

# **Antler Hill Mining Ltd.**

(A Capital Pool Corporation)

Condensed Interim Financial Statements

**For the three and nine months ended September 30, 2018**

(expressed in Canadian dollars)

(Unaudited)

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statement of Financial Position

September 30, 2018 and December 31, 2017

(Unaudited)

|   | September 30, 2018 | December 31, 2017 |
|---|--------------------|-------------------|
|   | \$                 | \$                |
| <b>Assets</b>                                     |                    |                   |
| <b>Current assets</b>                             |                    |                   |
| Cash  | 449,025            | 650,569           |
| Goods and service tax receivable                  | 5,865              | 4,147             |
| Prepaid deposits                                  | 10,063             | 8,750             |
| <b>Total current assets</b>                       | <b>464,953</b>     | <b>663,466</b>    |
| Equipment (note 5)                                | 223                | 288               |
| <b>Total assets</b>                               | <b>465,176</b>     | <b>663,754</b>    |
| <b>Liabilities</b>                                |                    |                   |
| <b>Current liabilities</b>                        |                    |                   |
| Trade and other payables                          | 28,042             | 14,732            |
| <b>Shareholders' equity</b>                       |                    |                   |
| Share capital (note 7)                            | 1,638,888          | 1,638,888         |
| Contributed surplus                               | 142,102            | 67,056            |
| Deficit   | (1,343,856)        | (1,056,922)       |
| <b>Total shareholders' equity</b>                 | <b>437,134</b>     | <b>649,022</b>    |
| <b>Total liabilities and shareholders' equity</b> | <b>465,176</b>     | <b>663,754</b>    |
| Going concern (note 3)                            |                    |                   |
| Subsequent event (note 8)                         |                    |                   |

Signed "Peter Bures"

Signed "Jing Peng"

Peter Bures  
CEO

Jing Peng  
CFO

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

## Statement of Comprehensive Loss

For the three and nine months ended September 30, 2018 and 2017

(Unaudited)

|   | Three-month<br>period ending<br>September 30,<br>2018<br>\$ | Three-month<br>period ending<br>September 30,<br>2017<br>\$ | Nine-month<br>period ending<br>September 30,<br>2018<br>\$ | Nine-month<br>period ending<br>September 30,<br>2017<br>\$ |
|---|---|---|--|--|
| <b>General and administrative expenses</b>  |   |   |  |  |
| Depreciation (note 5)   | 21  | 31  | 65   | 93   |
| Due diligence costs   | 38,958  | -   | 130,984  | -  |
| Filing fees and other   | 8,804   | 4,293   | 46,200   | 16,557   |
| Professional fees   | 12,210  | 44,433  | 40,241   | 49,144   |
| Stock-based compensation (note 7)   | -   | -   | 75,046   | -  |
| <b>Total general and administrative expenses</b>                                    | <b>59,993</b>   | <b>48,757</b>   | <b>292,536</b>   | <b>65,794</b>  |
| <b>Other revenue</b>  |   |   |  |  |
| Interest income   | 1,588   | -   | 5,602  | -  |
| <b>Net comprehensive loss for the period</b>  | <b>(58,405)</b>   | <b>(48,757)</b>   | <b>(286,934)</b>   | <b>(65,794)</b>  |
| <b>Basic loss per share</b>   | <b>(0.00)</b>   | <b>(0.00)</b>   | <b>(0.02)</b>  | <b>(0.00)</b>  |
| <b>Diluted loss per share</b>   | <b>(0.00)</b>   | <b>(0.00)</b>   | <b>(0.02)</b>  | <b>(0.00)</b>  |
| <b>Weighted average number of common<br/>shares outstanding – basic and diluted</b> | <b>18,000,000</b>   | <b>21,326,087</b>   | <b>18,000,000</b>  | <b>14,492,647</b>  |

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statement of Changes in Shareholders' Equity

