Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Financial Statements

December 31, 2018 and 2017

(expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Antler Hill Mining Ltd.:

Opinion

We have audited the financial statements of Antler Hill Mining Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and December 31, 2017, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits 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 3 in the financial statements, which indicates that the Company incurred a net loss of $430,633 during the year ended December 31, 2018 and, as of that date, the Company’s accumulated deficit was $1,487,555. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management’s Discussion and Analysis.

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

In connection with our audits of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management’s Discussion and Analysis prior to 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. 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 International Financial Reporting Standards, 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 Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’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 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 these 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 Company'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 Company'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 Company 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James Fuerderer.

MNP LLP

Calgary, Alberta
April 30, 2019

Chartered Professional Accountants

Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statements of Financial Position

As at December 31,

Expressed in Canadian Dollars

	2018 $	2017 $
Assets		
Current assets		
Cash and cash equivalents	387,557	650,569
Goods and service tax receivable	11,823	4,147
Prepaid deposits	-	8,750
Total current assets	399,380	663,466
Equipment (note 7)	201	288
Total assets	399,581	663,754
Liabilities		
Current liabilities		
Trade and other payables	106,146	14,732
Shareholders' equity		
Share capital (note 8)	1,638,888	1,638,888
Contributed surplus	142,102	67,056
Deficit	(1,487,555)	(1,056,922)
Total shareholders' equity	293,435	649,022
Total liabilities and Shareholders' equity	399,581	663,754

Going concern (note 3)

Subsequent events (note 13)

Signed "Peter Bures"

Peter Bures

CEO

Signed "Jing Peng"

Jing Peng

CFO

The notes are an integral part of these financial statements.

Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statements of Comprehensive Loss

For the years ended December 31,

Expressed in Canadian Dollars

	2018	2017
	$	$
General and administrative expenses		
Depreciation (note 7)	87	124
Due diligence costs	175,005	
Filing fees and other	61,009	27,899
Professional fees	126,547	66,499
Share-based payments (note 8)	75,046	-
Total general and administrative expenses	437,694	94,522
Other revenue		
Interest income	7,061	2,094
Total comprehensive loss for the year	(430,633)	(92,428)
Basic and diluted loss per share	(0.02)	(0.01)
Weighted average common shares outstanding – basic and diluted	18,000,000	14,492,647

The notes are an integral part of these financial statements.

Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statements of Changes in Shareholders' Equity

Expressed in Canadian Dollars

	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2016	950,356	51,703	(964,494)	37,565
Issue of common shares, net of share issuance costs	703,885	-	-	703,885
Issue of finder options	(15,353)	15,353	-	-
Total comprehensive loss for the year	-	-	(92,428)	(92,428)
Balance, December 31, 2017	1,638,888	67,056	(1,056,922)	649,022
Share-based payments	-	75,046	-	75,046
Total comprehensive loss for the year	-	-	(430,633)	(430,633)
Balance, December 31, 2018	**1,638,888**	**142,102**	**(1,487,555)**	**293,435**

The notes are an integral part of these financial statements.

Antler Hill Mining Ltd.

(A Capital Pool Corporation)

Statements of Cash Flows

For the years ended December 31

Expressed in Canadian Dollars

	2018 $	2017 $
Cash provided (used in) by:		
Operating activities		
Comprehensive loss for the year	**(430,633)**	(92,428)
Adjustments for:		
Depreciation (note 7)	**87**	124
Share-based payments	**75,046**	-
Changes in working capital:		
Goods and service tax receivable	**(7,676)**	(2,637)
Prepaid deposits	**8,750**	-
Trade and other payables	**91,414**	(38,466)
Net cash used in operating activities	**(263,012)**	(133,407)
Financing activities		
Proceeds from issuance of common shares, net of share issue costs	**-**	703,885
Net cash used in operating activities	**-**	703,885
Change in cash during the year	**(263,012)**	570,478
Cash, beginning of year	**650,569**	80,091
Cash, end of year	**387,557**	650,569

The notes are an integral part of these financial statements.

