Kesya Project, and each party will be expected to contribute its proportionate share of exploration expenditures in respect of the Kesya Project or be diluted. In the event that either party's interest in Newco is diluted to 10% or less, that party's interest will automatically be converted into a free carried 5% interest.

During the year ended December 31, 2022, the Zambia Agreement was amended to allow the Company to purchase an additional 20% interest in Newco for \$15,000, which has been paid, resulting in the respective interests in Newco of 95% interest for Antler and 5% for the vendor. The resulting 5% interest held by the vendor will be free carried interest.

#### *Project generation agreement*

During the year ended December 31, 2022, the Company entered a Project Generator Agreement ("PG Agreement") with an arm's length party, Sherpa Resource Holdings ("Sherpa"), to form a new corporation, the Project Generator ("Antler PG"), for the purposes of generating exploration opportunities and projects in Africa. Sherpa is a company set up to hold the interests in Antler PG and it is a related party to Remote Exploration Services (Pty) Ltd., a geological services contractor headquartered in South Africa.

## **Antler Gold Inc.**

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Under the terms of the PG Agreement, Antler and Sherpa agreed to jointly target, evaluate and advance new project opportunities in Africa. Antler has established Antler PG, which is owned 87.5% by Antler and 12.5% by Sherpa. Antler will appoint the majority of the Board of Directors of Antler PG and Antler will be appointed to manage and carry out the mineral exploration operations of Antler PG. Antler and Sherpa will enter a shareholders' agreement to govern their respective rights as shareholders of Antler PG.

Antler and Sherpa have the right to purchase each other's interest in Antler PG under specified terms and times. Sherpa may also earn an additional 2.5% interest at the project level if it is involved or technically responsible for making an economically significant discovery on a property to be held by Antler PG. The initial term of the PG Agreement is for three years and can be extended if mutually agreed.

#### *Acquisition of the Onkoshi Gold Project*

During the year ended December 31, 2022, Antler Gold Inc. and its subsidiary, Antler Pty, entered a binding agreement (the "Onkoshi Agreement") to acquire 90% of the Onkoshi Gold Project (the "Onkoshi Project") in Namibia from an arm's length vendor. The Onkoshi Project will be held in Antler's 87.5%-owned Antler PG. The terms of the Onkoshi Agreement are for Antler Pty to pay the vendor \$30,000 on signing, which has been paid, and to pay an additional \$50,000 upon the issuance of an Environmental Clearance Certificate ("ECC") and the successful transfer of the Onkoshi Project EPL to Antler PG. In addition, Antler Pty must pay a further \$20,000 on the one-year anniversary of the date of ECC issuance and Antler must issue the vendor or their nominee \$100,000 of Antler common shares based on the 10-day Volume Weighted-Average price ("VWAP") immediately prior to issuance. A finder's fee of \$20,000 will be paid to an arm's length party who introduced the Onkoshi Project to the Company.

#### *Other – Ontario, Canada*

In 2019, Antler acquired a 100% title and interest in and to certain mineral claims comprising the Crescent Lake molybdenum-copper-silver project located in Armstrong, Ontario. The Company acquired the Crescent Lake Property in consideration of the assumption of all liabilities associated with the Crescent Lake Property (which were nominal) and the future payment to the vendor, Sona Nanotech Inc. ("Sona") of contingent consideration if the Company disposes of the Crescent Lake Property to a third party, or enters into an agreement or arrangement with a third party to otherwise monetize the Crescent Lake 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 Crescent Lake Property and the date of such Future Transaction, to a maximum of \$3,000,000. The majority of the Crescent Lake Property, including the mineralized zone, is subject to a 0.5% net smelter royalty ("NSR"). Of the remaining claims on the Crescent Lake 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 \$18,240 have been incurred to December 31, 2022 for the maintenance of the Crescent Lake Property.

# **Antler Gold Inc.**

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### **8. Shareholders' equity**

#### **a) Capital stock**

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

On July 7, 2022, the Company completed a private placement financing from the sale of 11.5 million units of the Company at \$0.10 per unit, for gross proceeds of \$1,150,000. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant is exercisable to purchase one common share of the Company at an exercise price of \$0.15 per share for a period of 24 months from the closing date of the private placement. Insiders subscribed for a total of 5.8 million units, including 2.9 million units subscribed for by officers and directors.

