
AVALON INVESTMENT HOLDINGS LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE AND NINE MONTHS
ENDED SEPTEMBER 30, 2020
(EXPRESSED IN UNITED STATES DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Avalon Investment Holdings Limited (the "Company") have been prepared by and are the responsibility of management.

Avalon Investment Holdings Limited
Condensed Interim Consolidated Statements of Financial Position
(Expressed in United States Dollars)
Unaudited

	As at September 30, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,608,932	\$ 2,908
Accounts receivable and prepayments (note 4)	446,572	39,300
	5,055,504	42,208
Mining properties (note 5)	9,084,091	5,942,362
Total assets	\$ 14,139,595	\$ 5,984,570
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables (notes 6 and 15)	\$ 36,908	\$ 1,699,456
Debt purchased (note 7)	-	539,443
Promissory notes payable (note 8)	-	18,295
Total current liabilities	36,908	2,257,194
Non-current liabilities		
Long term liability (note 9)	445,677	826,944
Total liabilities	482,585	3,084,138
Equity		
Stated capital (note 10)	18,739,975	5,105,067
Share-based payments (note 11)	703,000	56,000
Warrants (note 12)	878,600	166,000
Deficit	(6,664,565)	(2,426,635)
Total equity	13,657,010	2,900,432
Total equity and liabilities	\$ 14,139,595	\$ 5,984,570

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

Nature of operations and going concern (note 1)
 Events after the reporting date (note 17)

Approved on Behalf of the Board of Directors:



 Michael Smith: Director



 Robert DeCastro: Director

Avalon Investment Holdings Limited

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States Dollars)

Unaudited

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating expenses				
Administrative costs (note 13)	\$ 1,527,835	\$ 177,159	\$ 4,233,941	\$ 2,399,741
Finance costs	5,501	380	3,989	5,535
Total comprehensive loss for the period	\$ (1,533,336)	\$ (177,539)	\$ (4,237,930)	\$ (2,405,276)
Basic and diluted net loss per share (note 14)	\$ (0.01)	\$ (0.00)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	124,325,102	67,759,670	189,869,799	112,336,654

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

Avalon Investment Holdings Limited
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in United States Dollars)
Unaudited

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating activities		
Net loss for the period	\$ (4,237,930)	\$ (472,335)
Adjustments for:		
Share-based payments	647,000	-
Changes in non-cash working capital items:		
Accounts receivable and prepayments	(407,272)	(31,800)
Trade and other payables	(1,662,548)	1,313,782
Net cash used in operating activities	(5,660,750)	(809,647)
Investing activities		
Additions to mineral properties	(3,141,729)	(1,138,441)
Net cash used in investing activities	(3,141,729)	(1,138,441)
Financing activities		
Proceeds from sale of shares	14,347,508	318,800
(Decrease) increase in promissory notes payable	(399,562)	6,295
Decrease in debt purchased	(539,443)	(8,424)
Net cash provided by financing activities	13,408,503	316,671
Net change in cash and cash equivalents	4,606,024	(12,123)
Cash and cash equivalents, beginning of period	2,908	12,180
Cash and cash equivalents, end of period	\$ 4,608,932	\$ 57

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

Avalon Investment Holdings Limited

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in United States Dollars)

Unaudited

	Share capital	Share-based payments	Warrants	Deficit	Total
Balance, December 31, 2018	\$ 4,068,410	\$ 53,000	\$ 19,000	\$ (1,736,288)	\$ 2,404,122
Shares issued for cash	340,000	-	-	-	340,000
Share issuance cost	(29,200)	-	8,000	-	(21,200)
Warrant valuation	(40,500)	-	40,500	-	-
Net loss for the period	-	-	-	(472,335)	(472,335)
Balance, September 30, 2019	\$ 4,338,710	\$ 53,000	\$ 67,500	\$ (2,060,555)	\$ 2,250,587
Balance, December 31, 2019	\$ 5,105,067	\$ 56,000	\$ 166,000	\$ (2,426,635)	\$ 2,900,432
Shares issued for cash	14,775,958	-	-	-	14,775,958
Share issuance cost	(475,450)	-	47,000	-	(428,450)
Warrant valuation	(665,600)	-	665,600	-	-
Share-based payments	-	647,000	-	-	647,000
Net loss for the period	-	-	-	(4,237,930)	(4,237,930)
Balance, September 30, 2020	\$ 18,739,975	\$ 703,000	\$ 878,600	\$ (6,664,565)	\$ 13,657,010

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

Avalon Investment Holdings Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020
(Expressed in United States Dollars)
Unaudited

1. Nature of operations and going concern

Avalon Investment Holdings Ltd. ("Avalon" or the "Company") was incorporated under the Companies Act in Barbados on February 22, 2018 and its registered office is located at Venture Two, Dayrells Road, Christ Church, Barbados. Avalon is a holding company for Avalon Gold Exploration Inc; a company registered in Guyana.

