
ANCONIA RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND SIX MONTHS ENDED
MARCH 31, 2019**

(Expressed in Canadian Dollars)

(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Anconia Resources Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the three and six months ended March 31, 2019 have not been reviewed by the Company's auditors.

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	March 31, 2019	September 30, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 4,734	\$ 5,811
Accounts receivable and other assets (note 3)	31,113	6,663
Total Current assets	35,847	12,474
Non-Current assets		
Exploration and evaluation assets (note 4)	5,942,052	5,865,003
Total Assets	\$ 5,977,899	\$ 5,877,477
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	\$ 676,313	\$ 1,133,033
Loans from related parties (note 6)	73,623	34,380
Total Liabilities	749,936	1,167,413
Shareholders' Equity		
Share capital (note 7(b))	6,041,605	5,924,278
Reserves for share-based payments (note 9(b))	1,112,307	1,112,307
Reserves for warrants (note 8)	208,015	208,015
Other reserves	2,692,620	2,692,620
Accumulated deficit	(4,826,584)	(5,227,156)
Total Shareholders' Equity	5,227,963	4,710,064
Total Liabilities and Shareholders' Equity	\$ 5,977,899	\$ 5,877,477

Nature of operations and going concern (note 1)
Subsequent event (note 13)

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Approved by the Board of Directors:

Director: Jason Brewster

Director: Michael Florence

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars, except number of shares)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2019	2018	2019	2018
Expenses				
General and administrative (note 12)	\$ 96,720	\$ 90,659	\$ 215,133	\$ 179,393
Other items				
Foreign exchange gain (loss)	1,442	(1,981)	41	(2,711)
Gain on debt settlement (note 7(b))	-	-	469,309	-
Other income (note 12)	-	-	146,355	-
Net income (loss) and comprehensive income (loss) for the period	\$ (95,278)	\$ (92,640)	\$ 400,572	\$ (182,104)
Basic and diluted income (loss) per share (note 10)	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	117,589,409	105,156,689	116,042,237	105,156,689

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

(Unaudited)

		Reserves					
	Share capital	Share-based payments	Warrants	Other reserves ⁽¹⁾	Accumulated deficit	Total	
Balance, September 30, 2017	\$ 5,913,778	\$ 1,112,307	\$ 384,015	\$ 2,516,620	\$ (4,872,140)	\$ 5,054,580	
Expiry of warrants (note 8)	-	-	(176,000)	176,000	-	-	
Net loss and comprehensive loss for the period	-	-	-	-	(182,104)	(182,104)	
Balance, March 31, 2018	\$ 5,913,778	\$ 1,112,307	\$ 208,015	\$ 2,692,620	\$ (5,054,244)	\$ 4,872,476	
Balance, September 30, 2018	\$ 5,924,278	\$ 1,112,307	\$ 208,015	\$ 2,692,620	\$ (5,227,156)	\$ 4,710,064	
Common shares issued for debt (note 7(b))	117,327	-	-	-	-	117,327	
Net income and comprehensive income for the period	-	-	-	-	400,572	400,572	
Balance, March 31, 2019	\$ 6,041,605	\$ 1,112,307	\$ 208,015	\$ 2,692,620	\$ (4,826,584)	\$ 5,227,963	

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

⁽¹⁾ Other reserves include the value of the warrants that had expired unexercised.

ANCONIA RESOURCES CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended March 31,	
	2019	2018
Operating Activities		
Net income (loss) for the period	\$ 400,572	\$ (182,104)
Accrued interest on loan from related party (note 6)	4,243	1,870
Net change in non-cash working capital:		
Accounts receivable and other assets	(24,450)	2,781
Accounts payable and accrued liabilities	(339,393)	144,153
Cash provided by operating activities	40,972	(33,300)
Investing Activities		
Expenditures on exploration and evaluation assets	(77,049)	33,622
Cash used in investing activities	(77,049)	33,622
Financing Activities		
Proceeds from loan from related party	35,000	-
Cash provided by financing activities	35,000	-
Net change in cash and cash equivalents	(1,077)	322
Cash and cash equivalents, beginning of the period	5,811	8,265
Cash and cash equivalents, end of the period	\$ 4,734	\$ 8,587
Supplemental cash flow information:		
Common shares issued for debt settlement	\$ 117,327	\$ -

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of operations and going concern

Anconia Resources Corp. ("Anconia" or the "Company") was incorporated under the Business Corporations Act (Ontario) on March 22, 1962 and its activities were directed toward locating exploration and evaluation assets. The primary office of the Company is located at 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada.