1 Description of business

Antler Hill Mining Ltd. (formerly Antler Hill Oil & Gas Ltd.) (the "Company") was incorporated under the Business Corporations Act of Alberta of 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. The principal business of the Company changed its focus from seeking an oil and gas asset 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 primary office in Calgary, Alberta, Canada. Its registered head office is located at, 445, 708 – 11th Avenue SW., Calgary, AB, T2R 0E4.

2 Basis of presentation and statement of compliance

a) Statement of compliance:

These annual financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect at January 1, 2018.

The financial statements were approved by the Board of Directors on April 30, 2019.

b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for share-based payment transactions, which are measured at fair value.

c) Functional and presentation currency:

The financial statements are presented in Canadian dollars, which is the Company's functional currency.

d) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant (see note 6).

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 December 31, 2018, the Company had not yet achieved profitable operations, has an accumulated deficit of $1,487,555 (2017 - $1,056,922) and has 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.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of 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 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash and short term investments that have a period from inception less than 90 days that are readily convertible to known amounts of cash and have an insignificant risk of change in value.

Financial instruments

New Accounting Policies

IFRS 9 Financial Instruments, effective January 1, 2018

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The details of IFRS 9 and the nature and effect of changes to previous accounting policies are discussed below.

Classification and measurement of financial assets and liabilities

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through OCI (FVOCI) and

4 Significant accounting policies *(continued)*

fair value through profit and loss (FVTPL). The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The classification categories are as follows:

• A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and 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 measured at amortized cost are measured using the effective interest method.

• Financial assets at fair value through other comprehensive income: assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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 at fair value through profit or loss: assets that do not meet the criteria for amortized cost or fair value through other comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to those assets are transferred.

Financial liabilities – The classification of financial liabilities is determined by the Company at initial recognition. The classification categories are as follows:

• Financial liabilities measured at amortized cost: financial liabilities initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the Statement of Comprehensive Income.

• Financial liabilities measured at fair value through profit or loss: financial liabilities measured a fair value with changes in fair value and interest expense recognized in the Statement of Comprehensive Income.

Financial liabilities are derecognized when the obligation is discharged, cancelled or expired.

Cash that was classified as fair value through profit or loss under IAS 39 which has not changed with the adoption of IFRS 9. Goods and service tax receivables were classified as loans and receivables under IAS 39 are now classified as financial assets at amortized cost. Trade and other payables which were previously classified as other financial liabilities under IAS 39 are now classified as financial liabilities at amortized cost under IFRS 9. No change in measurement related to these items was recorded on the transition to IFRS 9 on the prior year comparative information as there was no material impact.

4 Significant accounting policies *(continued)*

Impairment

a) Financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model for calculating impairment. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Company applied 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 and other receivables No change in measurement related to these items was recorded on the prior year comparative information as there was no material impact.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

There were no material adjustments to the carrying amounts of any of the Company's financial instruments following the adoption of IFRS 9.

b) Non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its long lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating units ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU's, or otherwise they are allocated to the smallest group of CGU's for which a reasonable and consistent allocation basis can be identified.

4 Significant accounting policies *(continued)*

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statements of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in the statements of comprehensive loss.

Share-based payments

The fair value of equity-settled share-based payment transactions is estimated at the date of grant using the Black-Scholes option pricing model. This expense is recognized over a graded vesting period, the fair value of each tranche is recognized over its respective vesting period. When recognizing the fair value of each tranche over its respective vesting period, the Company incorporates an estimate of the number of options expected to vest and revises the estimate when subsequent information indicates that the number of options expected to vest differs from previous estimates. These fair values are recognized as share-based payments in the statements of comprehensive loss with a corresponding increase to contributed surplus over the vesting period of the grant.

As the options are exercised, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. In the event that vested options expire, previously recognized compensation expense associated with such stock options is not reversed.

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

4 Significant accounting policies *(continued)*

Property and equipment

All assets are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. The Company depreciates computer equipment using 30% declining balance method.