Avalon Gold Exploration Inc. has acquired the necessary prospecting license needed to perform mineral exploration in Guyana. Based on exploration results, the Board of Directors will decide on whether to pursue a mining license to retrieve the minerals or sell the company's rights to the prospecting land.

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 \$6,664,565 as at September 30, 2020 (December 31, 2019 - \$2,426,635). As at September 30, 2020, the Company had cash and cash equivalents of \$4,608,932 (December 31, 2019 - \$2,908) and a working capital deficit of -\$5,018,596 (December 31, 2019 - \$2,214,986). These conditions and events raise a material doubts about the Company's ability to continue as a going concern. 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 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") applicable to a going concern, 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. The financial statements do not reflect adjustments to the carrying amounts of assets and liabilities, the reported revenues and expenses and the statement of financial position classification used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material. 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.

In March 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

Avalon Investment Holdings Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020
(Expressed in United States Dollars)
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2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("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 IFRSs issued and outstanding as of October 1, 2020, the date the Board of Directors approved the statements. 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 financial statements as at and for the year ended December 31, 2019. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the recoverability of accounts receivable which are included in the consolidated statements of financial position;
- Income taxes – measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements;
- the inputs used in accounting for share-based payment transactions; and
- the determination of the interest rate used in the calculation of the long term liability's discounted value requires judgment. The interest rate is management's best estimate of the cost of borrowing based on comparable entities and historical data.

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

3. Significant accounting judgments and estimates (continued)

Critical accounting judgments:

- management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the lithium properties;
- management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period; and
- management determination of whether it is likely that costs incurred for mineral properties will be recovered through successful exploration and development or sale of the asset under review and management's assessment as to whether economically recoverable reserves exist is itself an estimation process.

4. Accounts receivable and prepayments

	September 30, 2020	December 31, 2019
Trade (net of provisions)	\$ 196,424	\$ 36,700
Prepayments	250,148	2,600
	\$ 446,572	\$ 39,300

There were no trade receivables impaired and provided for as at September 30, 2020 and December 31, 2019.

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

5. Mineral properties

		Omai Mines	Kaburi South	Total
Balance, December 31, 2018	\$	4,489,950	\$ 113,500	\$ 4,603,450
Acquisition costs		1,335,112	-	1,335,112
Lease payments		-	3,800	3,800
Balance, December 31, 2019	\$	5,825,062	\$ 117,300	\$ 5,942,362
Acquisition costs		3,141,729	-	3,141,729
Balance, September 30, 2020	\$	8,966,791	\$ 117,300	\$ 9,084,091

Omai Mines

Avalon, through Avalon Gold, holds a 100% interest in a newly issued prospecting license in Guyana, which cover 4,590 acres of licensed area, including the site of the past producing Omai Gold Mine, and provides for an exclusive right to use certain existing infrastructure at the Omai Gold Mine for any future mining operations, subject to entering into specific lease agreements therefor.

The Omai Mines Project was acquired through a third-party debt purchase agreement between Avalon Gold and Mahdia Gold Corporation (Guyana) Inc. (see note 7). On April 26, 2019, the Guyana Geology & Mines Commission (“GGMC”) issued Prospecting License to Avalon Gold for the exclusive right of occupation and exploration for gold, precious minerals and precious stones, on 4,590 acres of licensed area, including the site of the past producing Omai Gold Mine, Potaro Mining District, Guyana. Avalon has the sole right to prospect on the Prospecting License which expires on April 25, 2022 and may be renewed for a further two-year period. Avalon Gold has agreed to pay the GGMC a payment of \$1,000,000 during the first year, \$1,000,000 during the second year and \$2,000,000 on October 1, 2020 addition to the annual rental fees and the Prospecting License provides for an exclusive right to use certain existing infrastructure at the Omai Gold Mine for any future mining operations, subject to entering into specific lease agreements therefor.