For the nine months ended September 30, 2018 and 2017

(Unaudited)

|  | Attributable to equity owners of Antler Hill Mining Ltd.: |                     |                    |                |
|--|---|---------------------|--------------------|----------------|
|  | Share capital   | Contributed surplus | Deficit            | Total equity   |
| <b>Balance, December 31, 2016</b>                | 950,356   | 51,703              | (964,494)          | 37,565         |
| Issue of common shares, net of share issue costs | 703,885   | -                   | -                  | 703,885        |
| Issue of finder warrants                         | (15,353)  | 15,353              | -                  | -              |
| Loss for the period                              | -   | -                   | (65,794)           | (65,794)       |
| <b>Balance, September 30, 2017</b>               | <b>1,638,888</b>  | <b>67,056</b>       | <b>(1,030,288)</b> | <b>675,656</b> |
| <br>   |   |                     |                    |                |
| <b>Balance, December 31, 2017</b>                | 1,638,888   | 67,056              | (1,056,922)        | 649,022        |
| Issue of stock options                           | -   | 75,046              | -                  | 75,046         |
| Loss for the period                              | -   | -                   | (286,934)          | (286,934)      |
| <b>Balance, September 30, 2018</b>               | <b>1,638,888</b>  | <b>142,102</b>      | <b>(1,343,856)</b> | <b>437,134</b> |

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statements of Cash Flows

For the nine months ended September 30, 2018 and 2017

(Unaudited)

|  | Nine month<br>period ending<br>September 30,<br>2018<br>\$ | Nine-month<br>period ending<br>September 30,<br>2017<br>\$ |
|--|--|--|
| <b>Cash (used in) provided by:</b>                                   |  |  |
| <b>Operating activities</b>  |  |  |
| Comprehensive loss for the period                                    | (286,934)  | (65,794)   |
| Adjustments for:   |  |  |
| Depreciation   | 65   | 93   |
| Stock-based compensation   | 75,046   | -  |
| Changes in items of working capital                                  |  |  |
| Goods and service tax receivable                                     | (1,718)  | (2,184)  |
| Prepays and deposits   | (1,313)  | -  |
| Trade and other payables   | 13,310   | (33,142)   |
| <b>Net cash used in operating activities</b>                         | <b>(201,544)</b>   | <b>(101,027)</b>   |
| <b>Financing activities</b>  |  |  |
| Proceeds from issuance of common shares,<br>net of share issue costs | -  | 703,885  |
| <b>Net cash from operating activities</b>                            | <b>-</b>   | <b>703,885</b>   |
| <b>Change in cash</b>  | <b>(201,544)</b>   | <b>602,858</b>   |
| <b>Cash, beginning of period</b>                                     | <b>650,569</b>   | <b>80,091</b>  |
| <b>Cash, end of period</b>   | <b>449,025</b>   | <b>682,949</b>   |

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

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## 1 Description of business

Antler Hill Mining Ltd. (formerly Antler Hill Oil & Gas Ltd.) (the “Company”) was incorporated under the *Business Corporations Act* (Alberta) on September 11, 2009 and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

Antler Hill Oil & Gas Ltd. changed its name to Antler Hill Mining Ltd. on June 27, 2017. The Company now trades on the NEX under the symbol AHM.H. Subsequent to the name change, the Company changed its focus from seeking oil and gas assets to seeking precious metals assets in the Americas with a view of completing a qualifying transaction, as defined by the Exchange.

The Company operates from its head office at 400-90 Adelaide St. W., Toronto, ON, M5H 4A6. Its registered office is located at, 445, 708 – 11<sup>th</sup> Avenue SW., Calgary, AB, T2R 0E4.

## 2 Basis of presentation and statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting on a basis consistent with the accounting, estimation and valuation policies described in the Company’s audited Financial Statements as at and for the year ended December 31, 2017 (the “Annual Financial Statements”). These condensed interim financial statements have been prepared on a historical cost basis, except for certain financial instruments. All information is reported in Canadian dollars, unless otherwise noted. Certain information and disclosures normally required to be included in the notes to the Annual Financial Statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted. These condensed interim financial statements should be read in conjunction with the Annual Financial Statements. These condensed interim financial statements were authorized for issue by the Company’s Board of Directors on March 11, 2019.

## 3 Going concern

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These financial statements do not reflect the adjustments that would be necessary if the going concern assumption were considered to be inappropriate.

At September 30, 2018, the Company had not yet achieved profitable operations, had an accumulated deficit of \$1,343,856 (December 31, 2017 - \$1,056,922) and had not yet completed its qualifying transaction. These factors indicate the existence of material uncertainties which may cast significant doubt about the Company’s ability to continue as a going concern.

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

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## 3 Going concern *(continued)*

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of petroleum properties, assets or businesses which qualifies as a qualifying transaction. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired and accordingly, the Company may be unable to realize on the carrying value of its net assets.