These unaudited condensed interim consolidated financial statements were prepared on a going concern basis of presentation, which assumes that the Company will continue operations for the foreseeable future and be able to realize the carrying value of its assets and discharge its liabilities and commitments in the normal course of business. To date, the Company has not earned revenue and has an accumulated deficit of \$4,826,584 as at March 31, 2019 (September 30, 2018 - \$5,227,156). As at March 31, 2019, the Company had cash and cash equivalents of \$4,734 (September 30, 2018 - \$5,811) and a working capital deficit of \$714,089 (September 30, 2018 - \$1,154,939). The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing and or achieve profitable operations in the future. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast substantial doubt upon the Company's ability to continue as a going concern, as described in the following paragraph. These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. These adjustments could be material. Management is actively pursuing funding options, being financing and alternative funding options, required to meet the Company's requirements on an ongoing basis. To meet the challenges of the current climate in the financial markets, the Company is minimizing its expenditures.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), which contemplates the realization of assets and the settlement of liabilities in the normal course of business for the foreseeable future as they come due. Management is of the opinion that additional funding is available and may be sourced in time to allow the Company to acquire exploration and evaluation assets. While it has been successful in the past, there can be no assurance that it will be able to raise sufficient funds in the future.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such exploration and evaluation assets, these procedures do not guarantee the Company has a perfected title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, and renegotiation of contracts.

2. Significant accounting policies

(a) Statement of compliance

The Company applies IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 28, 2019, the date the Board of Directors approved the statements. Other than changes in accounting policies discussed below, the same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2018. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ended September 30, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(b) Changes in accounting policies

Certain pronouncements were issued by IASB and IFRIC that are mandatory for accounting periods after September 30, 2018. The following new standards have been adopted:

IFRS 9 - Financial Instruments ("IFRS 9")

Effective October 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no material impact to the Company's financial statements.

Under IFRS 9, 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 the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new hedge accounting guidance had no impact on the Company's financial statements.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at October 1, 2018 as a result of adopting IFRS 9, along with comparison to IAS 39.

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Loan from related party	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's September 30, 2018 financial statements has been updated as follows:

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(b) Changes in accounting policies (continued)

IFRS 9 - Financial Instruments ("IFRS 9") (continued)

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- ii) those to be measured subsequently at amortized cost.

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- i) amortized cost;
- ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash and cash equivalents, which are classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss, and accounts receivable, which is classified and subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and loan from related party, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

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Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

2. Significant accounting policies (continued)

(c) New accounting standards and interpretations

IFRS 16 - Leases ("IFRS 16")

IFRS 16 was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS17 Leases. The IAS issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. The Company is still in the process of assessing the impact of this pronouncement on the consolidated financial statements

3. Accounts receivable and other assets

	March 31, 2019	September 30, 2018
Sales tax receivable (i)	\$ 30,618	\$ 6,168
Prepaid expenses	495	495
	<u>\$ 31,113</u>	<u>\$ 6,663</u>

(i) Sales tax receivable is not past due.

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Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Exploration and evaluation assets

	Acquisition	Exploration	Total
Balance, September 30, 2017	\$ 292,500	\$ 5,600,977	\$ 5,893,477
Additions	10,500	1,500	12,000
Recovery	-	(40,474)	(40,474)
Balance, September 30, 2018	303,000	5,562,003	5,865,003
Additions	75,000	2,049	77,049
Balance, March 31, 2019	\$ 378,000	\$ 5,564,052	\$ 5,942,052

Exploration activities for the six months ended March 31, 2019 are as follows:

	Grenfell Property	Sault Ste. Marie	Nunavut Atlas	Total
Acquisition costs	\$ -	\$ 75,000	\$ -	\$ 75,000
Others	2,049	-	-	2,049
	\$ 2,049	\$ 75,000	\$ -	\$ 77,049

Exploration activities for the six months ended March 31, 2018 are as follows:

	Grenfell Property	Sault Ste. Marie (Note 2)	Nunavut Atlas	Total
Recovery	(33,622)	-	-	(33,622)

Note 2: The Company issued 300,000 common shares of the Company for acquiring the Sault Ste. Marie Property with \$0.035 per share based on the fair market value of the Company's shares on the date of issuance. These shares were issued in accordance of the terms of the option agreement.

Exploration and acquisition activities and impairment from inception to March 31, 2019 are as follows:

	Grenfell Property	Sault Ste. Marie	Nunavut Atlas	Total
Geology	\$ 279,066	\$ 66,791	\$ 2,244,837	\$ 2,590,694
Drilling	112,163	-	2,252,012	2,364,175
Planning	-	-	73,956	73,956
Drafting	-	-	24,658	24,658
Mining claims	-	2,500	278,282	280,782
Others	126,048	-	144,213	270,261
Acquisition costs	225,000	123,000	30,000	378,000
Recovery	(40,474)	-	-	(40,474)
	\$ 701,803	\$ 192,291	\$ 5,047,958	\$ 5,942,052

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Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for purchases relating to exploration costs on exploration and evaluation assets, general operating activities and amounts payable for professional fees activities.