Numus Capital Corp. acted as an agent for the July 7, 2022 financing (the "Agent"). The Agent is a non-arm's length party, as the Agent is controlled by a director and an insider of Antler. The Agent received compensation in the form of 399,000 compensation units, being equal to 7.0% of the units sold, other than to insiders and certain other existing shareholders of the Company. Each compensation unit consists of one common share and one common share purchase warrant, with each warrant being exercisable to purchase one common share of the Company at a price of \$0.15 per share for a period of 24 months from the closing date of the private placement.

The value allocated to the common shares issued on July 7, 2022 was \$718,700, and the value allocated to the common share purchase warrants was \$431,300. The value of the compensation units issued to the Agent was \$71,038, including common shares issued as compensation valued at \$39,900 and common share purchase warrants issued as compensation valued at \$31,128. Other costs associated with the private placement, consisting of professional and regulatory fees, were \$20,536.

During the year ended December 31, 2022, 2,566,667 common shares were issued upon the exercise of 2,566,667 common share purchase warrants at \$0.15 per share, for gross proceeds of \$385,000. The share price on the date of exercise was \$0.145.

On September 8, 2021, the Company completed a private placement financing for gross proceeds of \$500,000 through the sale of 5.0 million units at \$0.10 per unit. Each unit consists of one common share of Antler and one-half common share purchase warrant. Each whole warrant is exercisable to purchase one common share of Antler at a price of \$0.15 per share until September 8, 2023. Insiders and certain other existing shareholders of Antler subscribed for 3.3 million units under the financing.

The value allocated to the common shares issued on September 8, 2021 was \$345,230 and the value allocated to the common share purchase warrants was \$154,770. Total costs associated with the private placement, consisting primarily of professional and regulatory fees, were \$8,296.

On April 12, 2021, the Company issued 17,077 common shares pursuant to its EPL 6162 Agreement (note 7) with a value of \$4,000.

#### **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.

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The changes in the Company's stock options during the years ended December 31, 2021 and 2022 are as follows:

	Number of options	Weighted- average exercise price
Balance, December 31, 2020	3,895,000	\$ 0.42
Granted	1,150,000	0.205
Balance, December 31, 2021	5,045,000	\$ 0.37
Granted	1,250,000	0.15
Expired	(1,162,500)	0.53
Balance, December 31, 2022	5,132,500	\$ 0.28

During the year ended December 31, 2022, the Company granted 1,250,000 incentive stock options to officers, directors and consultants. Officers and directors received 1,000,000 of the options granted. Each option is exercisable into one common share of the Company at an exercise price of \$0.15 per share. 750,000 of the options will vest at the rate of one-third of the total each year for three years, 300,000 options will vest at the rate of one quarter of the total every six months, and the remaining 200,000 options will be fully vested. The options expire five years from the date of grant.

During the year ended December 31, 2021, the Company granted 1,150,000 stock options under the Company's Plan to officers, directors, employees, and consultants. Each option is exercisable into one common share of the Company at a price of \$0.205 per share and will vest at the rate of 25% of the total every six months. The options expire five years from the date of grant.

On March 5, 2022, 937,500 stock options with an exercise price of \$0.533 expired unexercised. On June 23, 2022, 225,000 stock options with an exercise price of \$0.50 expired unexercised.

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, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Risk-free interest rate	3.09%	0.95%
Expected volatility	179%	176%
Expected dividend yield	-	-
Expected life	5 years	5 years
Weighted-average fair value per option	\$0.134	\$0.195

Based on the Black-Scholes option pricing model and the assumptions outlined above, the estimated fair value of the options granted during the year ended December 31, 2022 is \$167,391, and the estimated fair value of the options granted during the year ended December 31, 2021 is \$224,447. The fair value of the options is amortized over the vesting period, and \$237,752 has been expensed during the year ended December 31, 2022 (2021 - \$418,711). As at December 31, 2022, 3,507,500 options have vested.