## 4 Changes in significant accounting policies

### *IFRS 9 Financial Instruments*

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- Its contractual terms give rise to cash flows that are solely payments of principal and interest.

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

## 4 Changes in significant accounting policies (continued)

### *IFRS 9 Financial Instruments (continued)*

All financial instruments are initially recognized at fair value on the statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the statement of loss and comprehensive loss for the year. Financial assets and financial liabilities are classified at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

| <b>Classification</b>                   | <b>IAS 39</b>                                   | <b>IFRS 9</b>  |
|---|---|----------------|
| <b>Cash</b>                             | Loans and receivables<br>(amortized cost)       | FVTPL          |
| <b>Goods and service tax receivable</b> | Loans and receivables<br>(amortized cost)       | Amortized cost |
| <b>Trade and other payable</b>          | Other financial liabilities<br>(amortized cost) | Amortized cost |

### Impairment of Financial Assets

IFRS 9 also introduces a new model for the measurement of impairment of financial assets based on expected credit losses which replaces the incurred losses impairment model applied under IAS 39. Under this new model, the Company's goods and service tax receivables are considered collectible within one year or less; therefore, these financial assets are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

The Company's accounts receivables are subject to the expected credit loss model under IFRS 9. For the trade and other receivables, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company considered historical industry default rates as well as credit ratings of major customers. There were no material adjustments to the carrying value of any of the Company's financial instruments following the adoption of IFRS 9.

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

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## 4 Changes in significant accounting policies (continued)

### *IFRS 15 Revenue from contracts with customers*

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are within the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company adopted IFRS 15 using the modified retrospective method of adoption on January 1, 2018. The effect of adopting IFRS 15 did not have a material impact on the Company's interim financial statements.

The Company adopted IFRS 9 and IFRS 15 on January 1, 2018 using retrospective application. There was no effect on the Company's financial statements upon adoption of these standards.

### *New and Pending Accounting Standards*

The Company has reviewed the new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company. The Company has not quantified the effect of the following:

In January 2016, the IASB issued IFRS 16, "Leases" and amended IAS 17 "Leases". IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. IAS 17, as revised, now prescribes the accounting policies and disclosures applicable to leases, both for lessees and lessors. IFRS 16 will be applied by the Company on January 1, 2019 and the Company is currently evaluating the impact of the standard on its financial statements.

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

## 5 Equipment

|   | <b>Equipment</b> |
|---|------------------|
|   | <b>\$</b>        |
| <b>Cost, December 31, 2017 &amp; September 30, 2018</b> | <u>4,291</u>     |
|   | <b>Total</b>     |
|   | <b>\$</b>        |
| <b>Accumulated depreciation, December 31, 2016</b>      | <u>3,879</u>     |
| Depreciation  | 124              |
| <b>Accumulated depreciation, December 31, 2017</b>      | <u>4,003</u>     |
| Depreciation  | 65               |
| <b>Accumulated depreciation, September 30, 2018</b>     | <u>4,068</u>     |
|   | <b>Total</b>     |
|   | <b>\$</b>        |
| <b>Net book value, December 31, 2017</b>                | <u>288</u>       |
| <b>Net book value, September 30, 2018</b>               | <u>223</u>       |

## 6 Related party transactions

Compensation of key management personal (Directors and Officers):

|                          | <b>Nine months<br/>ended<br/>September<br/>30,2018</b> | <b>Nine months<br/>ended<br/>September<br/>30,2017</b> |
|--------------------------|--|--|
| Compensation             | \$ -   | \$ -   |
| Stock-based compensation | <b>75,046</b>  | -  |
|                          | <u>\$ 75,046</u>                                       | <u>\$ -</u>  |

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

## 7 Share Capital

### Authorized

Unlimited number of voting common shares

Unlimited number of preferred shares

### Issued

|  | Number of common<br>shares | Amount<br>\$ |
|--|----------------------------|--------------|
| <b>Balance, December 31, 2017 &amp; September 30, 2018</b> | 18,765,000                 | 1,638,888    |

On March 13, 2018 the Company completed a share consolidation of 1 post consolidated common share for every 3.3333333 pre-consolidation share. Included in the number of common shares are 765,000 common shares held in escrow.