	March 31, 2019	September 30, 2018
Accounts payable	\$ 575,604	\$ 710,540
Accrued liabilities	100,709	422,493
Total accounts payable and accrued liabilities	\$ 676,313	\$ 1,133,033

6. Loans from related parties

(i) On March 31, 2016, the Company received a loan of \$25,000 from the Estate of Dr. Bernard Sherman (deceased), a shareholder of the Company. The loan bears an annual interest rate of 15% and matures on or before March 31, 2017. As at March 31, 2019, the maturity date of the loan has been extended and \$11,250 of interest expense had been accrued on the loan.

(ii) On November 22, 2018, the Company entered into a loan arrangement with a company owned by a director of the Company, secured by some of the exploration and evaluation assets of the Company. The loan bears an annual interest rate of 15% and matures in April 2020. As at March 31, 2019, the amount due is \$37,373, which includes \$2,373 of accrued interest expense.

7. Share capital

(a) Authorized

Unlimited number of common shares without par value

(b) Common shares issued

	Number of common shares	Stated value
Balance, September 30, 2017 and March 31, 2018	105,156,689	\$ 5,913,778
Balance, September 30, 2018	105,856,689	\$ 5,924,278
Common shares issued for debt (i)	11,732,720	117,327
Balance, March 31, 2019	117,589,409	\$ 6,041,605

(i) On October 24, 2018, the Company completed a share for debt transaction (the "Shares for Debt Transaction"). The total amount of debt extinguished pursuant to the Shares for Debt Transaction was \$586,636 for 11,732,720 common shares (the "Common Shares") of the Company at \$0.05 per share. The Common Shares are subject to a four month plus one day hold period.

The directors and/or officers of the Company, being Jason Brewster, Denis Clement, Harvey McKenzie, Jim Franklin, John Sadowski, and Mike Florence, have converted an aggregate amount of \$243,750 into Common Shares.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Warrants

	Number of warrants	Fair value
Balance, September 30, 2017	26,758,980	\$ 384,015
Expired (i)	(18,400,000)	(176,000)
Balance, March 31, 2018, September 30, 2018 and March 31, 2019	8,358,980	\$ 208,015

(i) Value of expired warrants is transferred to the other reserves.

Details of the warrants outstanding at March 31, 2019 are as follows:

Number of warrants	Amount (\$)	Exercise price (\$)	Expiry date
2,000,000	48,148	0.07	July 4, 2019
4,300,000	104,032	0.07	July 27, 2019
1,250,000	29,948	0.07	August 3, 2019
808,980	25,887	0.07	December 23, 2019
8,358,980	208,015	0.07	

9. Share-based payments

(a) Stock options

	Number of stock options	Weighted average exercise price
Balance, September 30, 2017, March 31, 2018, September 30, 2018 and March 31, 2019	2,300,000	\$ 0.05

Details of the stock options outstanding at March 31, 2019 are as follows:

Fair value (\$)	Weighted average remaining contractual life (years)	Exercisable options	Number of options	Weighted average exercise price (\$)	Expiry date
106,687	0.38	2,300,000	2,300,000	0.05	August 18, 2019

(b) Reserves for share-based payments

Reserves for share-based payments include the accumulated fair value of vested options. The reserve for share-based payments records items recognized as share-based payments in the form of stock option grants and vesting of such options until such time that these stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded will stay in the share-based payment reserve.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

10. Loss per share

The calculation of basic and diluted loss per share for the three and six months ended March 31, 2019 was based on the net loss attributable to common shareholders of \$95,278 and income of \$400,572, respectively (three and six months ended March 31, 2018 - loss of \$92,640 and \$182,104, respectively) and the weighted average number of common shares outstanding of 117,589,409 and 116,042,237, respectively (three and six months ended March 31, 2018 - 105,156,689 and 105,156,689, respectively). Diluted loss per share did not include the effect of 2,300,000 options (three and six months ended March 31, 2018 - 2,300,000 options) and 8,358,980 warrants and broker warrants (three and six months ended March 31, 2018 - 8,358,980 warrants and broker warrants) as they are anti-dilutive.

11. Related party disclosures

Related parties include the Board of Directors, officers, close family members and entities which are controlled by these individuals as well as certain persons performing similar functions. In accordance with International Accounting Standards 24 - Related Party Disclosure, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, to similar transactions to non-key management personnel related entities on an arm's length basis.

The Company entered into the following transactions with related parties:

The President and Chief Executive Officer, Mr. Jason Brewster, ("CEO") of the Company is the President of 2181038 Ontario Inc. ("218 Inc."), and 218 Inc. (and by extension the CEO and President) has a contract with the Company. Fees and outstanding amounts due to 218 Inc. relating to consulting services as expensed and capitalized as exploration and evaluation assets are detailed in the table below.