In April 2020, the payment date for the \$2,000,000 originally due on October 1, 2020 was extended to October 1, 2021.

Kaburi South

On December 24, 2018, Avalon entered into an option deed and prospecting agreement (the “Option Agreement”) with certain vendors for five (5) prospecting permits owned by the vendors in the Mazruni Mining District No. 3, Guyana. The option period expires on December 23, 2028. Avalon issued an aggregate of 600,000 common shares to the vendors (valued at \$60,000) and paid a further \$50,000 on execution of the Option Agreement. Avalon has the sole right to explore and prospect on the five prospecting permits. Avalon may exercise its rights to acquire one or more of the five prospecting permits at any time during the option period by paying the consideration of \$1.00 per prospecting permit.

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

6. Trade and other payables

	September 30, 2020	December 31, 2019
Trade and other payables	\$ 36,908	\$ 1,699,456

7. Debt purchase accounts

The company purchased from various creditors, debts owed by Mahdia Gold Corporation (Guyana) Inc. ("MGCG") to them associated with agreements they had previously entered into with MGCG to provide goods and services to MGCG's Guyana operation. The Company entered into a loan agreement and general security agreement with MGCG as principal creditor. MGCG subsequently defaulted on the loan agreement and the Company exercised its rights under the general security agreement to acquire 100% of MGCG's interest in Avalon Gold Exploration Inc. which resulted in the Company becoming the sole shareholder in Avalon Gold Exploration Inc. The debt purchase agreements and the balances on these individual accounts are recorded in this account.

During the nine months ended, the Company repaid the debts owed to various creditors totalling \$539,443 (nine months ended September 30, 2019 - \$8,424).

	September 30, 2020	December 31, 2019
Debt purchased	\$ -	\$ 539,443

8. Promissory notes payable

During the year ended December 31, 2018, the Company issued a promissory note of \$12,000 to a third party. The promissory note bears no interest and is due on April 30, 2019.

During the year ended December 31, 2019, the Company issued an additional promissory note of \$6,295 to a third party.

During the nine months ended September 30, 2020, the promissory notes were fully repaid.

Avalon Investment Holdings Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020
(Expressed in United States Dollars)
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9. Long term liability

On August 1, 2018, the Company assumed a vendor agreement between a third party and MGCG with a principal amount of \$2.1M. During the year ended December 31, 2018, the Company issued 10,500,000 shares with deemed price of \$0.10 per share to settle \$1,050,000 of the principal amount. The outstanding US\$1,050,000 bears no interest and is payable on December 31, 2021.

During the nine months ended September 30, 2020, the Company repaid \$450,000 of the principal amount. As at September 30, 2020, the principal amount outstanding is \$600,000.

Accretion expense for the three and nine months ended September 30, 2020 was \$25,682 and \$68,733, respectively (three and nine months ended September 30, 2019 - \$22,911 and \$68,753, respectively).

Given that the long term liability is non-interest bearing, the Company accounted for its estimated fair value using a discount rate of 12%. The balance of the long term liability was determined as follows:

Balance, December 31, 2018	733,871
Accretion for the year	93,073
Balance, December 31, 2019	826,944
Repayment	(450,000)
Accretion for the year	68,733
Balance, September 30, 2020	\$ 445,677

10. Share capital

(a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2018	65,330,000	\$ 4,068,410
Shares issued for cash (i)	3,400,000	340,000
Share issuance cost (i)	-	(29,200)
Warrants valuation (i)	-	(40,500)
Balance, September 30, 2019	68,730,000	\$ 4,338,710
Balance, December 31, 2019	77,498,570	\$ 5,105,067
Shares issued for cash (ii)(iii)	112,371,229	14,775,958
Share issuance cost (iii)	-	(475,450)
Warrant valuation (iii)	-	(665,600)
Balance, September 30, 2020	189,869,799	\$ 18,739,975

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

10. Share capital (continued)

(b) Common shares issued (continued)

- (i) During the nine months ended September 30, 2019, the Company completed non-brokered private placements and issued an aggregate of 3,400,000 units at \$0.10 per unit for aggregate gross proceeds of \$340,000. Each unit was comprised of one common share and one-half common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.35 and expires two years from the date of closing. As part of the financing, the Company paid certain eligible finders a cash payment of \$21,200, issued 136,000 broker warrants exercisable for common shares at an exercise price of \$0.35 and expiring two years from the date of closing, and issued 116,000 broker warrants exercisable for common shares at an exercise price of \$0.35 and expiring on May 1, 2022.