Taxes

Tax expense comprises of current and deferred tax. Tax is recognized in the statement of comprehensive loss except to the extend it relates to items recognized in other comprehensive loss or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4 Significant accounting policies *(continued)*

Earnings/loss per share

Basic per share amounts are calculated by dividing profit or loss attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period. The number of shares is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back or issued during the period, multiplied by a time-weighting factor.

Diluted per share amounts are calculated by adjusting the number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential shares are ignored in calculating diluted per share amounts. All options are considered anti-dilutive when the Company is in a loss position.

5 Recent accounting pronouncements

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 does not expect a material impact.

6 Critical judgments and accounting estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from the estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

6 Critical judgments and accounting estimates (continued)

Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

Share based payments

Share based payments issued are subject to the estimation of what the ultimate payout will be using pricing models such as the Black-Scholes model which is based on significant assumptions such as the future volatility of the market price of the Company's shares and the expected term of the issued stock option.

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model for calculating impairment. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Company applied 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 and other receivables No change in measurement related to these items was recorded on the prior year comparative information as there was no material impact.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

There were no material adjustments to the carrying amounts of any of the Company's financial instruments following the adoption of IFRS 9.

Expressed in Canadian Dollars

7 Property and equipment

	Computer equipment $
Cost, December 31, 2017 & December 31, 2018	4,291

	Total $
Accumulated depreciation, December 31, 2016	3,879
Depreciation	124
Accumulated depreciation, December 31, 2017	4,003
Depreciation	87
Accumulated depreciation, December 31, 2018	4,090

	Total $
Net book value, December 31, 2017	288
Net book value, December 31, 2018	201

8 Share capital

Authorized

Unlimited number of voting common shares

Unlimited number of preferred shares

Issued

	Number of common shares	Amount $
Balance, December 31, 2016	3,765,000	950,356
Private placement	15,000,000	750,000
Finder warrants	-	(15,353)
Share issue costs	-	(46,115)
Balance, December 31, 2017 & December 31, 2018	18,765,000	1,638,888

On March 13, 2018 the Company completed a share consolidation of 1 post consolidated common share for every 3.3333 pre-consolidation share. All share data has been adjusted to reflect this consolidation.

At December 31, 2018, there were 765,000 number of common shares held in escrow.

Expressed in Canadian Dollars

8 Share capital *(Continued)*

Stock options

The Company has established a stock option plan (the "Plan") which provides that the board of directors of the Company may 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 December 31, 2018 and 2017:

	December 31, 2018		December 31, 2017	
	Number of options	**Weighted average exercise price $**	Number of options	Weighted average exercise price $
Stock options, beginning of year	**-**	**-**	330,000	0.17
Granted (i)	**1,876,500**	**0.15**	-	-
Cancelled	**-**	**-**	(330,000)	0.17
Stock options outstanding, end of year	**1,876,500**	**0.15**	-	-

The total stock options outstanding at December 31, 2018 are as follows:

Exercise prices ($)	Options outstanding	Weighted average remaining term (years)	Weighted average exercise price ($)	Options exercisable
0.15	1,876,500	4.20	0.15	1,876,500

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 and vested immediately.

Expressed in Canadian Dollars

8 Share capital *(Continued)*

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	$0.040

Share-based payment expense recognized during the year ended December 31, 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 December 31, 2018 and December 31, 2017:

	December 31, 2018		December 31, 2017	
	Number of warrants	**Weighted average exercise price $**	Number of warrants	Weighted average exercise price $
Warrants, beginning of year	**949,652**	**0.17**	-	-
Granted	-	-	949,652	0.17
Expired	**(949,652)**	**0.17**	-	-
Warrants outstanding, end of year	-	-	949,652	0.17

9 Taxes

Income tax expense varies from the amount that would be computed by applying the expected basic federal and provincial tax rates for Canada at December 31, 2018 at 27% (2017 – 27%) to income before income taxes.