One of the directors, Denis Clement, of the Company provides business advisory services from (time to time) and as such is compensated for these services when provided.

The Chief Financial Officer, Mr. Harvey McKenzie, ("CFO") has a service contract and is entitled to fees based on this contract relating to consulting services in the normal course of business.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

11. Related party disclosures (continued)

		Three Months Ended March 31,			Six Months Ended March 31,	
		2019	2018		2019	2018
2181038 Ontario Inc. (Jason Brewster)	\$	24,000	\$	24,000	\$	48,000
CFO consulting fees - Harvey McKenzie		14,400		14,400		28,800
Directors fees		10,000		10,000		20,000
Total related party transactions	\$	48,400	\$	48,400	\$	96,800

Related party payables	As at March 31, 2019		As at September 30, 2018	
2181038 Ontario Inc. (Jason Brewster)	\$	268,800	\$	309,160
CFO Harvey McKenzie		121,186		166,103
Denis Clement		-		55,630
Directors		50,333		97,500
Total Related party payables	\$	440,319	\$	628,393

To the knowledge of the directors and senior officers of the Company, as at March 31, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than the Estate of Dr. Bernard Sherman, a major shareholder who owns 21% of all the issued and outstanding shares of the Company. The remaining 79% of the shares are widely held. These holdings can change at any time at the discretion of the owners.

None of the Company's major shareholders have different voting rights other than holders of the Company's common shares.

The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

12. General and administrative and other items

		Three Months Ended March 31,			Six Months Ended March 31,	
		2019	2018		2019	2018
Salaries and benefits (note 11)	\$	10,000	\$	10,000	\$	20,000
Professional fees		17,761		11,739		37,373
Consulting fees (note 11)		38,400		38,400		76,800
Shareholder and investor relations		719		162		1,216
Reporting issuer costs		12,294		12,276		21,567
Travel		1,011		-		16,437
Administrative expense		16,535		18,082		41,740
	\$	96,720	\$	90,659	\$	215,133
					\$	179,393

Other income represents the net cash received by the Company in using up the majority of its tax losses carried forward as at September 30, 2018.

ANCONIA RESOURCES CORP.

Notes to Condensed Interim Consolidated Financial Statements

March 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

13. Subsequent event

On May 24, 2019, the Company entered into a binding letter of intent ("LOI") with Avalon Investment Holdings Ltd. ("Avalon") in respect of a proposed transaction (the "Transaction"), whereby Anconia has agreed to acquire all of the issued and outstanding securities of Avalon, by way of three-cornered amalgamation, share exchange or such other form of business combination as the parties may determine. The entity that would result from the completion of the Transaction (the "Resulting Issuer"), will continue to carry on base and precious metals exploration and development, focused primarily on the exploration of Avalon's Omai Gold Mine project in Guyana.

The Transaction constitutes a "reverse takeover" of Anconia under the policies of the TSX Venture Exchange (the "Exchange"), and its completion is subject to the approval of the Exchange and certain other conditions as described below. Anconia intends to apply to the Exchange to have the common shares of the Resulting Issuer listed and posted for trading on the Exchange. The Transaction is an arm's length transaction.

Pursuant to the Transaction, Anconia will issue common shares ("Anconia Shares") to the holders of common shares in the capital of Avalon ("Avalon Shares") on the basis of approximately one post-Consolidation (as defined below) Anconia Share for each one Avalon Share. In addition, all securities convertible into Avalon Shares that are outstanding and unexercised immediately prior to closing are expected to be exchanged for economically equivalent and otherwise substantially similar securities convertible into Anconia post-Consolidation Shares.

The Transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the Transaction, which shall include representations, warranties, conditions and covenants typical for a transaction of this nature; the completion of satisfactory due diligence investigations; Avalon having completed an equity financing for gross proceeds of not less than U.S.\$4.4 million by way of a private placement whereby securities of Avalon will be offered at a price of \$0.10 (USD) per unit, where each unit will consist of one share and one half of one warrant resulting in the issuance of 44 million shares and 22 million warrants if the private placement is fully subscribed; the completion of the Consolidation; the completion of the Transaction on or before September 30, 2019 and the approval of the Exchange and other applicable regulatory authorities.

Upon completion of the Transaction, Anconia intends to change its name to "Omai Gold Mines Corp." or such other name as Avalon and Anconia may otherwise determine, and the parties anticipate that the Exchange will assign a new trading symbol for the Resulting Issuer.

The completion of the Transaction is subject to the prior completion by Anconia of a consolidation of its share capital on the basis of one post-consolidation common share for each 15 pre-consolidation common shares (the "Consolidation").