The 1,700,000 warrants and 212,000 broker warrants issued were assigned values of \$40,500 and \$8,000, respectively, as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.35, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return ranging from 1.45% to 1.79%, and an expected maturity ranging from 2 to 3 years.

- (ii) On January 10, 2020, the Company entered into an investment agreement (the "Sandstorm Investment Agreement") with Sandstorm Gold Ltd. ("Sandstorm"), whereby Sandstorm agreed to subscribe for 20,000,000 common shares in Avalon at a price of \$0.10 per common share and Avalon would grant Sandstorm a 1% net smelter returns royalty (the "Royalty") with respect to the sale of all economic marketable material on the Omai Gold Project. As a result, Avalon issued 20,000,000 common shares for gross proceeds of \$2,000,000. As of January 10, 2020, there is no estimated timeline as to when the Royalty will be paid, or if the Company is to pay any royalty distributions at all. Due to the uncertainties, management has considered the Royalty to have nominal value. As a result, the Company has not record a gain on sale of the Royalty.

- (iii) During the nine months ended September 30, 2020, the Company completed non-brokered private placements and issued an aggregate of 112,371,229 units for aggregate gross proceeds of \$14,775,958. Each unit was comprised of one common share and one-half common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.35 and expires two years from the date of closing. As part of the financing, the Company paid certain eligible finders a cash payment of \$428,450, issued 1,300,386 broker warrants exercisable for common shares at an exercise price of \$0.35 and expiring two years from the date of closing.

The 28,135,614 warrants and 1,984,466 broker warrants issued were assigned values of \$665,600 and \$47,000, respectively, as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.35, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return ranging from 0.29% to 1.65%, and an expected maturity of 2 years.

Avalon Investment Holdings Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020
(Expressed in United States Dollars)
Unaudited

11. Stock options

	Number of stock options	Weighted average exercise price
Balance, December 31, 2018 and September 30, 2019	1,000,008	\$ 0.10
Balance, December 31, 2019	1,050,008	\$ 0.10
Granted (i)(ii)(iii)	7,691,668	0.10
Balance, September 30, 2020	8,741,676	\$ 0.10

(i) On March 12, 2020, the Company issued 5,500,000 stock options to certain consultants of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The options granted were assigned values of \$407,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.52%, and an expected maturity of 5 years.

(ii) On April 29, 2020, the Company issued 204,169 stock options to a consultant of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The options granted were assigned values of \$15,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.41%, and an expected maturity of 5 years.

(iii) On June 1, 2020, the Company issued 1,987,499 stock options to certain consultants of the Company with an exercise price of \$0.10 and expiring five years from the date of issuance. The options granted were assigned values of \$147,000 as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.39%, and an expected maturity of 5 years.

The following table reflects the stock options issued and outstanding as of September 30, 2020:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
April 29, 2025 (iv)	0.10	4.83	1,000,008	1,000,008
April 29, 2025 (v)	0.10	4.83	50,000	50,000
March 12, 2025	0.10	4.70	5,500,000	5,500,000
April 29, 2025	0.10	4.83	204,169	204,169
June 1, 2025	0.10	4.92	1,987,499	1,987,499
	0.10	4.77	8,741,676	8,741,676

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

11. Stock options (continued)

(iv) On April 29, 2020, the Company extended the expiry date of the 1,000,008 options from June 1, 2020 to April 29, 2025. As a result, the Company recognized \$74,000 of share-based payments as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.41%, and an expected maturity of 5 years.

(v) On April 29, 2020, the Company extended the expiry date of the 50,000 options from September 5, 2021 to April 29, 2025. As a result, the Company recognized \$4,000 of share-based payments as estimated by using the Black-Scholes valuation model with the following assumptions: exercise price of \$0.10, share price of \$0.10, expected dividend yield of 0%, expected volatility of 100%, risk-free rate of return of 0.41%, and an expected maturity of 5 years.