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The options outstanding as at December 31, 2022 are:

Weighted-Average Exercise Price per Share	Number of Options Outstanding	Expiry Date	Weighted-Average Remaining Contractual Life (in years)	Number of Options Vested
\$0.150	200,000	February 12, 2024	1.1	200,000
\$0.400	2,282,500	August 5, 2025	2.6	2,282,500
\$0.300	250,000	November 10, 2025	2.9	250,000
\$0.205	1,150,000	November 30, 2026	3.9	575,000
\$0.150	1,250,000	July 18, 2027	4.5	200,000
\$0.281	5,132,500			3,507,500

### c) Warrants

The changes in the Company's warrants during the years ended December 31, 2021 and 2022 are as follows:

	Expiry Date	Weighted-Average Exercise Price \$	Number	Value \$
<b>Balance – December 31, 2020</b>			13,058,400	1,455,848
Warrants issued pursuant to financing	September 8, 2023	0.15	2,500,000	154,770
<b>Balance – December 31, 2021</b>			15,558,400	1,610,618
Warrants issued pursuant to financing	July 7, 2024	0.15	11,500,000	431,300
Warrants issued to the Agent	July 7, 2024	0.15	399,000	31,128
Warrants exercised		0.15	(2,566,667)	(70,194)
Warrants expired		0.37	(10,491,733)	(1,385,654)
<b>Balance – December 31, 2022</b>			14,399,000	617,198

Pursuant to the financing completed by the Company on July 7, 2022, Antler issued 11,500,000 common share purchase warrants and 399,000 warrants to the Agent. The warrants issued on July 7, 2022 have an exercise price of \$0.15 and expire on July 7, 2024.

During the year ended December 31, 2022, 2,566,667 common shares were issued upon the exercise of 2,566,667 warrants at an exercise price of \$0.15 for gross proceeds of \$385,000. On January 21, 2022, 3,678,333 warrants, including 495,000 warrants to brokers, with an exercise price of \$0.15 expired unexercised. On July 21, 2022, 6,000,000 warrants with an exercise price of \$0.40 and 813,400 warrants with an exercise price of \$0.25 expired unexercised.

Pursuant to the financing completed by the Company on September 8, 2021, Antler issued 2,500,000 common share purchase warrants. The 2,500,000 warrants issued on September 8, 2021 have an exercise price of \$0.15 and expire on September 8, 2023.

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

	July 2022 Warrants	Sept. 2021 Warrants
Risk-free interest rate	3.2%	0.4%
Expected volatility	123%	239%
Expected dividend yield	-	-
Expected life	2 years	2 years
Fair value per warrant	\$0.078	\$0.103

The warrants outstanding as at December 31, 2022 are:

Weighted-Average Exercise Price	Number of Warrants Outstanding	Expiry Date	Weighted- Average Remaining Life (years)	Number of Warrants Exercisable
\$0.15	2,500,000	September 8, 2023	0.7	2,500,000
\$0.15	11,899,000	July 7, 2024	1.5	11,899,000
	<u>14,399,000</u>		1.4	<u>14,399,000</u>

### 9. Related party transactions

Amounts payable to officers, directors and companies owned thereby were \$106,917 at December 31, 2022 (December 31, 2021 - \$164,714). 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) Compensation of key management personnel:

Key management includes all Directors, including Executive and Non-Executive Directors, as well as the President and Chief Executive Officer, the Chief Financial Officer, the Corporate Secretary, the Vice-President of Operations and Corporate Development, and a Strategic Advisor. Refer to note 12 for further information. Compensation earned by key management is summarized as follows:

	2022 \$	2021 \$
Salaries, management and consulting fees	329,322	338,659
Share-based compensation	115,036	397,227
	<u>444,358</u>	<u>735,886</u>

Including in the consulting fees paid to key management are \$92,088 in fees that were capitalized to resource properties during the year ended December 31, 2022 for services of the CEO and former Vice-President of Operations and Corporate Development (2021 - \$83,000).