A reconciliation of the difference is as follows:

	December 31, 2018	December 31, 2017
	$	$
Expected income tax recovery	**(116,271)**	(24,956)
Permanent differences		
Shared based compensation	**20,262**	-
Deferred tax benefits not recognized	**96,009**	24,956
	-	-

Expressed in Canadian Dollars

9 **Taxes** (continued)

The components of the unrecognized deductible temporary differences not recognized are comprised of:

	December 31, 2018	December 31, 2017
	$	$
Non-capital losses	**1,618,817**	1,201,855
Capital losses	**6,250**	6,250
Share issuance costs	**27,669**	36,892
Total	**1,652,736**	1,244,997

A summary of non-capital losses that will expire are as follows:

Expiry	**Non-capital losses**
2030	528,445
2031	55,603
2032	207,265
2033	70,030
2034	84,247
2035	42,661
2036	112,071
2037	153,772
2038	364,723
	1,618,817

10 Related party transactions

Compensation of key management personal (Directors and Officers):

	December 31, 2018	December 31, 2017
	$	$
Compensation	**-**	-
Share-based compensation	**75,046**	-
Total	**75,046**	-

11 Capital management

The Company's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business.

The Company actively manages its capital structure which includes shareholders' equity. In order to maintain or adjust its capital structure, the Company may from time to time issue shares and adjust its spending.

11 Capital management (continued)

The Company is subject to the capital requirements of the TSX Venture Exchange, Policy 2.4(8) wherein a maximum of 30% of the gross proceeds from the sale of securities to a maximum of $210,000 may be used for purposes other than agent fees and evaluating businesses or assets in contemplation of a qualifying transaction ("Permitted Expenditures"). As at December 31, 2018, the Company has is in compliance with the rules of the Exchange.

12 Financial instruments

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair value represents the price at which a financial instrument could be exchanged for in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amounts of observable inputs used to value the instrument.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2 fair value measurements are those derived from valuation techniques that include inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash is measured using level 1 inputs. The carrying value of goods and services tax receivables and trade and other payables approximate their fair value due to their short term nature. There were no transfers from levels 1, 2 and 3 during the year.

The Company's activities expose it to a variety of risks such as financial risks; liquidity risks; credit risks; and market risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the Company's cash balance.

12 Financial instruments *(Continued)*

The Company minimized credit risk associated with its cash balance substantially by dealing with a major financial institution.

Other than cash, there are no other significant concentrations of credit risk within the Company.

Liquidity risk

Liquidity risk is the risk that the Company may not have sufficient liquid assets to meet its commitments associated with financial liabilities. The Company retains sufficient cash to maintain liquidity. The Company has $387,557 in cash to settle $106,145 of liabilities which are all considered short-term in nature.

Market risk

Market risk is the risk that changes in foreign exchange rates, commodity prices; stock market prices/equity prices and interest rates will affect the Company's comprehensive loss or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company does not believe that any such material risks exists due to the limited activity in the Company.

13 Subsequent events

On September 4, 2018 the Company announced that it had entered into a definitive mineral properties purchase agreement dated August 31, 2018 with Entropy SA which sets out the terms and conditions pursuant to which the Corporation 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") and will constitute Antler Hills' Qualifying Transaction under the TSX Venture Exchange. The Company has the right to acquire a 100% interest in the mineral rights comprising the Cerro Blanco project and the Amiches project for total consideration of US$1,000,000 and 1,800,000 common shares in staged payments over seven years and on meeting certain conditions. Conditional approval has been obtained from the TSX for its qualifying transaction on March 7, 2019.

The Company has also finalized the terms of it concurrent non-brokered private placement for minimum gross proceeds of $750,000 and a maximum of $1,500,000. The offering will consist of units offered for sale at a price of $0.10 per unit, consisting of one common share in the capital of the Company and one-half of one common share purchase 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. Closing of the offering is conditional upon receiving TSX Venture Exchange conditional approval for completion of the qualifying transaction.