### Stock options

The Company has established a stock option plan (the "Plan") which provides that the board of directors of the Company from time to time, in its discretion grant to directors, officers, employees, and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of five years from the date of grant.

The following table summarizes information about the Company's stock options outstanding at September 30, 2018 and December 31, 2017:

|  | September 30, 2018   |  | December 31, 2017    |   |
|--|----------------------|--|----------------------|---|
|  | Number of<br>options | Weighted average<br>exercise price<br>\$ | Number of<br>options | Weighted<br>average<br>exercise price<br>\$ |
| Stock options, beginning of period       | -                    | -  | 1,100,000            | 0.05  |
| Granted (i)                              | 1,876,500            | 0.15                                     | -                    | -   |
| Cancelled                                | -                    | -  | (1,100,000)          | 0.05  |
| Stock options outstanding, end of period | 1,876,500            | 0.15                                     | -                    | -   |

The total stock options outstanding at September 30, 2018 are as follows:

| <u>Exercise prices (\$)</u> | Options outstanding | Weighted average<br>remaining term (years) | Weighted average<br>exercise price (\$) | Options<br>exercisable |
|-----------------------------|---------------------|--|---|------------------------|
| 0.15                        | 1,876,500           | 4.45                                       | 0.15                                    | 1,876,500              |

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

For the three and nine months ended September 30, 2018

(Unaudited)

## 7 Share capital (Continued)

The fair value of the options granted is estimated as at the grant date using the Black-Scholes option pricing model.

- (i) On March 13, 2018, the Company granted 1,876,500 stock options at an exercise price of \$0.15 to certain directors, officers, employees and consultants of the Company. These options have an expiry date of March 13, 2023.

The fair value of the options was estimated using the Black-Scholes option model with the following assumptions:

|                         |         |
|-------------------------|---------|
| Risk-free interest rate | 1.98%   |
| Expected life           | 5 years |
| Expected volatility     | 347.4%  |
| Forfeiture rate         | -%      |
| Fair value              | \$0.04  |

Share-based payment expense recognized during the period ended September 30, 2018 was \$75,046, all of which has been recorded in the statement of comprehensive loss.

## Warrants

The following table summarizes information about the Company's warrants outstanding at September 30, 2018 and December 31, 2017:

|                                     | September 30, 2018 |                                    | December 31, 2017  |                                    |
|-------------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|
|                                     | Number of warrants | Weighted average exercise price \$ | Number of warrants | Weighted average exercise price \$ |
| Warrants, beginning of period       | 3,165,505          | 0.05                               | -                  | -                                  |
| Granted                             | -                  | -                                  | 3,165,505          | 0.05                               |
| Expired                             | (3,165,505)        | 0.05                               | -                  | -                                  |
| Warrants outstanding, end of period | -                  | -                                  | 3,165,505          | 0.05                               |

## 8 Subsequent event

On September 4, 2018 the Company announced it had entered into a definitive mineral properties purchase agreement (the "Agreement") dated August 24, 2018 with Entropy Resources SA ("Entropy"), which sets out the terms and conditions pursuant to which the Company has the right to acquire from the Seller a 100% interest in two mineral projects located in San Juan Province, Argentina, the Cerro Blanco project and the Amiches project (the "Transaction"), which will constitute Antler Hills' Qualifying Transaction pursuant to Exchange Policy 2.4 – *Capital Pool Companies*. Upon completion of the Transaction, Antler Hill intends to list on the TSXV as a mining issuer and will principally focus on the exploration and development of the Cerro Blanco

# Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Notes to the Financial Statements

**For the three and nine months ended September 30, 2018**

(Unaudited)

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## **8 Subsequent event** *(Continued)*

project. Total consideration payable to Entropy is US\$1,000,000 and 1,800,000 common shares in staged payments over seven years and upon meeting certain milestones related to the properties.

The Transaction is subject to all relevant regulatory approvals, including, without limitation, Exchange approval.

In connection with completion of the Transaction, it is anticipated the Company will complete a non-brokered private placement for minimum gross proceeds of \$750,000 and up to maximum gross proceeds of \$1,500,000 (the "Offering"). The Offering will consist of units (the "Units"), with each Unit offered for sale at a price of \$0.10 per Unit, consisting of one common share (a "Common Share") in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of \$0.20 per Common Share for a period of 24 months after completion of the private placement whereupon the Warrants will expire.