During the year ended December 31, 2022, the Company granted 1,250,000 stock options, of which 1,000,000 were granted to officers and directors of the Company. The options have an exercise price of \$0.15 and expire on July 18, 2027. During the year ended December 31, 2021, the Company granted 1,150,000 stock options, of which 400,000 were granted to an officer of the Company. The options have an exercise price of \$0.205 per share and expire on November 30, 2026.

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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### **b) Services agreement:**

At December 31, 2022 and 2021, 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, 2022, the Company incurred costs for consulting and controller services in the amount of \$49,800 (2021 - \$49,800), and incurred rent, office costs and other cost reimbursements in the amount of \$33,054 (2021 - \$34,439).

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.

### **c) Financing agent:**

Numus Capital Corp. acted as the Agent for the Company’s July 7, 2022 financing. Numus Capital Corp. is controlled by a director and an insider of Antler and is therefore considered related to the Company. As compensation for its services, Numus Capital Corp. received compensation in the form of 399,000 compensation units, being equal to 7.0% of the units sold, other than to insiders and certain other existing shareholders of the Company. Each compensation unit consists of one common share and one common share purchase warrant, with each warrant being exercisable to purchase one common share of the Company at a price of \$0.15 per share for a period of 24 months from the closing date of the private placement.

## **10. Financial instruments**

### **Credit risk**

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

### **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, 2022, the Company had a cash balance of \$639,856 and a working capital balance of \$374,532 (December 31, 2021 – cash balance of \$338,511 and a working capital balance of \$207,294). Working capital is determined by deducting current liabilities of \$319,313 (December 31, 2021 - \$241,290) from current assets of \$693,845 (December 31, 2021 - \$448,584). The Company’s ability to continue to meet its liabilities, beyond the current cash balance, is dependent on raising funds by means of public or private equity offerings.

### **Foreign currency rate risk**

A portion of the Company’s transactions occur in United States, Zambian and Namibian currencies; accordingly, the related financial assets and liabilities are subject to fluctuations in the respective exchange rates. For the year ended December 31, 2022, the sensitivity of the Company’s net loss due to changes in the exchange rate between the Canadian dollar and foreign currencies (primarily the Namibian dollar and the Zambian Kwacha) would have impacted net loss by \$1,012 for a 5% increase or decrease in the Canadian dollar.

# Antler Gold Inc.

## Notes to Consolidated Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars unless otherwise indicated)

### Fair value

During the year ended December 31, 2022, 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 prices quoted in an active market for identical instruments held by the Company, which is a Level 1 fair value category.

### 11. Income taxes

- a) Deferred income tax recovery differs from the amount that would be computed by applying the federal and provincial statutory income tax rate of 29.0% (2021 – 29.0%) to net loss before income taxes. The reasons for the difference are as follows:

	December 31, 2022	December 31, 2021
	\$	\$
Operating loss before income taxes	(964,708)	(986,030)
Income tax recovery based on substantively enacted rates	(279,765)	(285,949)
Expense for losses and deductible temporary differences not recognized in current and prior years	211,155	161,700
Permanent differences and other	68,610	124,249
Income tax recovery	-	-

The tax effects of temporary differences that give rise to the deferred tax assets and (liabilities) are presented below:

	December 31, 2022	December 31, 2021
	\$	\$
Non-capital loss carryforwards	15,574	-
Resource properties	(15,574)	-
	-	-

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

	2022	2021
	\$	\$
Resource properties	1,812,600	1,828,720
Eligible capital property and deferred financing	293,033	424,797
Non-capital loss carryforwards	5,621,507	4,782,963
	7,727,140	7,036,480

The Company's non-capital loss carryforwards expire between 2036 and 2042.

# **Antler Gold Inc.**

## **Notes to Consolidated Financial Statements**

**Years ended December 31, 2022 and 2021**

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

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### **12. Commitments**

Antler has agreements with certain executives, including the Executive Chair 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, 2022, Antler had a management services agreement with a company owned by a director and consultant of the Company for the provision of management services, rent and other office costs, at a fee of \$6,700 per month and continuing until both parties mutually agree to terminate. See note 9 for further details.