12. Warrants

	Number of warrants	Weighted average exercise price
Balance, December 31, 2018	771,400	\$ 0.35
Issued	1,952,000	0.35
Balance, September 30, 2019	2,723,400	\$ 0.35
Balance, December 31, 2019	6,807,685	\$ 0.35
Issued	30,120,080	0.35
Balance, September 30, 2020	36,927,765	\$ 0.35

On May 10th 2020, the expiry dates of all issued and outstanding warrants were extended to July 3, 2022.

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

13. Administrative expenses

	Three Months Ended September 30 2020	Three Months Ended September 30 2019	Nine Months Ended September 30 2020	Nine Months Ended September 30 2019
Exploration expenses	\$ 812,181	\$ -	\$ 2,719,819	\$ -
Share-based payments	407,000	-	647,000	-
Management fees	95,000	112,500	291,000	315,000
Legal and professional fees	87,410	13,416	216,748	33,625
Consultancy fees	62,500	-	90,099	-
Accretion	25,682	22,911	68,733	68,753
Rent	19,800	3,900	37,020	11,700
General expenses	11,068	679	61,382	8,361
Travel	332	-	27,402	3,821
Advertising	7,372	4,000	47,415	8,540
Investor relations	14,690	18,080	14,690	18,080
Meals and entertainment	79	-	3,281	2,042
Dues and subscriptions	1,438	1,673	4,618	2,023
Utilities	1,640	-	1,640	-
Exchange loss	(18,357)	-	3,094	-
	\$ 1,527,835	\$ 177,159	\$ 4,233,941	\$ 471,945

14. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$1,533,336 and \$4,237,930 respectively (three and nine months ended September 30, 2019 - \$177,159 and \$2,405,276, respectively) and the weighted average number of common shares outstanding of 124,325,102 and 189,869,799, respectively (three and nine months ended September 30, 2019 - 67,759,670 and 112,336,654 respectively). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

Avalon Investment Holdings Limited
Notes to Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended September 30, 2020
(Expressed in United States Dollars)
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15. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operating decisions or by virtue of common ownership. Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 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 (executives and non-executive) of the Company.

The key management personnel of the company are:

<u>Name</u>	<u>Designation</u>
Michael Smith	Chief Executive Officer/Director
Robert deCastro	Director
Kester Da Costa	Former Chief Financial Officer (resigned June 16, 2019)
Kris Sammy	Chief Operating Officer

The terms and conditions of the transactions with key management personnel and their related parties were no more favorable 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. Michael Smith, ("CEO") of the Company is an employee of 4739 Holdings Ltd ("4739"). 4739 has a consulting contract with Avalon to provide his services as CEO to the Company. Fees and outstanding amounts due to 4739 relating to consulting services as expensed and capitalized as exploration and evaluation assets are detailed below.
- One of the directors, Robert deCastro, 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. Kester daCosta, ("CFO") has a service contract and is entitled to fees based on this contract relating to consulting services in the normal course of business. These fees are expensed as management fees in the general and administrative expenses. The below details the fees and amounts due to Mr. daCosta. Mr. DaCosta resigned on June 16, 2019.
- The Chief Operating Officer, Mr. Kris Sammy, ("COO") of the Company is the President of Compass Investments TC ("Compass") and Compass (and by extension the COO) has a contract with the Company. Fees and outstanding amounts due to Compass relating to consulting services as expensed and capitalized as exploration and evaluation assets are detailed below.

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

15. Related party transactions (continued)

Related party payables

	September 30, 2020	December 31, 2019
Chief Executive Officer	\$ -	\$ 114,145
Chief Financial Officer	-	26,411
Chief Operating Officer	-	130,285
	\$ -	\$ 270,841

Compensation of key management personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Management fees and other short-term benefits	\$ 95,000	\$ 112,500	\$ 291,000	\$ 315,000

Avalon Investment Holdings Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2020

(Expressed in United States Dollars)

Unaudited

16. Proposed transaction

On October 9, 2019, Anconia Resources Corp. (“Anconia”) and Avalon entered into a definitive acquisition agreement (the “RTO”), 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. 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.

17. Events after the reporting period

The Company did not issue additional common shares, warrants or options subsequent to September 30, 2020

Mr. Smith and Mr. deCastro resigned as directors and officers of the Company on October 1st, 2020.

On October 1st 202 the Company completed the Proposed Transaction (note #16). The Company amalgamated with Anconia Resources (Barbados) Corp on October 1st 2020 forming Omai Gold Mines Barbados Ltd which is a wholly owned subsidiary of Omai Gold Mines Corp.